



## **A NATIONAL STUDY OF REGIONAL ECONOMIC DEVELOPMENT ORGANISATIONS (REDOs) IN AUSTRALIA**

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**ABSTRACT** The Liberal/National Coalition Government of John Howard has been grappling with regional issues and the political backlash against the Government from its traditional constituency in rural or regional Australia. In its first term of office, the Coalition Government dismantled the Regional Development Program (RDP) under which were funded Regional Economic Development Organisations (REDOs). As a result, many predicted that the regional movement in Australia would wane, regional policy would go off the political agenda, and REDOs would fold. None of this has happened. In the case of REDOs, which are the focus of this paper, an in-depth study undertaken in 1997 (Fulop & Brennan) found evidence that the majority of them would survive. The paper discusses a number of key findings from the study, including funding strategies and major achievements of the REDOs as well as their strategies for survival. It draws some conclusions about the future prospects of the REDOs.

### **1. INTRODUCTION**

Regions are once again transforming the political landscape in Australia. Since the late 90's, the term "regions" has become synonymous with regional or rural Australia, with the decline of regional centres and rural areas, with hardship and despair, with the division of the nation into the "country-city divide", and with the political backlash against the Conservative Liberal and National parties from their traditional constituency (Farr, 1999; Huxley, 1999). The Federal Coalition Government of John Howard and Tim Fischer has been grappling with regional issues and trying to find "solutions" to stem the tide of political defections to minor political parties in regional Australia. In October 1999, the Coalition Government called the *Regional Australia Summit* to address concerns of rural Australia with the theme of service delivery, self-help, local initiatives and partnering communities being high on the agenda (Murnane, 1999). This represented a significant about-turn for the Government. In its first term of office it had dismantled its predecessor's regional initiatives, which had included establishing regional organisations across Australia.

Regional Economic Development Organisations (REDOs) were introduced in the mid-1990's by the Keating Labor Government to boost Australia's

international competitiveness, regenerate regions and make regions a national priority. In all, 47 REDOs were established and they became part of a complex array of competing regional organisations that comprise regional institutions in Australia. In 1996, the then newly elected Coalition Government abolished the Regional Development Program (RDP) under which the REDOs had been established. Following the cut to funding, many predicted that the REDOs would cease to exist, that the regional movement in Australia would lose momentum, and that regions would lose political relevance (Regional Cooperation and Development Forum, 1997). None of this has transpired. In the case of the REDOs, which are the focus of this paper, a study undertaken in 1997 (Fulop & Brennan) found that at least two thirds of those surveyed would survive in some form. Of the 15 REDOs surveyed, 14 were still operating in early 2000.

This paper discusses key findings from the 1997 study by Fulop and Brennan, which investigated the future of REDOs post the funding cut. The paper highlights the difficulty of "undoing" regional policies given the deeply embedded nature of regional institutions across Australia, of which the REDOs are yet another layer. It is presented in four parts with the first describing the policy initiatives leading to the establishment of REDOs and the subsequent changes resulting from the cut to funding. The second part outlines the background to the study and its methodology, focusing on how the sample was chosen and how the research was undertaken. In part three, key findings are discussed under the following headings: *funding issues*, including how the REDOs were responding to the funding cut and the strategies being followed to become self-funded, *major achievements*, including fostering regional cooperation and consideration of alternatives to REDOs and finally, *prospects for the future*. The findings were based on data gathered from questionnaires administered to all 15 Executive Officers and 75 Committee Members of the REDOs. In the conclusion, consideration is given to the question of how the REDOs are likely to transform themselves and survive.

## 2. REGIONAL ECONOMIC DEVELOPMENT ORGANISATIONS (REDOS)

The RDP had \$150 million allocated to support REDOs as well as a number of other regional programs including research, training and development and other projects such as data collection. The program did not allocate funds to existing regional organisations, but only to newly constituted REDOs. Existing regional organisations could apply for funds so long as they reconstituted themselves to fit the RDP guidelines. Funding was only guaranteed for a period of three years, and ranged from between \$100,000 in the first year to \$60,000 in the final year. The REDOs were to become self-funded within this period and meet their own recurrent costs. They were to be funded up to seventy-five percent of the cost of developing their regional strategies, and a further \$250,000 for developing specific projects. Multiple project funding was available but REDOs had to raise fifty percent of a project's total costs. An additional \$70 million (the total for the program being \$220 million over three years) was also allocated to

regional infrastructure developments, but the maximum allowable for each region was \$2 million per annum.

Four main principles guided the RDP and these were largely drawn from two reports. The first was the *Taskforce on Regional Development's* (1993) recommendations on "empowering the regions" and the second being the McKinsey & Co. Study (1994), *Lead Local Compete Global: Unlocking the Growth Potential of Australia's Regions* with its emphasis on "competitive regionalism" and market driven reforms (Fulop, 1997). Key amongst these were the following: building a capacity to generate sustainable economic activity at a regional level relevant to national and international markets; ensuring that this new capacity reflected "best practice" approaches to regional development; developing effective and sustainable partnerships between relevant regional stakeholders at the regional level and finally; building onto and bringing together government programs in a region as a coherent package to achieve maximum impact (Commonwealth Department of Housing and Regional Development, 1994a).

A reduction in the plethora of regional organisations across regions was expected to result from the RDP. Synergistic or complementary relationships had to be created to overcome duplication of effort and competition for scarce regional resources. Furthermore, one strategic plan had to be developed for each region. The Government favoured a "self-help" ethos, requiring the REDOs to show that they had support and backing, including financial, from within their regions (see McKinsey & Co., 1994). It also stipulated that REDOs had to have broad based representation to ensure that they were not seen as the vehicle of vested interests, especially domination by State Government appointed officials. The REDOs also had to provide regional leadership. No single model was proffered for a REDO. Rather, the REDOs were to emerge from a process of bargaining and negotiation amongst key regional stakeholders and existing regional organisations to arrive at a suitable number and mix of representatives.

### **2.1 The Funding Cut**

The Department Transport and Regional Development (DTRD), the new department created by the Coalition Government, commissioned McKinsey & Co. to undertake a review of ten REDOs, predominantly the "first movers", i.e., those first approved under the RDP. A principal aim of the review was to define "global best practice" in regional development. The study was hurriedly completed in August, 1996 to pre-empt the Budget, and released as *Supporting Regional Leadership: Unfinished Business*. In principle, the report was critical of the administration of the RDP and its over emphasis on project or infrastructure funding, preferring instead ongoing support for regional leadership teams and the development of an economic database.

The Coalition Government announced in July, 1996 its intention to abolish the RDP. The decision was made after the *National Commission of Audit* released a report in June, 1996 claiming that the program exhibited inefficiencies, overlaps and duplication (Regional & Enterprise Development Network, 1996).

The Coalition stated it would honour contracts signed under the RDP, even though a number of the REDOs claimed they never received the full amount of funds promised to them (field notes, Fulop, 1997). In August, 1996 the Coalition released its own regional policy document called *Rebuilding Regional Australia*. The future role of the RDP and the REDOs was dealt with under two very brief sections of the document: namely, "Regional Leadership" and "Understanding Our Regions" (Sharp, 1996). The policy comprehensively distanced the Coalition from a program-based approach to regions and regional organisations.

Even prior to the cut in funding to the RDP, criticisms had been raised about the short-term commitment of three years by the Labor Government to the program. Given its emphasis on the internationalisation of regional economies and building new relationships, three years seemed an unrealistic time frame for achieving these goals (Pryor, 1995; Sorensen, 1994). The three yearly Commonwealth Government election cycle in Australia means that regional programs are rarely funded beyond the term of office of one government. Regional programs seem to offer opportunities for "pork-barrelling" and targeting selected marginal seats during election periods and thus, represent short "attention cycles" for politicians (Sorensen, 1998; Hurley, 1994). There was no guarantee that a second-term Labor Government would have funded the RDP beyond three years.

### 3. BACKGROUND TO THE STUDY AND METHODOLOGY

Originally, it was intended to conduct this study in 1996, but with the McKinsey & Co. Study commissioned in the same year as well as a change in government, it was decided to postpone the study for a year. The funding cut led to refocusing the study on how the REDOs were coping with these changes and their future prospects. The study was undertaken through an *ARC Collaborative Grant* with the Australian Local Government Association (ALGA) who played a significant role in selecting the sample REDOs as well as setting the direction of the study. The study was aimed at influencing policy makers and identifying the role being played by local government in the REDOs. The sample size was increased from ten to 15 REDOs to be more representative than the McKinsey & Co. Study. REDOs were chosen on the basis of several criteria: (i) seven of the REDOs were drawn from the McKinsey & Co. sample to ensure that some of the more established REDOs were included; (ii) the REDOs had to be drawn from across Australia to represent the ALGA's constituency; (iii) there had to be more REDOs from regional or rural areas than from metropolitan areas to reflect the Coalition's rejection of metropolitan regional groupings; (iv) the REDOs had to have a full-time Executive Officer to demonstrate some structure having been created and; (v) several cross-border REDOs were included to highlight the problems of separate state and federal funding of regional organisations and programs. The sample was, therefore, deliberately non-representative, but included sufficient diversity to cover major policy issues relating to regional organisations.

Of the 15 REDOs, nine were formed from existing regional organisations,

predominantly supported by local government. Only six of the REDOs had been newly constituted through the RDP, but some also had Area Consultative Committee (ACC) funding (see below for discussion). Only one of the seven REDOs included from the McKinsey & Co. study (1996) was a newly formed regional organisation. Appendix I lists the REDOs in the study, including how long they had participated in the RDP.

As already stated, 75 Committee Members, out of a total of 358 representatives on the REDOs' Boards, were interviewed and all 15 Executive Officers. Selection of the Committee Members was made on the basis that they were on the Board or Executive Committee of the REDO. Not all Board members were interviewed, only those identified as persons having significant influence over the REDO's development. Executive Officers nominated those whom they thought fitted this description. While this method of selection had inherent biases, Executive Officers, who were largely responsible for the day to day operations of the REDO, were much more likely to have knowledge of those exercising a major influence in their organisations than would the researchers. The study was seeking the views of key decision makers, rather than just office bearers, who it could be assumed would have significant impacts on the REDO's future. While these respondents are likely to be biased in favour of their REDOs, without this group's ongoing support the REDOs were likely to fail any way. If this group was still committed to their REDOs, despite the cut to funding and the associated setbacks, then it was important to find out why, and to canvas their views about the REDO's future, including their major achievements and key strategies. Furthermore, it was not possible to survey all members given time and financial constraints and the in-depth nature of the study. An independent check on who were the most influential Committee Members could have been made by asking them who they thought had most influence over their REDO's future.

Where possible, field visits were undertaken to administer the questionnaires and this was the case with 13 of the 15 REDOs. Otherwise, they were administered by phone interview. The field trips and interviews were completed in 1997. Separate questionnaires were prepared for the Committee Members and Executive Officers. These comprised both open-ended and structured questions and, in all, several hundred pages of field notes were collected of confidential off-the-record comments. There was a one hundred percent response rate for both samples. The REDOs' Boards or Committees approved their organisation participating in the study.

The major findings of the study covered seven main areas of which three are reported in this paper, and include funding issues, the achievements of the REDOs and their future prospects. Each has several components to the analysis. These three areas were chosen because they were the ones that seemed most significant in terms of gauging the REDOs' impacts and their likely future roles in regional development.

**Table 1.** Where the REDOs Obtained their Revenue

	Amount	Percent
Commonwealth Government	\$28,143,455	86.1
State Government	\$1,710,950	5.2
Local Government ( <i>includes ROCs</i> )	\$1,080,063	3.3
Other Regional Organisations ( <i>State Regional Boards</i> )	\$20,000	0.1
Industry Associations	\$10,000	0.0
Private Sector ( <i>includes sponsorship</i> )	\$661,500	2.0
Membership Fees	\$35,750	0.1
Fee for Service ( <i>mainly consultancy, managing other programs/projects and report writing</i> ).	\$639,700	2.0
Other Entrepreneurial Activities ( <i>brokerage fee from private co., rent of premises, sale of publications, data, manage a large facility as company</i> )	\$257,888	0.8
Other ( <i>interest, project fees</i> ).	\$145,645	0.5
Total	\$32,704,951	100.0

Source: Fulop, L. & Brennan, M. (1997), p.16, (with modifications)

### 3.1 Funding Issues

Funding significantly influenced the future directions and viability of the REDOs. Table 1 gives information on the actual revenue base of the 15 REDOs at the time of survey and includes all sources of funds, not just those received under the RDP. It excludes a range of project funds that had been applied for but had not been approved. Several important observations can be made about this data. First and foremost, the Commonwealth, who had instigated the RDP, remained the largest contributor of funds, and had provided over \$28 million (or 86.1%) of funds. These funds came from a variety of Commonwealth programs and Departments. So although the RDP had been cut, it is erroneous to assume that all sources of revenue would decline for the REDOs. Unfortunately, the study did not identify the proportion of total funds allocated under the RDP, although the funding from the Commonwealth ranged from between \$170,000 to \$6.45 million to the REDOs. Five of the REDOs received under \$500,000 from the Commonwealth with the majority of these funds coming from the RDP. The McKinsey & Co. "first mover" REDOs had multiple sources of funding and all in excess of \$1 million with the largest of them receiving \$6.45 million.

The funding cut had the greatest impact on those REDOs that had the lowest revenue base, although not all of these were the newly formed organisations (i.e., those not formed from existing organisations). Information on the actual levels of RDP funding were not sought because of the political sensitivity surrounding these funds and the conflict arising in some REDOs over what were claimed to be inequitable funding allocations to neighbouring REDOs (field notes, Fulop & Brennan, 1997).

State Governments were not significant contributors to the REDOs. In the context of state-federal politics, the RDP lacked bipartisan support from States and this has been the history and fate of all federally funded regional programs in Australia. The States in Australia have a mandating role, as defined in the Constitution, for regional development (Fulop, 1997; Forth, 1996). State Governments fund regional organisations using state-based boundaries. Yet regional organisations and development issues can transcend state boundaries, as was the case with several of the REDOs in the study. State Governments are often responsible for the plethora of regional organisations found in many regions as well as the mix of regional boundaries and definitions. Funding REDOs would have been counter to supporting their own state-based regional boards. The "regional space" in Australia is a highly contested one and regional programs are grossly under-funded by all levels of government (see Beer, 1996; Beer, 1999; Garlick, 1996; Fulop & Brennan, 1997; Fulop & Brennan, 1999).

Local government was contributing nearly as much to the REDOs as their State counterparts. This did not reflect a uniform trend because the level of contribution varied across state and local government areas. Local government was (and is) a key economic force in some regions and this was reflected in its higher than expected representation across some of the REDOs, especially in rural areas. Of a total of 358 representatives on the REDO Boards, 78 came from local government (Fulop & Brennan, 1997). Over representation of local government was a concern raised in the McKinsey & Co. Study (1996) in which they attributed the excessive focus on projects and infrastructure funding (or "bricks and mortar") and "grantsmanship" in the REDOs to dominance by local government.

The private sector's contribution was very low considering that the REDOs were supposed to become self-funding or raise a considerable part of their revenue through support from the private sector and their own commercial activities. Approximately \$1 million was raised through fee-for-service, entrepreneurial and other activities. Combined with the low level of private sector contributions and the limited income derived from self-funding practices, it could be safely presumed that it would take considerable time for the REDOs to become fully self-funded, if ever. For the newer REDOs, which had only been operating for 18 months when the RDP was cut and had no major commercial or private sector opportunities planned or under way, self-funding would be impossible.

While the private sector was represented on the REDOs, it was mainly by Small to Medium-Sized Enterprises (SMEs) who had 32 representatives across

the 15 REDOs (Fulop & Brennan, 1997). These businesses, while having considerable combined investments in their regions, are often unable to contribute individually large amounts of monies to fund regional organisations. They are more likely to make in-kind contributions, such as their time, which can be a significant sacrifice relative to their capacities to make such contributions (also Garlick, 1996). There were only ten large businesses represented across the 15 REDOs, severely limiting opportunities to raise funds from the private sector. It was unclear as to how many of these businesses were branches of major corporations whose headquarters were outside the region, and whose management might have had little authority or capacity to engage in regional partnerships. In other words, it was unclear if these branch offices or plants were able to make substantial regional commitments of any kind (Garlick, 1996; Sassen, 1996; Warren, 1995). It would appear that government funding has dominated, and will continue to dominate, regional activity in Australia (Fulop, 1995 citing Monks, 1993; Monks, 1994; Beer, 1999).

### 3.1.1 The Funding Cut

Given the uncertainty of core funding of the REDOs, Executive Officers were asked how the cut to funding had affected key activities of the organisation. They were given a set of pre-selected activities and asked to nominate the ones their organisations were most likely to undertake. Table 2 reports the activities the REDOs were considering undertaking in the six months following the survey. All but one Executive Officer indicated that their organisation would expand its number of projects. Two-thirds said they would expand the membership base. These key activities were to be undertaken with no reduction in the size or the operation of the secretariats, which one might expect to occur as funding became tighter.

The data reported in Table 2 needs further qualification. One respondent indicated that the REDO was in fact scaling down some projects while expanding others. Another stated that their "major project" was building industry linkages that preceded the REDO's formation. The same respondent indicated that they intended refocusing their other projects rather than scaling down or expanding them. Another respondent indicated that the REDO was not so much scaling down projects as moving in new directions. Yet another said that by expanding projects they did not mean RDP projects but rather others. Similar qualifications were made in respect of expanding or contracting membership and staff. One respondent indicated no scaling down of staff would occur in the next six months because this had already happened and now the REDO was expanding. Reducing the Board for one REDO was seen as positive because the representation criteria imposed by the RDP had created administrative problems - a view reflected in other responses (field notes, Fulop, 1997). The study failed to ask about impending amalgamations as a key activity in the future (see below).

Executive Officers identified several major sources of funds or revenue that their REDOs intended to pursue in an effort to become self-funding. The two most common sources were *project management or brokering* and *consultancy*



or *fee-for-service*. Sponsorship and subscriptions were also identified. Ironically, when the issue of managing projects arose with Committee Members and the future directions of the REDO, they were almost evenly split on whether or not they saw this as a good idea with 39 of them seeing it as of little importance (see Table 6 below). Six REDOs had twenty percent or fewer of their Committee Members supporting the management of projects with the majority favouring the REDO as only a catalyst or instigator of projects. However, seven REDOs had at least fifty percent or more of their members supporting the management of projects as either a *major* or *moderate focus*, and some of these REDOs had already undertaken project management.

According to the Executive Officers, a mix of strategies were being pursued to become self funding, one of the most interesting being to build links with ACCs. The ACCs were established by the Keating Government under the auspices of the then Commonwealth Department of Employment, Education, Training and Youth Affairs (DEETYA). Unlike REDOs, the ACCs covered a much larger geographical area and crossed State regional boundaries. In 1998 there were 58 ACCs Australia-wide. They were also funded on a three yearly basis and had government appointed Board members whereas the REDOs had nominated or elected members drawn from various sections of the community. The ACC charter specifically focused on employment, economic development and labour market reforms by targeting specific groups supported under various DEETYA programs and job creation schemes. ACCs were to provide regional leadership, and in partnership with government, ensure that regions reached their full economic and labour market potential. Funds were provided to ensure programs could be implemented and regional strategies developed (DEETYA, 1998). In most regions, the REDOs and ACCs were in competition with each other with the latter acting more directly as an agent of government policy and programs, although some overlap in board membership, staff and projects did occur. The ACCs provided the Coalition Government with an opportunity to fund regional organisations that were area based and not aligned with Labor's imposed regional boundaries, which often differed from those of State Governments as well.

The 1998-99 review of ACCs was likely to open the way for a number of REDOs to restructure themselves or merge with ACCs to obtain ongoing funding. This was likely to lead to a more narrow regional development focus than was intended for REDOs. However, the 1998-99 review did mention ACCs taking on regional coordination roles, something the REDOs had focused on. Moreover, ACC funding could potentially provide more monies for many REDOs than they had received under the RDP (Fulop, 1998, private correspondence: confidential source). Three of the REDOs in the study already had links with ACCs and had incorporated ACC activities from the beginning of the RDP. A fourth was changing its charter to become an ACC. However, not all REDOs would find the ACC an attractive option given that the RDP was aimed at fostering collaborative community effort in taking economic initiatives and

Table 2. Key Initiatives in the Near Future

	Number of Responses	Percent of Responses
Maintain current projects* only	0	0.0
Expand the number of projects	14	93.3
Scale down the number of projects	1	6.7
Maintain current membership level on Board	2	13.3
Expand the membership on Board	10	66.7
Reduce the membership on Board	1	6.7
Maintain Secretariat at current level of staff	9	60.0
Expand the Secretariat's staff	6	40.0
Reduce the size of the Secretariat's staff	0	0.0
Reduce the operations of the Secretariat	0	0.0

\* Projects included infrastructure projects, developing strategies, fee for service activities, other entrepreneurial activities, sponsorships and networking.

Source: Fulop, L. & Brennan, M. (1997), p.17. (with modifications).

strengthening regional institutions as opposed to acting as a policy arm of government (Garlick, 1996).

Executive Officers identified a number of problems with becoming self-funded. One was that the REDO's Board was not positioned or structured to take commercial risks and there was a reluctance to engage in fund raising because of fears that core operations would suffer. Staff resources were also considered inadequate for pursuing independent funding options. Mention was also made of the perception in the region, and in government circles, that other organisations should be doing the work of the REDO, making fund raising difficult. Lack of Federal Government support was also seen as negatively impacting on the REDO's credibility limiting fund raising options, particularly with the private sector. In some cases, the State Government was claimed to have been seeking the closure of the REDO making fund raising well nigh impossible. Finally, the REDO's constitution was considered to have placed limits on entrepreneurial activities, such as borrowing to invest in certain types of projects.

### 3.1.2 Projects Funded

In conjunction with a number of stakeholders, the REDOs had identified a total of \$489,577,600 worth of projects, one alone worth \$300 million. The total dollar value of projects that had already commenced was \$81,587,600. Table 3 lists a sample of projects that had commenced and were in excess of \$100,000. Multiple sources of funding were common. The category "Commonwealth" referred to other sources of funds outside the RDP. According to Executive

Officers, an estimated \$14.17 million worth of projects had been lost or were under threat because of the cut to funding. Projects were dominated by infrastructure developments, which was one of the key criticisms made by McKinsey & Co. (1996). However, the choice of projects arose from quite complex strategic planning processes in the first instance. In many of the regions, the projects represented the outcomes of agreements between key regional stakeholders and governments on regional priorities. However, a number of Committee Members commented on the difficulty of claiming credit for outcomes that were dependent on complex, cooperative arrangements. A number of major infrastructure projects had been planned and executed with the involvement of quite a number of stakeholders and over long periods of time, and often pre-dating the REDO. Yet these projects did represent one of the major tangible "deliverables" of the RDP and were later identified in the study as a major achievement of the REDOs (see below).

In fact, when asked what they considered to be the key business activities of the REDO, nearly two-thirds of the Executive Officers chose *encouraging or supporting business* and *key infrastructure developments* (projects). The RDP provided access to infrastructure funds in the regions that would have been otherwise unavailable from State Government sources. Indeed, despite cutting the RDP, the Coalition Government could still have assisted infrastructure planning and development in regions by earmarking a percentage of the \$1 billion *Federation Fund*, announced in the 1997 Budget, for regional projects identified by the REDOs. The projects had at least emerged from strategic plans, as opposed to "pork barrelling" or using funds to win marginal seats. As several observers have noted, understanding the linkages between what the state provides and what businesses need is only attainable through strategic planning for economic development (Pratt, Sohal & Schroder, 1996; Warren, 1995). One of the aims of the RDP was to produce a single regional strategy for regions, and this did occur for in all but one of the REDOs in the study. More importantly, the infrastructure projects that were funded provided "deliverables" in terms of the strategic planning exercise - a key function of the REDOs. Indeed, when asked to nominate up to four criteria on which they would want their REDO's performance judged, ten Executive Officers chose improved regional cooperation, seven picked nurturing a regional spirit and five said increased investment in infrastructure developments (Fulop & Brennan, 1997).

#### **4. ACHIEVEMENTS OF REDOs**

The first question asked of Committee Members was what they thought were the major benefits to their regions from having the REDO. Up to three responses were allowed. Using factor analysis, the responses were grouped under nine areas as shown in Table 4. The majority of respondents identified three benefits. Only three of the Committee Members gave no response, with 11 giving two responses and the remaining seven, only one response. Of the possible 225 responses to the question, 188 were recorded.

**Table 3. REDO Projects - Commenced with \$100,000 Plus Value.**

Project Name	Funding Source	Dollar Value
Pooled Development Fund	DTARD / STATE	\$100,000
GIL Rollout	DTARD	\$100,000
Airport	SOME STATE & PRIVATE	\$6,025,000
Lowood EC Expansion	COMWLTH	\$100,000
Transition Centre (work)	COMWLTH	\$2,000,000
Continuous Industry Linkage	DTARD, PRIVATE, REDO MEMBERSHIPS	\$100,000
Road/Rail Port Access, Townsville	STATE / LOCAL GOVT. / PORT AUTHORITY	\$46,000,000
Bagging of Bedford Weir	COMWLTH/STATE	\$4,200,000
International Business Exchange	COMWLTH	\$250,000
Alternative Primary Industries	DTARD	\$248,600
Water Project	DTARD	\$243,000
Traineeship In Local Govt Program	DEETYA	\$180,000
Traineeship In Cotton Industry	DEETYA	\$140,000
Equine Centre	DTARD / STATE / PRIVATE	\$5,000,000
Strategy	PRIVATE / DTARD	\$100,000
Swan Valley Wine, Tourism & Food	DTARD	\$220,000
Industry Export Marketing Strategy	DTARD	\$220,000
Export Links	SKILLS GRANT / AUSTRALIA / PRIVATE	\$100,000
Farm Forestry	DPIE	\$350,000
Northern Rivers Research Institute	DTARD/ DEETYA	\$150,000
Project Officer Chamber of Commerce	DTARD / DEETYA	\$116,000
Regional Agricultural Association	DEETYA	\$140,000
Southern Ports Access	DTARD	\$200,000
Bibbucumm Track Upgrade	WA LOTTERIES COMMISSION	\$250,000
Twofold Bay Wharf Study	STATE/COMWLTH/ CSR/ PRIVATE	\$120,000
Edu-Tourism Network Development	STATE / ACT TOURISM/LOCAL BUSINESS	\$100,000
Canberra-Tumut Road Upgrade	ACT GOVT / STATE / TUMUT SHIRE/COMWLTH	\$150,000
Study		
Gippsland Region Environment & Ecology Network	DTARD	\$4,000,000
Gippsland Timber Development	DTARD	\$3,500,000
Gippsland Farm Forestry	DPIE	\$1,200,000
Business Incubators	DEETYA	\$390,000
Spencer Access Network	PRIVATE	\$1,500,000
Water Resources Development	STATE / COMWLTH	\$530,000
Strategy		
<b>Total</b>		<b>\$77,802,600</b>
<b>Key:</b>		
CMWLTH	Commonwealth Government	CSR Colonial Sugar Refinery
DTARD	Dept of Transport & Regional Development	DEETYA Dept Employment, Education, Training & Youth Affairs
DPIE	Dept of Primary Industry & Energy	

Source: Fulop, L. & Brennan, M. (1997), p.24-26, (with modifications).

*Regional cooperation and key infrastructure developments* (i.e., major projects) were the most frequently mentioned benefits. Both of these were objectives of the RDP. These benefits were also consistent with the measures of the REDO's effectiveness previously mentioned by Executive Officers.

#### 4.1 Regional Cooperation

One of the potential long-term benefits of the RDP might well have been the role that REDOs played in developing relationships amongst regional stakeholders based on cooperation. Historically, such relationships had been difficult to develop and had not been generally evident in other regionally funded programs of either federal or state governments. Some Regional Organisations of Councils (ROCs) had been highly successful at this form of cooperation (see Fulop, 1997; Fulop, 1993; Cutts, 1996; Sykes, 1997). Cooperation was not something that could be easily isolated from strategic planning or the focus on projects encouraged under the RDP. Cooperation was seen as a vital ingredient to creating progressive regional outlooks and identities. Some typical comments proffered about this new found cooperation were: "*the creation of regional stakeholder organisations to help regional priorities*"; "*sharing ideas and concerns that can help the region*"; "*the drawing together of the major parties ... to develop a cohesive direction for the region*"; and "*focus for people/organisation to meet and collaborate on issues which would not occur [otherwise]*" (Fulop & Brennan, 1997).

The RDP encouraged regional cooperation by assisting regional stakeholders to recognise that their regions, and their regional economies, had a role to play in national and international developments. Such views were strongly supported by McKinsey & Co. (1994), reinforced by the *Taskforce on Regional Development* (1993), and reiterated in various policy, research and publicity documents emanating from the Department of Housing and Regional Development throughout 1994 to 1996 (Commonwealth Department of Housing and Regional Development, 1994b; *Regional Leader*; Pryor, 1995). It was also supported in various speeches (Howe, 1994; Evans, 1994) and publications (e.g., Rosenfeld, 1994), creating a powerful regional discourse in which regions and their organisations were seen to have strategic roles to play in nation building and globalisation (Fulop, 1997; Forth, 1996; Garlick, 1996; Hurley, 1994).

While five Committee Members questioned whether it was valid for the REDOs to claim any achievement as their own, the majority believed that fostering regional cooperation, providing a regional strategy and coordinating a number of regional activities amounted to major achievements. These achievements contributed in large part to the high levels of support for the RDP and the REDOs evident in this study, even amongst Committee Members who claimed they had been early critics or "non-believers" in regional organisations or from those who had seen the program as an imposed one. Equally, there were those who claimed they had been long time supporters of regionalism and needed

**Table 4.** Major Benefits to Region from Having the REDO

Benefits	No. of Responses
Regional cooperation, networking, building cohesion amongst regional stakeholders, liaison, bringing stakeholders together	44
Regional infrastructure projects, development and studies	42
Regional strategy, perspective, focus, vision, priorities	35
Regional coordination of programs, projects, activities or organisations	27
Access to government funds, information, support or liaison	14
Regional identity, uniqueness, overcoming parochialism	9
Commercial activity, economic role, support of business	9
Other	11
Non responses	37
<b>Total</b>	<b>228</b>

Source: Fulop, L. & Brennan, M. (1997), p.38. (with modifications).

no convincing that the program was worthwhile. The REDOs also brought together people from different political persuasions who, in the majority of cases, did not adopt a party-line in their approach to the RDP and came to see it as a program worthy of bipartisan political support from all major parties and levels of government.

The REDOs were not seen as all positive. When asked about the major drawbacks from having the REDO, 46 Committee Members responded with 23 of them giving one response, 12 giving two and 11 offering three responses, totalling 80 altogether. The main drawbacks they proffered were: duplication and proliferation of regional organisations (N=25), and the ensuing turf politics (N=5); inadequate funding (N=7); instability relating to funding (N=6); the REDO not operating long enough to meet expectations or be seen as useful (N=6); and problems defining objectives, purpose, vision, and benefits (N=6). These drawbacks have been identified in various studies and papers on regional development in Australia (Sorensen, 1998; Fulop & Wiggers de Vries, 1997a; Fulop & Wiggers de Vries, 1997b; Morell, 1996; Fulop, 1995; Pryor, 1995; Monks, 1994; Monks, 1993; Mason, Smith & O'Connor, 1992).

#### 4.2 Indicator of Success

When it came to choosing the *single* most important indicator of the REDO's success, the Committee Members' responses were grouped mainly around three main sets of indicators. First, achieving economic outcomes in terms of *jobs* and *dollars* coming into the region and *major infrastructure projects* were nominated

by 21 respondents. Second, gaining *public awareness, approval, support, acceptance and credibility* for the REDO with 15 members choosing these criteria. And last, *networking, cooperation amongst stakeholders, commitment to the region by stakeholders and cohesion on the Board* were mentioned by 11 respondents. Surviving and being resilient was also mentioned by seven respondents. Again, these responses were consistent with those relating to achievements of the REDOs. Two Committee Members gave no response and one was unsure of any success for his REDO.

#### **4.3 Alternatives to REDOs**

Committee Members were also asked whether or not they thought there were better options for promoting regional economic development than creating REDOs and the RDP. Thirty-nine (39) members (52.0%) saw no better option, while only 13 (17.3%) were unequivocally opposed to the establishment of the REDOs. The remainder were either unsure, thought it too early to tell or chose other options. A separate question asked Committee Members to elaborate on the reasons for the answer they had given and 59 responses were given to this question. The responses of those who saw "no other alternatives" to either the REDOs or the RDP, i.e., the largest group, are summarised in Table 5. Some respondents gave multiple responses, with the most common reason being that "no other better alternative, approach or model" seemed to exist other than the REDO or RDP. As a matter of interest, 57 Committee Members (76.0%) belonged to at least one other regional organisation. This suggests that the majority of them had a wider exposure to regional organisations than just belonging to the REDO, and their responses were not as ethnocentric as might otherwise be thought (see also Garlick, 1996).

#### **5. FUTURE DIRECTIONS**

Committee Members were asked to identify where they thought the REDO should focus its efforts in the future to deliver outcomes. Five key areas emerged as important for the REDOs. Table 6 provides a summary of the key areas of focus as well as those constituting either a *major* or *moderate* focus. Committee Members saw the REDOs having a continuing role to play in encouraging a coordinated approach to regional development, a key goal of the RDP, and a major benefit identified earlier in the study of having the REDO. Job creation was also an important component of the REDOs' future foci. Lobbying governments would remain important to the REDOs, especially if infrastructure developments were to remain a high priority for them, as Table 6 indicates. The need to provide regional leadership was contingent upon key stakeholders being represented in the REDO's activities and on its various governance structures. The study found that leadership did not always imply a single leader, but a direction setting and energising role for the REDO in regional affairs (Fulop & Brennan, 1997). High levels of cooperation also reflected in the intention to continue breaking down regional boundaries from both within and across the

**Table 5. Reasons for No Alternatives to REDOs**

(N = 39 Respondents)	Number of Responses
Only way to set up regional organisation in the particular region that member comes from - REDO covered areas not covered by other programs.	3
Only way to bring all stakeholders together	2
Federal government needs to be a key stakeholder in regional development and show leadership and partnership in this regard.	4
Gives control to regions for funds and inputs into programs	3
Regional focus/strategy achieved despite early cynicism and doubts	2
Government has responsibility to provide world level infrastructure and national development	2
Don't know better method/option/model	13
REDO might not be perfect, but is in place and is operating. Why reinvent the wheel.	2
Properly managed and supported will achieve goals.	3
Other (one response only).	11
<b>Total</b>	<b>45</b>

**Source:** Fulop, L. & Brennan, M. (1997), p.46, (with modifications).

regions. Many of REDO members also saw themselves as relatively powerless to influence the rate of industry restructuring in their regions, seeing this in the main as an area in which governments and the private sector controlled the agendas (field notes, Fulop, 1997). Feasibility studies were also seen as something that others might do, with the REDOs principally promoting and getting them started.

When asked in an open-ended question to describe their REDO's future outlook, 51% of Committee Members gave an optimistic view (e.g., hopeful, rosy, secure, excellent, challenging). When asked to identify major threats to the REDO, the responses covered three main areas - funding, lack of Commonwealth Government support and membership withdrawal and disenchantment. Executive Officers saw the future in terms of focusing on strategy, pursuing project funding, playing a coordinating role in the region, providing leadership, building links with industry and getting general community support for the REDO. They shared the same views about threats, but more in relation to State Government opposition, staff losses and lack of coordination between government departments.



Table 6. Future Focus of REDOs

	Major Focus	Moderate Focus	Minor Focus	No Focus	Not Applicable	Don't Know	% Major Modifications
Encouraging a coordinated approach to sustainable development	63	10	1	0	0	1	97.3
Identifying opportunities for wealth creation	43	18	8	3	0	3	81.3
Lobbying Govts (State/Fed)	24	38	10	1	1	1	82.7
Lobbying local Govts	10	33	24	2	4	2	57.3
Overcoming duplication	39	17	9	1	7	2	74.7
Job Creation	49	20	5	0	0	1	92.0
Providing regional leadership	49	15	7	1	1	2	85.3
Breaking down boundaries within the region	35	31	4	2	2	1	88.0
Directly managing specific projects	10	15	29	10	8	3	33.3
Addressing impediments to improved business competitiveness	22	28	20	2	1	2	66.7
Hastening the rate of industry restructuring in a region	18	23	23	9	0	2	54.7
Coordinating funding submissions for projects	29	26	14	2	3	1	73.3
Developing feasibility studies	10	29	29	3	3	1	52.0
Ensuring infrastructure improvements in the region	45	22	3	1	2	2	89.3
Developing cross regional linkages	29	30	13	3	0	0	78.7
Directly promoting the region overseas	28	19	21	2	4	1	62.7
Marketing the region nationally	39	16	14	2	2	2	73.3

Source: Fulop, L. &amp; Brennan, M. (1997), p. 59.

## 6. CONCLUSION

Despite the funding cut, the study found evidence of strong bipartisan support for the REDOs and for strategically driven regional approaches. However, the futures of the REDOs are dependent upon three key issues. The first relates to securing ongoing funding and becoming self-funding. Three possible options present themselves: transforming into ACCs, developing greater financial independence from funding agencies, such as government or gaining multiple sources of funding so that no one level of government can jeopardise the organisation's future. Given the funding mix identified in the study, the self-funding option seems the least likely strategy. Not all REDOs would opt to become part of an ACC given the current policy. This study suggests the majority of the REDOs will survive in some form or another, especially those that were formed before the RDP, had ACC connections and multiple sources of funding.

The second relates to maintaining the commitment of the REDO's membership in a period of declining support from governments. The ability of REDOs to deliver on their strategic plans in particular, and projects in the case of a number of regions, were likely to strongly influence the ongoing commitment of REDO members. Based on this study, at least a third of the REDOs were likely to have problems in this regard, especially the ones whose main revenue base was the RDP. However, even amongst the policy makers who put together the RDP there was an expectation that only fifty percent of them would survive (private discussion with Fulop, 1996 undisclosed source).

A third issue is emerging more clearly in 2000. The Coalition Government had a strong desire to distance itself from a Labor Party program that they mistakenly thought had little bipartisan support, especially in regional or rural Australia. This was a situation completely misread by the Coalition as it grapples with the growing political unrest, cynicism and electoral volatility in regional Australia. In winning back support in regional and rural Australia, the Coalition might have to revisit the idea of regional organisations and policies and learn from the REDOs and may be find ways to reinvent them. A follow-up study of the REDOs is planned for 2000.

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**Appendix 1. REDOs in the Study**

	<b>Name</b>	<b>Location</b>	<b>Years in RDP (as at 1997)</b>	<b>Status as Regional Organisation</b>
1	Australian Capital Regional Development Council Inc.	Cross-Border ACT/NSW	2-2.5 years	Existing
2	Ipswich Region Development Corporation Ltd.	QLD	2-2.5 years	Existing
3	Mount Isa – Townsville Economic Zone (MITEZ)	QLD	2.5-3 years	New
4	Central Queensland Regional Economic Development Organisation	QLD	1.5-2 years	New
5	(SA) South Central Regional Network Inc.	SA	1.5-2 years	New
6	Orana Development Employment Council	NSW	2-2.5 years	New
7	Hunter Regional Development Organisation	NSW	2-2.5 years	New
8	Northern Metropolitan (WA) Regional Development Organisation	WA	1-1.5 years	Existing
9	Greater Green Triangle Regional Development Association	Cross-Border VIC/SA	2-2.5 years	Existing
10	Mid-Murray Regional Development Organisation	Cross-Border VIC/NSW	1.5-2 years	Existing
11	Northern Rivers Regional Economic Development Organisation Inc.	NSW	2-2.5 years	New
12	Business East	VIC	2-2.5 years	Existing
13	Southern Province (WA) Regional Development Organisation	WA	1-1.5 years	Existing
14	Gippsland Development Ltd.	VIC	1.5-2 years	Existing
15	Spencer Region Development Association Inc.	SA	1.5-2 years	Existing