environmental monitoring. The Jurien Bay area is a high energy coastline of a pristine nature, used by recreational and rock lobster fishermen. It was therefore important to the sustainability of the new mariculture industry that the sea cages were correctly placed, stocked and managed to have minimal effect on the environment.

...the WDC is now assisting with the facilitation and sourcing of funds to develop grain based fish feeds...

The WDC has thus been working in conjunction with the University of WA to develop a document making Recommendations for Environmental Monitoring of the Jurien Bay Marine Finfish Sea Cage Culture Industry, Western Australia. This document is still in draft format pending acceptance by the Jurien Fish Farmers Pty Ltd. The WDC has also applied for a Collaborative Research Grant with University of WA and the Jurien Fish Farmers Pty Ltd to develop a decision making system for site selection and environmental management of an emergent sea cage finfish industry at Jurien Bay, Western Australia.

Finally, the WDC is now assisting with the facilitation and sourcing of funds to develop grain based fish feeds as an alternative to fish meal and trash fish. The research for this project is being undertaken jointly by the Department of Agriculture, WAFAC and a private consultant. A project which has the potential to create new markets for locally grown grains, as well as enhancing the viability of the new mariculture industry.

The WDC's only other involvement with the continued development of a mariculture industry at this point in time, is as a part of the core working group advising the consultant preparing the Aquacultural Planning Strategy for the Shire of Dandaragan.

The development of a mariculture industry within Western Australia, has given regional development bodies such as the Wheatbelt Development Commission the somewhat unique opportunity of involving themselves in the planning of regional policies and practices for a emerging primary industry.

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THE INTERACTION OF GOVERNMENT FUNDERS AND MANAGEMENT IN REGIONAL DEVELOPMENT ORGANISATIONS

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In examining the topic of interaction between government funders and management in Australian regional development organisations, my intention at this stage is to raise some relevant yet new issues. In a year some tentative recommendations may have been formulated to address those issues.

The focus in this paper is on economic development in non-metropolitan Australia. "Government funders" refers state and federal government, rather than local government, who are considered as local stakeholders. This paper focuses on the structures involved in regional development, and some interactions between them. It examines in order regional development organisations, or RDOs, and their management, then government and its role in regional economic development and RDO structures.

The picture presented has been created from a variety of sources - from work as a regional development practitioner in northern N.S.W. for most of the last decade, from sharing through conferences and exchanges of papers with other practitioners, and now from a formal research program which started with a review of the literature of development programs overseas, of organisation theory, of public sector, business and non-profit sector management, of the activities of RDOs in Australia and is continuing through documentation of case studies of RDOs in Eastern Australia. To allow comparisons, the RDOs being studied are a mix of central government funded organisations (one is a NSW Regional Development Board) and of community-funded organisations. All relate stories that confirm the management and development literature here and overseas.

The wealth of literature on overseas and national development programs highlights the interactions between funders of development and recipients - recipient yet intermediary organisations as well as beneficiaries of the programs themselves. Particularly with the passage of time, relations between funder and
recipient change as with any organisation's evolution. In the case of development programs, the changes range from the overt to covert in method and acceptable to corrupting in intent and outcome.

Writing in 1977, Lissner, like many others since then, noted that some effects on non-government organisations which accept funds for development programs are:

- a conflict between the funder and the organisations mission, its objectives, its priorities, and/or its beneficiaries' interests
- an imbalance in the organisation's programs, due to the size or restrictions of government grants
- a changed organisational style so that it is more acceptable to funders
- a softening of the advocacy role
- a decline in the relationship with traditional (private and local) funders, because government funds are easier to secure

**MANAGEMENT FACTORS IN REGIONAL DEVELOPMENT ORGANISATIONS**

To set an RDO in its management theory context, it helps to see it as a non-profit organisation, similar to some private schools, welfare, community, cultural and special interest groups such as the Red Cross, RSPCA, Girl Guides, Musica Viva, Greenpeace and Amnesty International. The management characteristics of RDOs are similar to a voluntary Board or committee: small staff numbers with varying professional backgrounds, limited and insecure funding with few options to increase that income, and a character that is neither like government nor business. In addition, they have a large, public-spirited task which the private sector would never undertake on its own.

Too heavy an emphasis on strategy may contain some risks for the organisation

A list of the factors which relate to RDOs as nonprofits includes:

- history
- staff
- structure and resources
- stakeholders
- objectives
- activities
- achievements
- performance evaluation, and
- organisational relationships.

Some of those that relate to management of RDOs and their interaction with government funders are canvassed below. The case studies currently under way are showing a shift in activity areas, which reflects the squeeze they are experiencing - a squeeze caused by the exigencies of the recession, drought in some areas, shifts in funding sources and funders' priorities, program failures in some instances and the current rethinking in government generally about the future economic role of rural Australia.

The management characteristics of RDOs are similar to a voluntary Board or committee ...

From previously emphasising activities such as exhibitions, promotions and overseas missions through to small business advice and start-up assistance, most RDOs now see their role in more general terms as facilitators, catalysts, and as doing strategic work. While these "higher level" aims and activities often involve long-term and publicly invisible changes in perceptions and relationships, most of the case study RDOs have translated their strategic approach into at least some projects. These projects provide sources of funds, fodder for publicity and some measures of achievement. They vary from the site specific, for example renewal of tracts of land, to industry-specific projects, for example forestry and value-added manufacturing for export, to a few which are business-specific, for example facilitation for a company wanting to open a new operation.

Too heavy an emphasis on strategy may contain some risks for the organisation, because those people with an interest in its success need to receive regular, direct or indirect information on the RDO's achievements. This is a qualitative leap from the conventional reporting to stakeholders of the number of meetings or seminars held, attendance, financial accounts and mere lists of activities. Some stakeholders will simply and pointedly ask: "what difference did you make to our economy?" If an RDO cannot answer that question, they may need to review their operations?
The Australian case studies now being compiled confirm the, at best, carefully managed relations, or at worst, tensions, between RDOs, their funders and their other stakeholders. Clearly RDOs have to integrate competing and sometimes conflicting expectations and objectives. At present the strategic approach, which has replaced management by objectives, seems to provide at least a partial, rational, objective method for doing this. However, pragmatism demands that for independent, nonprofit RDOs, satisfying their funders seems to counterbalance the rational strategic approach.

Changing now from an external focus towards a view of influences within the organisation, let us examine the resources available to the RDO, and evaluation of the RDO's performance. In summary, resources consist of people and money.

... pragmaticism demands that for independent, nonprofit RDOs, satisfying their funders seems to counterbalance the rational strategic approach.

The people are staff, Boards and sometimes other stakeholders. These people may offer knowledge of management of nonprofits, knowledge of how to do economic development and qualities of community leadership including the ability to nurture leadership in successors. However at different times in its life, an RDO may struggle with few or none of these personal resources.

Availability and management of people as a resource is a key issue for RDOs. Staff and Boards have short-term tenure. At worst, staff can be given a fortnight's notice, and contract employment is common. In incorporated RDOs, Board members tend to be appointed or elected for one year only, while some government Boards have three year terms. Training for staff and Boards barely exists. The external pressure to perform is there, but few RDOs evaluate their own performance objectively or regularly. Even so, renewal, reappointment or re-election is not necessarily related to performance.

In summary, rapid turnover of people, who are a key resource within RDOs, represents an enormous loss of experience and expertise. This short time scale in RDOs contrasts with the government people they are dealing with, where permanent employment is the norm, except for Members of Parliament where a maximum four year electoral cycle prevails.

Whilst projects may be completed in a matter of months, most strategic work takes years. The second major resource is money. Factors related to funding include:

- duration of the funding period
- expectancy by either side of automatic renewal
- availability of core versus project funding
- satisfaction level between RDO and funders, and the method of monitoring
- satisfaction of other stakeholders be they funders or non-funders?
- ability for RDO to concurrently evolve as an organisation yet to hold funders, to maintain the interest of Board members, and to hold staff.

The issue of resources or lack of them is the bane of the regional development practitioner's life. Australian RDOs are usually either central government funded (and this usually means by a state government) or they are home-grown. An exception is the Albury Wodonga Development Corporation which has been self-funding for at least a decade, but which received over $20m of mainly Federal funds in the 1970s - making it centrally funded, in a significant sense. The other source of income - commercial activity - is not available generally to RDOs. While some nonprofits such as charities may engage in commercial activities in order to raise money in a cross-subsidy arrangement for their principal welfare purpose, RDOs rely and will always rely principally on external funding: that is, they are not established so as to engage in trading as a main source of revenue.

The issue of resources or lack of them is the bane of the regional development practitioner's life.

Home grown RDOs tend to start off with a strong "bottom up" approach to their operations, with local funds from business and local government, with locally enunciated objectives and with locally-sourced Boards. However if an RDO is home grown, its age or
organisation stage lends to influence its continuing sources of funds. Despite their emphasis on local ownership of the economic development process, local government rate ceilings, shifts in priorities and cessation of local business contributions all lead mature RDOs increasingly towards government income, as noted by Lissner. This holds true in two instances. First, when the RDO is seeking core money—that income required to keep the doors open, but which is almost impossible to obtain from government although core money is what gives the RDO security. Second, when the RDO is seeking project money, which is an increasingly competitive process.

Unfortunately, when project funds are more easily available than core money, a distortion of total activities may occur when the totality of funded projects leaves gaps in the ability to achieve the overall organisation mission.

On the subject of performance evaluation, accountability to program funders seems more related to the RDO having spent the funds within the time period and more or less according to the program, rather than to them having actually made a verifiable difference in their region. All nonprofits have a difficulty with performance evaluation, but there is a slowly increasing management literature on the issue.

Equally, few RDOs seem to have mechanisms where individuals or non-members can influence the needs being prioritised by the RDOs, the operational methods of the RDOs, or to help evaluate their performance from a beneficiaries’ perspective. Such a requirement is an insistent demand from practitioners in overseas development programs, as the only legitimate way to ensure lack of distortion in funded development programs. Without regular reviews, organisations tend not to have clear internal goals, nor to be able to take appropriate correcting action when required. They will then tend towards crisis management and short-term fixes. When queried, the common response from practitioners is that a lack of resources, meaning especially Board members’ and staff time, and lack of known methods, hampers any attempt at evaluation.

ISSUES FOR GOVERNMENT

In its role of encouraging regional development, government might be seen to have a difficult role in three areas:

- What is to be the geographical basis for any intervention—a region, a district, or a local government area?

  In the first two cases whose definition should be used? The Australian Bureau of Statistics, an environmental catchment, an economically integrated area or some other definition?

- Is the task to be strategic?

  For example by creating a climate for growth, focusing the region externally especially for export, working with industry groups;

- Or is the task project based, involving tangible outcomes, identifiable projects, shorter time scales, and working with individual businesses?

- Or is the task a combination of both strategic and project-based approaches?

Unfortunately, when project funds are more easily available than core money, a distortion of total activities may occur when the totality of funded projects leaves gaps in the ability to achieve the overall organisation mission.

- Does government or the delivery agency choose or is there room to negotiate?

- How can government achieve a balance for its own wider objectives? By helping with a response to local efforts, which introduces questions of quality? By administration of the same program in all areas, which is likely to be insensitive to some local needs and regional differences? Or by an intermediate approach such as the Country Centres Project?

A key question for central government is that of equity, because regions do not have similar resources—whether those resources are human, financial or physical. In addition, some regions are hard-hit by other government decisions and therefore “deserve” extra help, for example the steel industry restructuring, or the impact of tariff reductions on the textiles, clothing and
footwear industry.

In view of its own resourcing issues, how can government best deal with these questions in an era of increased demand but in an era of supposed downsizing of government. Yet the demand for economic development help has arisen partly from government policies and the international recession, whilst government downsizing has been caused partly by tax shortfalls due to the recession.

What is an appropriate response to home grown organisations which arise "spontaneously" but then clamour for government money? Those RDOs may have a short life, their expertise may be low and there is no guarantee that their demands will synchronise with current government policy. For the government funder, there is also a question of how they might best provide resources to such organisations, when the department's own budgets may not allow them to adequately support the RDOs, say through management assistance or networking via a Board seat.

Some would argue that governments should not support independently operated RDOs through provision of core income. Government programs should be available competitively. When government chooses to operate regional business development offices, then any obligation to regional economic development has been satisfactorily fulfilled. However others believe that private-enterprise-oriented people living, working and being politically active in the regions know best what is happening there, who the players are, the nature of their relationships, and what is possible, because statistics and reports available to those further afield provide only a partial, "dry" picture.

RDOs that are wholly centrally funded by a government department tend to exhibit attitudes and an operational style more akin to the nonprofit RDOs than to the government sector. Their frustrations arise from the very source of their financial security – a distant bureaucracy whose policies and operational methods they find hard to influence, because it is firmly hierarchical.

Further, as Bullen (1992, 4) states "In funding non-profit organisations employees in government departments for example, policy makers and funding administrators, tend to base their expectations on bureaucratic structures, assume adequate resourcing and support structures, assume availability of complex information systems, design funding programs around the needs of funding administrators rather than of clients and particularly lack knowledge of the non-profits' clients and their needs, and so on."

The government funders of the three RDOs interviewed to date said not to have helped identify local needs, nor to have lent much if any support in the form of information, training, management assistance, loans or loan guarantees, or regulatory or statutory power to achieve the task. Indeed even when government has the ability to intervene in free market forces to help achieve one or more regions' economic objectives, they may for their own reasons choose not to do so.

**Government departments, too, are faced with the problems that arise from overlapping or competitive programs**

Yet in a contrasting twist, at least one RDO which is wholly centrally funded has found they are ineligible to run other government programs, which would have contributed to them achieving their mission, and which would have contributed towards reducing their overhead costs and/or enabling them to take on more staff.

Government departments, too, are faced with the problems that arise from overlapping or competitive programs, regardless of whether the programs are offered by one level of government or by both state and federal government departments.

At the regional level, a result is that competing organisations run such programs and an overlap of functions occurs. The "losing" organisation finds it has to adjust to new tasks, for example by doing more strategic work because no-one else does that in the region, or accept a more limited "territory" when they would have preferred to be more program focused. In the long-term they may well become more vulnerable to shifting priorities by government and other funders.

**IMPLICATIONS**

In conclusion, these two contrasting views of appropriate roles and structures can be drawn together in a more theoretical framework.
American authors Powell and Friedkin propose three types of changes that occur in nonprofits through time:

- **internal change**
- **external change which relates to resource dependency**
- **external change which relates to "institutional reflection"**

In the first, organisational evolution occurs through gradual or sudden changes, with responses depending partly on the power relationships of the people within the organisation. The latter two, relating to external changes, more explicitly refer to this topic on the relationship between government funders and RDOs. In support of the resource-dependency view, the authors (1987, 182) quote studies linking changes in funding to changes in activities at hospitals, universities and a public television station.

Because organisations are not internally self-sufficient, they require resources from the environment; hence, they become dependent upon those elements that provide the most needed forms of support. The managerial task is to respond to environmental demands and constraints and attempt to mitigate these influences. In one instance when resources shrunk (sic) and only a few funding sources provided the bulk of the money, the staff lost its room to manoeuvre (sic) and the funders gained much greater say in program content.

The institutional model states that over time processes occur which lead to organisations in similar fields becoming more alike, without necessarily becoming more effective or efficient. Their relative positions appear not to matter - whether in a hierarchical relationship or a peer relationship. Their practices may become a standard, where organisations operating or styling themselves differently will be seen as peripheral, with the largely negative consequences of being in such a position.

Powell and Friedkin state that institutional forces will most influence change in a particular organisation when these effects are poorly understood, when evaluation is weak, when goals are ambiguous or politicised and when the organisation is tightly networked. Their conclusion is that many nonprofits find themselves turning more and more to external sources of support... there are trade-offs inevitably associated with outside sources of support. This is not to suggest that funding sources direct control or even that they desire to covertly influence organisations to pursue certain activities at the expense of others.

The difficulty with external sources of financing or a more general emphasis on commercial activities is that it can lead organisations to change in unanticipated ways.

Some in the accounting profession say ultimately nothing but money counts. However by contrast with those in business, people working in nonprofit organisations such as RDOs typically rank money for themselves below priorities such as "making a contribution to my community". Despite this personal characteristic, those in the case studies acknowledge that issues related to their organisation's funding ultimately influence most decisions of the RDO. Clearly, without funds there is a significantly reduced ability by anyone to "make a contribution".

Because organisations are not internally self-sufficient, they require resources from the environment; hence, they become dependent upon those elements that provide the most needed forms of support.

All RDOs interviewed state that they have experienced pressure from funders in relation to their activities. From the funders' point of view this may be justifiable, particularly when the RDO is a regionally-based arm of government. By contrast, in business, the funders - that is, the buyer - reigns supreme: without satisfying them and anticipating their needs, the business fails. At the other end of the spectrum, some taxpayers - the funders of the government sector - might say that they can only infrequently affect activities and expenditure choices by government. So should RDOs as nonprofits have any special rights between these two extremes?

**CONCLUSION**

Do we need more effective mechanisms for professional interaction between all the regional development players, more training for the task, better processes to elicit views on managing economic development whilst leaving ultimate control of proposed programs with the affected
people? Government funders seem to prefer a relative hierarchy where they provide the money and programs, and RDOs are grateful for a limited ability to do their own thing in their area. Unlike some overseas countries, a real intermeshing of organisational and regional needs and expertise sharing seems not to have been developed yet in Australia.

Three models of economic adjustment can be proposed: state-led such as in Japan and France; company-led and tripartite negotiated. In the last, business, government and often unions work together on strategies which have implications for all three, and to whose achievement all three are committed.

With fairly rapid changes in personnel in RDOs, they are vulnerable to the subtle and unanticipated changes that Powell and Friedkin have identified. Would there be advantages in a more consistent national or state-by-state approach to the structures that deliver regional economic development activities? In the current reviews of regional development has enough cognisance been taken of structure compared to activities? of effective variations in providing resources to the structures rather than just to the businesses who ultimately deliver economic adjustment?

This paper suggests that regional development has to be the art of combining zeal for the mission of economic development with the craft of keeping funders happy and the human resources available, willing and skilled. Government has a clear role in regional economic development, as do regional communities. Let regional development professionals ensure that resourcing, knowledge, experience and effective structures are combined for the benefit of non-metropolitan Australia.

REFERENCES


The editors wish to hear from anyone who has interesting ideas on the formulation, management or outcomes of regional development policy. In particular, we are always on the lookout for up-to-date material from regional development practitioners whose experiences are valued. It is important that this does not become another academic journal.

The editorial committee is happy to help contributors organise their ideas and assist in the writing of articles. Contributions should ideally be short (about 2000 words in length).

If you have something to say, get in touch with us at the address shown on the title page immediately. We are also willing to publish members' letters that take issue with (or praise!) anything said in this journal.