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Index of Material Provided

Regional Manager Network

1. AusIndustry Regional Office Network Evaluation 2003: A review of the Regional Managers Network
(*Department of Industry, Tourism and Resources, December 2003*)

**AusIndustry Regional Office Network Evaluation
2003**

A review of the Regional Managers Network

AusIndustry
Department of Industry, Tourism and Resources
December 2003

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Executive Summary

On 29 August 2001, the then Minister for Industry, Science and Tourism, Senator the Hon. Nick Minchin launched AusIndustry's Regional Office Network, in support of the Australian Government's regional policy announcement – Stronger Regions: A Stronger Australia. The Regional Office Network was designed to enhance regional awareness of AusIndustry's programs and to improve regional accessibility of the national innovation policy- Backing Australia's Ability.

The Regional Office Network commenced operation in January 2002 with 14 regional offices covering the majority of regional Australia. The Regional Managers provide advice and guidance to customers on the range of AusIndustry's programs, and promote awareness and understanding of those programs.

Funding for the network at the rate of \$2m per annum ceasing on 30 June 2004 was outlined in the Portfolio Additional Estimates Statement for 2001-02.

As part of the Department of Industry, Tourism and Resources (ITR) evaluation plan the Regional Office Network was evaluated to determine whether the network had:

- raised awareness of Government assistance amongst regional businesses and improved accessibility to AusIndustry services in relation to its programs
- provided a unique service complementing other services within the region, and
- provided value for money in undertaking its activities.

The evaluation was to come to a conclusion about whether the network should continue and if so, whether the geographical spread of regions was appropriate.

The evaluation sourced information from businesses in the regions, other regional networks, Departmental stakeholders, Regional Managers themselves and economic statistics to come to a conclusion about the performance of the AusIndustry Regional Office Network and to make recommendations about the future of the network.

The evaluation found that the operation of the network was consistent with Australian Government policy on regional Australia, was meeting continuing regional business development needs and was unlikely to be delivered as effectively or efficiently by alternative means. The evaluation concluded that the aim of the Regional Office Network to provide more equitable access to AusIndustry services for regional businesses was appropriate.

Surveys of regional businesses showed the network had been effective in increasing access to AusIndustry services and had improved the perception of AusIndustry within the regions. An important factor in this success was the cooperative relationships formed with regional networks.

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An examination of efficiency and comparative outputs showed that the Regional Managers achieved value for money. The network achieved this by leveraging off the partnerships developed within the regions with larger and more extensive networks, and by delivering benefits to the region over and above the regional community costs of maintaining a Regional Manager.

In all, the evaluation found that the Regional Office Network had been an appropriate policy objective, was effective in achieving its objectives and provided value for money in doing so. Given these findings and the finding that the policy context is still current the evaluation recommends that the Regional Office Network should continue.

In accordance with the terms of reference the appropriateness of the geographical spread was reviewed. The evaluation makes recommendations about the number of regional offices and on regional boundaries, with one additional region being identified in Queensland, two regional centres being amalgamated in Tamworth and Newcastle and several regional boundaries being redrawn, most notably Gold Coast and Wollongong.

To improve the effectiveness of a continuing Regional Office Network a diversification of the service delivery models was recommended to meet the needs of various regions in terms of access to services and the demand for services within the region. Primary changes include expanding the offices in Townsville, Gold Coast, Darwin and Newcastle, to correspond to the demand and boundary changes in those regions.

Section 1 Evaluation Background and Method

1 Background to the Evaluation of the Regional Managers Network

AusIndustry's Regional Office Network was announced on 29 August 2001 with the launch of the Australian Government's *Stronger Regions: A Stronger Australia* policy statement. Funding for the network was outlined in the Portfolio Additional Estimates Statement for 2001-02, funding ceases on 30 June 2004.

The Regional Office Network is now known as the Regional Managers Network.

Consistent with the Department of Finance's requirements for Departments to evaluate programs and activities, an evaluation of the Regional Managers Network was undertaken to determine whether the network should continue after June 2004. The Regional Managers Network was identified for evaluation in the Portfolio Budget Statements 2003-2004.

2 Government policy for Regional areas and the Regional Office Network

2.1 Backing Australia's Ability

Backing Australia's Ability (BAA) was announced on 29 January 2001 with initiatives extending to 2006/07 and Australian Government investment of \$3 billion over those five years. The programs announced in Backing Australia's Ability were national programs, open to all eligible businesses. AusIndustry has carriage of a large number of the initiatives including the R&D Tax Concession, R&D Start and COMET. The funds available to run the Regional Managers Network were \$2m per year for three years.

2.2 Stronger Regions: A Stronger Australia

The Australian Government framework for developing Australia's regions through the next decade is set out in its policy – *Stronger Regions: A Stronger Australia* which was announced by the Government on 29 August 2001.

The policy outlined the establishment of AusIndustry's Regional Managers Network in the context of *'improving the business and*

*investment environment and encouraging the growth of regional businesses*¹,

Senator the Hon. Nick Minchin launched the network to:

*'Strengthen the Commonwealth's service delivery in regional areas, ... [m]eet the needs of innovative companies operating in these areas ... [and] ensure that the benefits of the \$3 billion Backing Australia's Ability initiatives are enjoyed on a truly national scale.*²

3 The AusIndustry Business Model

As a Division of the Department of Industry, Tourism and Resources (DITR), AusIndustry has responsibility for the delivery of industry assistance programs to *'enhance the development of internationally competitive and sustainable business'*³.

AusIndustry's value proposition is to *'advise [customers] of the most appropriate AusIndustry programs for their business, and assist them to make a competitive application and receive their full entitlement. We will minimise the transaction cost to them, to the extent allowed by program requirements. If none of our programs is suitable, we will refer them to appropriate alternative service providers.'*⁴

AusIndustry has an operating principle of customer focus. AusIndustry provides service through a range of service channels, including customer service managers, website, call centre, consultants and intermediaries. It is organised to provide individualised services and information to customers and be readily accessible when customers would benefit from personal contact.

4 Regional operations prior to the establishment of the network

AusIndustry's national programs are not restricted to any geographical location nor are the broad base programs restricted to any specific industry sector. Prior to the establishment of the network AusIndustry customers in regional Australia were serviced through a variety of AusIndustry activities.

State or central office regional presence included⁵ the following or a combination of the following:

1. Regional or national marketing campaigns from the State or central office usually through "road shows" and attendance at relevant regional events.

¹ Page 6 Stronger Regions: A Stronger Australia August 2001

² Press Release, The Hon Senator Nick Minchin, 29 August

³ ITR Corporate Plan – Mission Statement

⁴ AusIndustry Business Plan 2003-04

⁵ These activities are still undertaken in regions that do not have a Regional Manager presence.

2. Customer Service Manager (CSM) visits to potential and existing regional customers.
3. Temporary location of a CSM within a region or regional centre or allocation of a CSM in the State Office to oversee customers within a regional area.

5 Establishment of the Regional Managers Network

Regional Managers effectively commenced work in January 2002. The majority of Regional Managers were employed on a contract basis.

The fourteen regions offices were established as follows:

Office Location	Region Covered	State Office Responsibility
Wollongong	Illawarra & South Coast Region	NSW
Newcastle	Hunter Region	NSW
Tamworth	Northern/Central NSW	NSW
Ballarat	Western Victoria	Victoria
Bendigo	Northern Victoria	Victoria
Traralgon	East Gippsland	Victoria
Bunbury	Southern Western Australia	WA
Darwin	Northern Territory	SA
Gold Coast	Southern Queensland & Northern NSW	Queensland
Townsville	Northern Queensland	Queensland
Launceston	Northern Tasmania	Tasmania
Wagga Wagga	South West NSW	ACT
Mount Gambier	Southern South Australia	SA
Port Augusta	Northern South Australia	SA

More information about the regions can be found in Annexure 3.

To enhance their regional impact, Regional Managers were co-located with one or more Commonwealth or State Government offices such as Austrade or representatives of a Regional Development Board.

6 Role of the Regional Manager

The role of the Regional Manager includes :-

- Promoting AusIndustry and Departmental programs and services.
- Understanding issues impacting on firms, industry sectors and other organisations in the region,
- Liaising with stakeholders in the regions including local members and Senators, other Commonwealth, State and Local government agencies.
- Representing AusIndustry to organisations, and other service providers within the regions

The evaluation found that Regional Managers largely adhered to these activities with some Regional Managers expanding their role to provide a localised CSM style service delivery within their region.

7 Performance Indicators and Expectations for the network

Following consultation with State Managers and the AusIndustry Executive, annual work performance targets for the network were established. For each Regional Manager, these annual targets covered:

1. contact with new customers (120) and multiplier agencies (40);
2. number of promotional/marketing events (12)
3. number of new customers into AusIndustry programs (30);
4. increase in awareness of AusIndustry and its programs by 10% above the baseline survey over the duration of the regional manager network; and
5. the number of enquiries.

Achievements against these objectives are outlined in the section discussing the effectiveness of the Regional Manager Network.

8 Objective, scope, parameters and methodology of the evaluation

Objective

To determine the appropriateness, effectiveness and efficiency of the Regional Managers Network with reference to the outcome objectives and performance indicators established at the outset of the network.

Scope

The evaluation process was guided by terms of reference, approved by the evaluation steering committee and developed in line with the Generic Terms of Reference stipulated by Department of Finance in its Explanatory Memorandum regarding New Policy Proposals. The terms of reference can be found in Section 6 - Appendix 1. Data collection methods were designed so that conclusions regarding the performance criteria could be reached objectively and provided an opportunity to identify unintended outcomes.

The evaluation was also undertaken in accordance with the Department of Industry, Tourism and Resources (ITR) Handbook of Evaluation and met the Department's criteria for independence, with the inclusion of a member of the Budget Evaluation and Strategy Unit in the Evaluation Team. Requisite governance structures were established; and an evaluation plan was developed and followed.

Method

Information was collected from a number of sources briefly outlined below.

- A telephone survey of businesses and multiplier agencies within the regions to assess customer awareness, perception and satisfaction with

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AusIndustry. This survey was conducted by the Wallis Consulting Group;

- A telephone survey of other networks and Government Agencies within the regions to determine the effectiveness of networking activities and the strength of regional partnerships achieved. This survey was conducted by ORIMA Research;
- Face to face and telephone interviews with Regional Managers were conducted by the evaluation team and included a member of the Budget, Evaluation and Strategic Unit (BESU) for many of the interviews;
- Written consultation with Departmental stakeholders was conducted by the evaluation team;
- Collection of activity data from Regional Managers monthly reporting and program production databases; and
- Literature surveys of regional issues and related policy matters was undertaken by the evaluation team.

Details of the surveys and other data can be found in the Annexures to this report.

Section 2 Appropriateness, Effectiveness and Efficiency

"I think the fact that you have got a federal government agency represented in the region acknowledges the regions significance and growth potential"

(State Government Regional Partner)

9 Appropriateness of AusIndustry Regional Managers Network

9.1 Appropriateness Finding

The Evaluation found that the Regional Managers Network is an appropriate activity for the Department and the evidence is that such an activity will continue to be an appropriate activity into the future.

The Regional Managers Network has been found to:

- Provide services appropriate to current Australian Government policy;
- Meet an ongoing need; and
- Provide a unique service which could not readily be provided by other existing agencies or programs.

The appropriateness of the geographic spread of the Regional Managers Network as well as some elements of the delivery model and alternatives are described in the recommendations – see Section 5.

Below are the results of the evaluation described against each element of the appropriateness criterion.

9.2 Is the policy context still current

The policy context within which the Regional Managers Network was established is still current. *Stronger Regions: A Stronger Australia* is a 10 year initiative, and the BAA programs are scheduled to continue until at least 2006-07.

Consequently, the Regional Managers Network continues to be appropriate within the current policy framework by:

- Providing a responsive and targeted service to regionally based businesses;
- Increasing equity of access to AusIndustry's services by regional businesses; and
- Providing a more integrated service delivery approach through the partnership networks developed by the AusIndustry Regional Managers.

At this stage while there have been no further developments in Australian Government Regional Policy, the indications are that further developments will not significantly alter the current policy context in relation to the Regional Managers Network.

9.3 Regional Managers Network - addressing regional impediments

9.3.1 Meeting the needs of Regional Customers

Ensuring equity of access to information

Many regional customers have difficulty in finding advice or assistance on innovation and competitiveness issues. They are more likely to view state government representatives as a source of assistance and information; and less likely to view private venture capital providers, accountants and business advisers as sources of advice⁶.

Customer survey statistics⁷ and evidence from interviews with Regional Managers also suggests that regional businesses have limited sources of professional assistance available to them such as management assistance. Often their main source of such assistance for their business is the local accountant. However, according to Regional Managers, local accountants have a very limited understanding of AusIndustry programs and are generally focussed on provided core accounting services only. Consequently customers in regional areas rely on provision of government services to secure accurate information on government support for innovation, research and development more than their city counterparts⁸.

The presence of a Regional Manager, who is able to provide accurate and detailed information about AusIndustry's programs and provide services to facilitate customer access to those programs, overcomes this key impediment for regional businesses.

Providing lower cost access to Commonwealth Government programs

Given the costs involved with travel, telecommunications and internet access, regional businesses place a high value on a local presence. The customer awareness survey indicated that regional customers place high importance on face-to-face meetings. This is the preferred method of contact after email bulletins and direct mail, being acceptable to over half of the businesses⁹. Customers were most often in contact with the Regional Manager through face-to-face and regular meetings and rated the value of this contact highly. Regional partners confirmed this view and noted that an ongoing physical presence in a regional area is a highly valued part of customer service which, regional businesses would not receive without the presence of a Regional Manager.

⁶ AusIndustry Regional Marketing Tracking Study 2003 WG2224/2225

⁷ AusIndustry Regional Marketing Tracking Study 2003 WG2224/2225

⁸ AusIndustry Regional Marketing Tracking Study 2003 WG2224/2225

⁹ AusIndustry Regional Marketing Tracking Study 2003 WG2224/2225

“Regional preference is for a person to person non-bureaucratic approach... there is an expectation for regular contact and followup.(current Regional Manager)”

Regional Managers routinely provide their customers with a preliminary assessment of the competitiveness of their proposals. This lowers the cost of application for a customer and is an important means of addressing cost impediments to regional businesses where turn over and profits can be lower than their metropolitan counterparts. Regional Managers felt that as their understanding of the programs increased they could provide better advice to customers and as a result their customers' application success rate was increasing. The increasing customer success rate is reflected in the quantitative data available to the evaluation team. On average across the regions for competitive grant programs the success rate has improved from 60% prior to the Regional Managers Network to 73% after the implementation of the network¹⁰. Given the short period of time 18 months and that many of the regional managers were new to the role and to AusIndustry programs, this is a significant achievement, and supports the Regional Managers perception of their influence.

Providing services as businesses mature

All Regional Managers have a group of existing AusIndustry customers who are ongoing users of a program such as the R&D Tax Concession. These customers continue to require services provided by AusIndustry in terms of existing obligations, compliance and identification of new opportunities.

Many companies also mature through a number of AusIndustry programs and become multiple users of these programs. Initially they may take an interest in a generic program such as the R&D Tax Concession. As the business develops, business owners are encouraged to look at more specialised programs such as R&D Start or Enhanced Policy By-laws. Consequently, even where there is a stable customer base there will always be a continuing need to raise awareness and support accessibility of AusIndustry services.

Building innovative businesses and regions

Regional Managers encourage companies to recognise the importance of having an approach to innovation as part of business growth. Consequently Regional Managers are stimulating an ongoing interest for AusIndustry and other Australian Government programs in the regions. However, building an innovative capacity within a region is a long term proposition that requires a consistent approach coordinated with other key regional stakeholders.

¹⁰ Taken from success rates for R&D Start, BIF and COMET for regional customers over 18 months prior, and 18 months after the implementation of the network. Source AusIndustry Production Databases.

9.3.2 Enhancing relationships with Regional Networks

Regional Managers are very much immersed within the life of a region – both within the activities of other complementary networks and the general business community. In order for linkages with other networks to remain productive the Regional Managers must remain engaged, be visible, build trust and add value to the region. These activities can be summarised as the need for a Regional Manager to continually nurture regional relations in order to maintain awareness levels and build business access to AusIndustry and other Australian Government programs. The attitude of the regional partnership networks was very much consistent with this approach. Almost all parties surveyed felt that the Regional Managers initiative was worthwhile and should be kept going; with many suggesting an expansion of the network.

9.4 Appropriateness of the network in its current form – alternatives to the network

In regard to possible network alternatives there are two issues for consideration. Firstly is there another regional network capable of fulfilling the role and function of the AusIndustry Regional Managers Network? Secondly is there an alternate delivery model within AusIndustry that could be implemented that would achieve the same or better outcomes for regional customers at less cost?

9.4.1 Delivery via other government agencies

The Evaluation Team has found no argument or data to suggest that there is any other external network which could realistically undertake the present role and responsibility of the Regional Managers Network and achieve the same level of effectiveness within the region or provide adequate equality of access to Australian Government initiatives delivered by AusIndustry.

There is a number of regional networks and agencies with which Regional Managers consistently network and view as important to the effectiveness of their regional activity including:

- a. Small Business Answers Officers;
- b. Austrade;
- c. Area Consultative Committees;
- d. Regional Development Boards;
- e. Department of Transport and Regional Services and
- f. Industrial Capabilities Networks.

Regional Managers have their offices co-located with one or more regional network participants such as Austrade etc. This co-location has allowed a high degree of both formal and informal interactions and some shared activities and service delivery. From a customer's perspective it

has provided a one stop shop approach to providing regionally based support to regional businesses.

It is clear that many of these networks have similar customer bases to that of the AusIndustry Regional Managers¹¹. However, this evaluation has revealed that, as each network or agency provides a distinctly different service to regional customers they are not perceived by either the customer or other networks as being in competition with the AusIndustry Regional Managers Network.

While it is possible that another agency could deliver some AusIndustry programs to the regions, given the unique focus of AusIndustry's Australian Government programs on innovation, research and development, this focus would not sit appropriately with another agency's core objectives. In addition a depth of program detail would be required in order for other agencies to deliver AusIndustry programs and would require a large investment in time and resources to match the knowledge of Regional Managers. Having Regional Managers within the AusIndustry structure allows the extension of their service capacity by drawing on the resources and expertise of the organisation as a whole. This depth of service could not be provided by external agencies attempting to deliver AusIndustry programs.

Further benefits flowing from the maintenance of a separate Regional Managers network can be found in the Effectiveness findings of this report.

Further information about these networks can be found at Annexures 2 and 5.

9.4.2 Alternative model of delivery from within AusIndustry

This evaluation has indicated that some modification to the model of service delivery from within AusIndustry could increase the effectiveness of the Regional Managers Network.

Currently all regions operate a very similar model of service delivery. The resources allocated, and the objectives set for each region are the same, as are the performance indicators.

What was clear from the evaluation was that a return to the model utilised prior to Regional Manager Network being established was not appropriate in the current context.

The evaluation team found that the level and type of services committed to a region should reflect more closely the needs of each region and that a

¹¹ From examination of literature about these regional networks, and information from Regional Managers and ORIMA Research survey of regional networks.

move away from a "one-size-fits-all" approach is warranted. Factors influencing regional businesses play out in a unique way in each region.

Options for the development of the Regional Managers Network service delivery models in response to each of these regional types is described in Section 4 of the evaluation and is reflected in the recommendations.

10 Effectiveness of the Regional Managers Network

"I think the advent of the AusIndustry Regional Managers Network has had a fairly major impact on the recognition of AusIndustry Programs which in Regional areas was not as clear as it is now"
(State Government Regional Partner).

10.1 Effectiveness Findings

The Regional Managers Network has been very effective in successfully achieving identified outcomes. The results of the various specific evaluations commissioned as part of this report are outlined below against each element of effectiveness criteria. The indications are that the Regional Managers Network has made positive contributions to the specified outcomes.¹²

10.2 Achievements (Output activities)

During the period of December 2001 to June 2003 the Regional Managers reported **3652 face to face customer contacts**, 80% of which were conducted outside of the Regional Managers' offices. They also handled **3138 direct enquiries**. Regional Managers conducted **540 marketing activities** attended by an estimated **18,300 individuals**. In the same period Regional Managers conducted **3976 face to face contacts** with Regional partners of all levels of Government, business and community.

This achievement met and exceeded the expectations set for the Network (See Section 1) by AusIndustry.

The range of activities described by Regional Managers, and confirmed by Regional Stakeholders included:

- Cold calling potential customers
- Visits to business premises

¹²The outcomes defined at the launch of the Regional Managers Network focused upon:

- Increasing awareness among regional businesses and Stakeholders of the availability of Commonwealth and other business assistance in Regional Australia;
- Generating interest in AusIndustry programs; and
- Assisting businesses to access assistance to those programs.

In addition it was anticipated that Regional Managers Network would build active networks with complementary agencies through which to leverage their activity to achieve the above outcome objectives. It was also indicated in outset literature that the Regional Managers Network would:

- Improve the perception and representation of the Commonwealth Government in regional areas; and
- Increase the number and strength of relationships with partner organisations.

- Direct work with potential customers preparing to apply for AI programs
- Attending regional partners liaison meetings
- Making presentations at regional tradeshows, conventions and conferences
- Participating in regional development committees
- Sponsoring business events
- Brokering relationships between complementary businesses
- Conducting AusIndustry compliance activities
- Making presentations to business, industry and community groups
- Participation in organising committees of local events
- Judging regional business awards
- Building new business networks

10.3 Impacts for the community

a. Awareness among regional businesses of the availability of Commonwealth and other business assistance in regional Australia

Regional Managers reported that regional awareness of AusIndustry and AusIndustry programs increased in the two years since the Regional Managers Network was established. Regional Managers were asked to rank the Regional awareness of AusIndustry and AusIndustry programs on a scale of 1 to 10 when they began in the role and to August 2003. They reported an average ranking of 2 out of 10 when they began in the role increasing to an average ranking of 6 out of 10 in August 2003. Many Regional Managers based this estimate on their perceptions of increases in the numbers of spontaneous approaches by regional businesses for information on specific AusIndustry Programs, the effect of their activities in the region and the awareness of people they encountered of AusIndustry. They also noted that greater understanding of AusIndustry programs by referring agencies had improved the calibre of the businesses being referred.

However, a repeat of the customer awareness survey in three regions: Newcastle, Bendigo and Riverina, indicated that general awareness of AusIndustry and AusIndustry programs had not greatly improved since the inception of the Regional Managers Network. Only one region in the study of three reached its goal of increasing unprompted awareness by 10% over the year. The limitations of this study are discussed in the data collection section of this report and caution must be taken in considering these results. Consequently, there appears to be a disparity between the survey results and the impressions of the Regional Managers.

One question which needs to be considered is whether general awareness in the broader business community is an appropriate objective. Noting that AusIndustry programs target only a small percentage of the business population (less than 1% of customers approached by the survey indicated that they were undertaking innovative activities or participating in Research and Development) it would therefore seem inappropriate for general awareness to be a target outcome. Regional Managers have quite rightly interpreted their objective in terms of identifying target audiences

with the potential to make a successful application for an AusIndustry program, and promote the program to relevant business groups. It is within these groups that they are detecting increased awareness.

Interestingly the customer awareness survey highlights the targeted nature of the relationship between Regional Managers and regional businesses. Of those businesses that were aware of Regional Managers, only one had made contact with the Regional Manager through an introductory presentation. Within those regions surveyed Regional Managers reported attendance of over 4700 people to presentations and marketing events. Referrals from regional partners and building networks within the regions has proved to be a more effective tool for finding customers with the potential to access AusIndustry programs. The evaluation found the objective of raising general awareness of AusIndustry by 10% was ambitious, and did not reflect some other effective means of targeting and finding new customers such as networking with regional partners. While raising awareness is still considered an appropriate objective of the Regional Managers Network, the evaluation found that there were other performance measures such as rate of successful referrals from networks that should have priority over the awareness objective as they are more effective at ensuring customers receive government services. The evaluation found that regional marketing should still continue, but considers that it be refocussed to better suit regional audiences and their preferences for local sources of information, community involvement and taking into consideration that AusIndustry regions cover a number of sub-regions with different characteristics.

Consideration needs to be given to the performance indicators against which the Regional Managers Network is measured and whether they adequately define appropriate activities and outcomes.

In contrast the regional partners survey undertaken by Orima Research indicated high levels of awareness of AusIndustry and AusIndustry programs with 73% rating their understanding of the role of Regional Managers as good or very good.

b. Generating interest in AusIndustry programs and assisting businesses to access those program

Regional interest in key AusIndustry programs is outlined in Table 10.1. At the outset of the Regional Managers Network, Regional Managers had targets for numbers of new customers. Regional Managers reported assisting 1377 potential customers who indicated they would seek to access AusIndustry programs from December 2001 to June 2003.

Table 10.1

Program	Number of new potential Customers assisted*
R&D Tax Concession	525

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R&D Start & Loans	78
COMET	114
Biotechnology Innovation Fund	13
TRADEX	130
CW	20
Other, Including Small Business Programs, Bushfire Relief, Regional Tourism, EPBS etc	497

* Customers at this stage may have chosen not to apply, or to apply at a later stage, or were subsequently unsuccessful. Reports from production databases indicate confirmation of the estimates of the regional managers for this performance measure.

It could be anticipated that customer conversion will increase in the coming year, as many report that latent customer potential of regions is yet to be fully realised. Many Regional Managers have focused initially upon general awareness raising and identification of potential AusIndustry customers. Regional partner referrals were not always appropriate in the early stages and education of regional partners was required. Only more recently has there been a shift in emphasis towards specific customers with potential to make effective applications. Regional Managers also note there has been an improvement in the calibre of referrals from regional partners as understanding of AusIndustry programs has increased. Regional networks surveyed also indicated that they expected the number of referrals they would make to the Regional Manager would continue to increase into the future.

To test whether the regional managers had in fact made a difference a region not serviced by the network was chosen and a comparison of new customers was made. The evaluation found that the presence of a Regional Manager had on average doubled the number of new R&D Tax Concession¹³ recipients. This indicates that the Regional Manager Network does make a difference, and that many customers who would not have otherwise applied to receive the R&D Tax Concession were made aware and encouraged to apply through the presence of the Regional Manager Network.

There is some initial evidence to suggest that as a result of the efforts of the Regional Managers, the success rate of applications from regional businesses is increasing from 63% to 70% over the 18 month operation of the network. Regional Managers noted that they have a key role to provide realistic feedback to regional businesses on their early stage draft applications. In this way businesses do not expend resources on applications which do not have the potential to succeed. By working with businesses to improve their chances of success, Regional Managers are seen as value adding rather than just providing rhetoric.

¹³ Based on the R&D Tax Concession and the 'control' of Toowoomba and the Darling Downs District which is managed from the Brisbane State Office. The R&D Tax Concession underwent a significant change with the introduction of BAA and the Tax Premium and the Tax Offset. Source: AusIndustry Production Databases

The survey of regional partners indicated that 64% expected to increase, and 35% expected to maintain their levels of referrals to AusIndustry Regional Managers, which supports the Regional Managers claims that regional customer potential has not yet been exhausted.

c. Improved perception and representation of Commonwealth Government in regional areas

The value of having an AusIndustry person located in a region was highlighted by the survey of regional partners. They described regional communities as being very appreciative of the Regional Managers Network as an indication of the Commonwealth Government making a tangible commitment to regional areas.

"AusIndustry has a profile up here now...The networking, the regional manager is involved with the community things, which shines on the AusIndustry Logo no doubt." **State Network Partner**

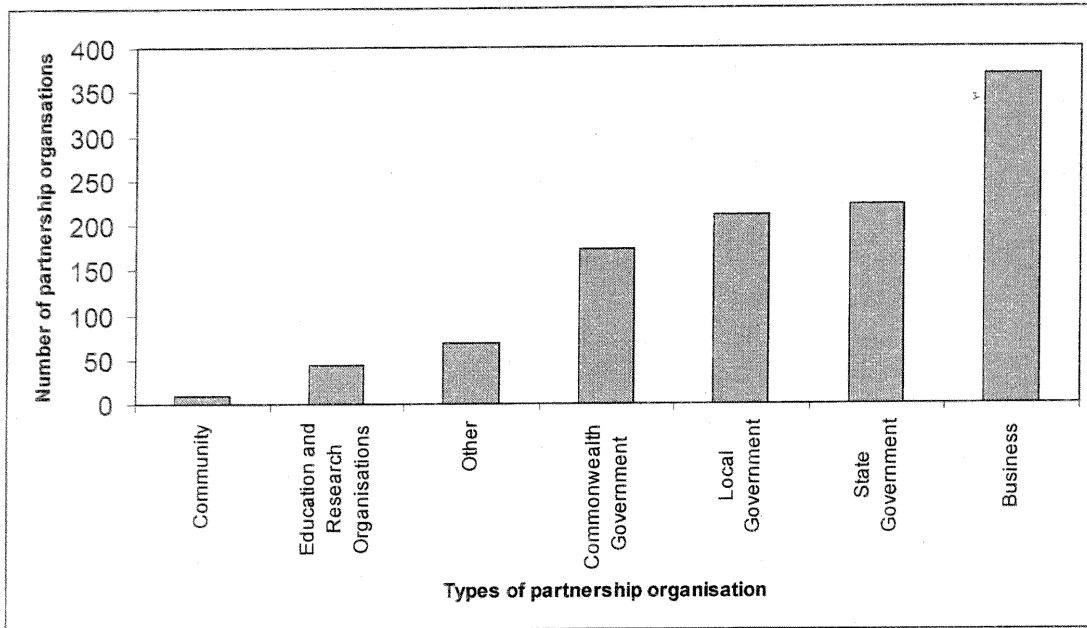
"I think the appointment of these people [regional managers] to regional positions has been probably, from a regional point of view, the most important thing that AusIndustry has done in all my knowledge of these agencies...It has made the programs and the assistance available, 100% more accessible for eligible businesses." **State Network Partner.**

This was a consistent theme with the Regional Managers also reporting that they felt that their local presence gave better access to customers, generated an '*increased profile*' for AusIndustry and improved the Government's credibility by showing '*direct interest*' in the regions.

d. Increased number and strength of relationships with partner organisations

Regional Managers identified over 1100 regional agencies and organisations with which they actively liaise to form regional partnerships. The types of organisations with which they have actively liaised are outlined in Figure 10.2.

Figure 10.2 AusIndustry Main Partnership Organisations reported by Regional Managers



The survey of regional partners revealed that the strength of the relationships with partner organisations was strong. Regional partners reported that in 88% of cases the Regional Manager had improved their understanding of AusIndustry programs and that they were better able to refer customers to AusIndustry as a result. In 95% of cases regional partners felt that cooperation with Regional Managers was moderate or better, and that referrals of customers they received from AusIndustry would not have happened without the Regional Manager in 91% of cases. All regional partners reported that they expected that they would refer customers to AusIndustry Regional Managers either at an increased rate or at least the same rate over the next 12 months.

*"The Regional Managers have got the industry programmes. They complement the State programmes. Where we have holes we call the Regional Manager in, and she does the same to us. State and Commonwealth working closely together. When we talk to business we talk about the Commonwealth, and the Regional Manager, talks about us as well. You have a much closer network to support the companies. **State Network Partner.**"*

*"It (the benefits) has been putting the eligible companies in contact with the programmes that they qualify for. It has also promoted innovation to businesses as a way of staying competitive and ahead of their competitors. Face to face contact with AusIndustry, people like doing business with people they know, particularly in regional Australia where they are circumspect with dealing with people by email and phone. Developing relationships with people is really where credibility and business is done.' **Local Network Partner**"*

Consistent with these findings the Regional Managers reported that they used regional partners as a means of efficiently identifying and accessing appropriate customers. Regional Managers reported that they put

significant effort into developing partnership relationships and building partners' understanding of AusIndustry business, programs and appropriate customer profiles. Consequently, the quality of referrals from regional partners has continued to improve. Regional partners are now acting as an effective screening filter, ensuring that the Regional Managers can more effectively use their time on appropriate potential customers.

Regional Managers also reported other benefits from these regional partnership relationships. In some cases a business' readiness to access a particular program can be enhanced by referral to another regional agency offering complementary business development resources. Such a development opportunity has been used to increase AusIndustry's customer base in some regions. Regional Managers noted that they regularly referred businesses to regional partners where AusIndustry programs were inappropriate. This increased the perception of AusIndustry as a valuable and supportive regional resource. Joint presentations and promotional activity was also reported as raising the credibility and profile of the Australian Government in regional areas.

10.4 Unintended Benefits

Providing the Australian Government with access to and intelligence from the regions

Several Regional Managers noted that participating in DITR activities such as the development of the Tourism White Paper and Action Agendas, enabled the Department to access, quickly and effectively, regional contributions to these processes.

The timely and effective delivery of the Small Business Bush Fire Recovery Program into some regions was also noted as an excellent example of the benefit of having Australian Government agents located within the regions. Regional Managers provide a ready means for the Australian Government to effectively communicate with the regions and to gain a deeper understanding of regional needs and responses to Government policy.

Interestingly no departmental stakeholders commented on this ability of the regional managers to reach into the regions suggesting that the possibilities of a Regional Managers Network needs to be further promoted within the Department itself.

Building regional capacity and a regional innovation culture

Building regional capacity and a regional innovation culture was generally described by participants in the regional partners survey as a valued contribution made by Regional Managers to the economic health of their regions.

In some cases Regional Managers said they consciously acted as a catalyst to both businesses and regional agencies in bringing groups of regional

people together to build a regional perspective and regional capacity. They have worked on increasing understanding of innovation and its role in business and regional development, and raising the profile of innovation, research and development as a tool for business and regional advancement. However, Regional Managers noted that it is often not recognised as such, and the potential synergies which can be enjoyed when businesses and regions act cooperatively are not capitalised upon. In some cases Regional Managers have tasked themselves to '*get innovation on the agenda*'.

Building AusIndustry's customer base

In some regions, Regional Managers have worked actively with fledgling businesses which have the potential to become the next generation of AusIndustry customers. In some cases they have introduced businesses to one another and nurtured a relationship which could build business capacity or extend each business' market focus.

In other cases the Regional Managers have brokered input from other agencies to increase a business's 'AusIndustry' readiness by, for example, gaining support in producing a research and development plan or a business plan. In a number of cases Regional Managers have encouraged businesses to take up company status to allow them to access AusIndustry programs.

Maintaining relationships with regional stakeholders

One of the unanticipated benefits of the Regional Managers Network has been support for the work of network by Regional, State and Australian Government stakeholders. Regional Managers reported that they had provided stakeholders with a local solution to their competitiveness and innovation issues, and felt that stakeholders enjoy the opportunity to interact with Regional Managers on a range of local issues relating to industry and innovation.

The evaluation team did not survey elected representatives at any level, local, state or federal to substantiate this claim but relied instead on internal confirmation of this perception by AusIndustry stakeholders and the health of the relationship with their regional partners.

10.5 Linkages with other regional networks and agencies

As previously outlined, the activities of the Regional Managers Network has strengthened relationships with other regional partners. Regional Managers reported that their work with the Small Business Answers Officers, and State and Territory Regional Development Officers were of primary value in terms of building a customer base in the regions. Other useful linkages included working with AusTrade representatives, as well as Area Consultative Committee Officers.

Small Business Answers Officers were regularly noted as the most prolific source of quality customer referrals. Regional Managers reported that Small Business Answers Officers tend to know about small and emerging local businesses and are skilful in screening business for AusIndustry potential and readiness. Small Business Answers Officers were noted as saving Regional Managers a great deal of time by screening possible customers, thus ensuring the Regional Manager resource could be effectively targeted.

The most beneficial linkages occur with other agencies where there was a shared customer base. To a large extent the regional partners survey showed the Regional Managers had successfully targeted networks with 75% noting high or very high compatibility of their customer base. This allowed for AusIndustry to participate in providing an integrated complementary range of services to customers. It was noted that AusIndustry was in a very strong position to do this having solid resources to bring to the region. From the customer service perspective Regional Managers noted that being seen to bring business solutions to the region was a key to building confidence and credibility in the customer base. Joint activities between the various agencies greatly enhanced this perception.

Other linkages and networks provided less targeted benefits. For example, many Regional Managers participated in regional development forums of one kind or another. They noted the importance of being perceived as a team player as a key to acceptance and cooperation within the regional context.

These views on benefits and linkages with other programs have been supported by the results of the ORIMA Research survey. This survey showed close and productive working relationships between Regional Managers and other network partners; a high degree of complementarity between and across the regional customer base; sound rates of cross referrals and over all a very positive outlook on future growth in customer numbers and joint activities.

10.6 Adequacy of existing performance indicators relating to the effectiveness of the program and how they might be improved

There are strong arguments to suggest that existing performance indicators should be modified to more accurately reflect the appropriate focus for activities of a Regional Manager.

Initial performance indicators for the Regional Managers Network were set as a standard across the network. These indicators and the targets were appropriate at the time and succeeded in setting expectations of performance at a time when individual characteristics of the regions were not yet fully understood. Each manager has been required to report monthly on contacts with potential customers, regional multipliers

(partners); and on new customers for each program. Regions vary in terms of the factors which influence their economic and business development status, the number of 'AusIndustry ready' businesses, the level of support that those businesses require to be able to access AusIndustry programs. These regional variations indicate that regional objectives, inputs and anticipated outcomes should be varied to reflect the needs of each region and that these variances should be reflected in the performance targets.

There were also some opinions among the Regional Managers that the performance indicators could be refined to include a more regional development focus, and in other cases more indicative of the service delivery focus.

The evaluation team found that in evaluating the Regional Managers network, the number and nature of referrals was an indicator that could be utilised to the benefit of AusIndustry and provide a good indication of activity and trends within the region.

11 Efficiency of the Regional Managers Network:

*"We refer clients to each other to get the most coverage of the area... being able to share clients or being able to refer clients to each other, in doing this we are able to indirectly assist clients of both organisations
(Commonwealth Government Regional Partner)*

11.1 Efficiency Findings

The Regional Managers Network has achieved a satisfactory level of efficiency. The cost to regional businesses themselves is negligible, in fact on average they will have benefited from the transaction. The Regional Managers themselves have effectively utilised and leveraged off networks within the regions to maximise efficiencies. Regional Managers also compare favourably to other Australian Government regional networks in terms of customer coverage and number of programs delivered in relation to the number of Regional Managers. The Regional Managers network is not a program in the sense that there are administrative costs over and above the network itself. Therefore no examination of trends over time of administrative costs to programme costs is possible. Nor have there been delays in the implementation of the programme to require an examination of the impact of funding. Majority of costs of running the Network are fixed and therefore not subject to difficulties with forecasting.

11.2 Minimizing Inputs and Maximising outputs

Minimizing Inputs

When assessing the efficiency of the Regional Managers Network, the size of their task needs to be understood. Fourteen Regional Managers are tasked with covering the majority of the Australian land mass. The regions often cover hundred's of thousands of square kilometres, and

approximately 36%¹⁴ of Australia's population. The regions are in general dominated by primary industries, agriculture and mining.

Given the size of the task of the Regional Managers Network, the modest budget allocation of \$2m pa requires maximum efficiency for the network to function effectively. The majority of these funds pay for major items such as salaries and on-costs; vehicles and travel expenses (which are a necessity to cover the region adequately); basic accommodation and office facilities. A small amount of funds are also allocated to marketing activities and sponsorships within the region themselves.

To meet this budget the Regional Managers have minimised inputs through sharing costs across and with other federal and state government agencies through utilisation of their facilities as well as undertaking joint functions and marketing events.

In many cases the resources available to the Regional Managers Network are significantly smaller than those agencies with which it actively networks namely ACC's, Austrade and State Development bodies. There are often several of these agencies within one of AusIndustry's regions. The Regional Managers have been able to minimise their inputs and maximise their outputs by effectively leveraging off these larger networks to achieve efficiencies they otherwise would not have realised.

Example

The regions are normally vast; in this example the region is the size of NSW. In traversing this region to deliver AusIndustry programs, the Regional Manager utilises the more expansive networks in the region to facilitate and maximise the impact of this travel. This usually takes the form of ensuring other networks are prepared with referrals for the visit, providing office space free of charge for the duration of the visit, organising marketing activities etc. Without the utilisation of these larger networks the Regional Manager would need to lease short term office space and spend a lot more time preparing the sub-region for the visit from the regional base.

Example drawn from Regional Manager Interview

Maximising Outputs

Regional Managers are responsible for facilitating access to AusIndustry's 25 programs. A network of 14 Regional Managers handles thousands of enquiries, face-to-face contacts, spends hundreds of hours of travelling and conducts hundreds of marketing activities to ten's of thousands of people. When the performance activities of the Regional Managers was compared to other Australian Government counterparts the evaluation found that the outputs of the Regional Managers compared favourably and in some cases better, in terms of breadth and depth of activities and level of responsibility. Examples are provided in Box 11.1 and 11.2.

¹⁴ Australian Demographic Statistics 2002 Population Special Article - Australia's Regional Population Growth (Sep, 2000) Australian Bureau of Statistics

Box 11.1

Comparison with DOTARS Rural Transaction Centres Field Officers.

DOTARS maintains a network of 11 field officers to provide assistance to communities that wish to apply for the establishment of a rural transaction centre. There are currently 54 existing rural transaction centres. In comparison 14 Regional Managers manage a base of approximately 900 customers across the range of AusIndustry's 25 different business assistance programs.

Box 11.2

Comparison with Austrade/TradeStart Network

Austrade specialise in providing services to businesses looking for export opportunities. At last count there were 37 TradeStart offices covering Australia. The customer base for Austrade officers is likely to be larger than that for AusIndustry given the emphasis on exports, however the TradeStart officers are not required to have a significant level of detail across 25 different programs. As a result the breadth of the services provided by AusIndustry is larger than that provided by Austrade's TradeStart offices.

11.3 Costs borne by the community.

Regional communities do not bear a direct cost for the additional presence of a Regional Manager as none of the benefits delivered into the region are undertaken on a cost recovery basis. Regional communities would share the cost of the Regional Managers through the taxation system as do urban communities.

The evaluation found that more funds are delivered on a per annum basis back into the region than would indirectly cost a regional community to maintain a Regional Manager. In addition the marketing and sponsorships are more likely to find their way into the regional areas than would have been previously possible. When comparing the Regional Manager Network with a control region without a Regional Manager presence (to account for program changes), the evaluation found that the presence of a Regional Manager had on average doubled the number of new R&D Tax Concession¹⁵ customers from a region. This represents an increase of approximately 12% - 15% in the value of benefits to the region from the R&D Tax Concession¹⁶, a third of which represents the region's indirect costs for the Regional Managers. More opportunities also exist for the

¹⁵ Based on The R&D Tax Concession and the 'control' of Toowoomba and Darling Downs District which is managed from the Brisbane State Office. The R&D Tax Concession program underwent a significant change with the introduction of BAA and the Tax Premium and Tax Offset. Data sets are based on production systems information.

¹⁶ The R&D Tax Concession represents the 'least returns' for a region in terms of effort of a regional manager compared to dollar benefits delivered into a region. This is because the larger companies within the region already were aware of and use the R&D Tax Concession. The increase in the number of customers in the program represented smaller expenditure rates.

region to obtain benefits through other programs such as COMET, R&D Start, and BIF, and the multiplier effects those benefits represent.

In one example the Riverina was selected as a region representative of low initial awareness and relatively low potential for new customers, the evaluation team examined the estimated benefits the region could expect to receive. In the case of this region the benefits were estimated at three times the cost they would indirectly bear for the Regional Manager in new benefits from the R&D Tax Concession alone, not including benefits from the other programs offered in the region¹⁷.

In addition to these benefits regional businesses also save money and time through the presence of a Regional Manager. With approximately 2000 potential customer contacts per year, and two thirds of those undertaken outside of the regional office, Regional customers make savings on long distance phone calls and travel to city centres through the permanent presence of a Regional Manager.

11.4 Improving Efficiency

In relation to their efficiency, the evaluation team is of the view that the number and extent of the Regional Managers needs to be extended. As there is only one Regional Manager per region, the AusIndustry regional presence cannot be reduced further without compromising the effectiveness of the network. Some key efficiency measures could be implemented through the provision of tools such as the provision of commercial databases of businesses within the regions and better access to IT infrastructure.

In addition a refinement of the regional presence model, away from the 'standard' model to a more targeted model suited to particular characteristics of the region could improve efficiency as well as effectiveness. The specific nature of these recommendations are discussed further on in this report.

¹⁷ Based on estimated R&D Tax Expenditure, and counting only those customers who were new to the Tax Concession in the time of the Regional Manager. The calculation is an estimate only and is not intended to be representative of all the regions.

Section 3 Conclusions

"The fact that we have a regional manager that has created a network and awareness of and focus on R&D... this is a major benefit to the local regional community. Without them this would not have happened (State Government Regional Partner)"

The Evaluation found that the AusIndustry Regional Managers Network is a valuable resource and is an appropriate means to effectively deliver Australian Government Services to regional Australia.

- It is appropriate to the current policy context in focusing upon innovation and competitiveness in line with the BAA initiative. It also focuses on coordinated delivery of services to regional business through building strong regional networks as suggested in the Stronger Regions policy statements.
- A continuing need for this service was identified through the survey of regional partners.
- Alternative means of delivery were determined to be unequal to the breadth and depth achieved by the Regional Managers Network.
- Reports from regional partners indicated that customer referrals, and consequently customer access to AusIndustry programs would be much less likely to occur without a Regional Managers' presence.
- Some changes to regional boundaries and delivery models were considered as opportunities to bring even greater benefits.

The AusIndustry Regional Managers Network has been effective in conducting activities which have contributed to the achievement of the core outcomes set for the Network.

- The Network has conducted extensive activities which have contributed to raised awareness of and access to Australian Government programs in groups of businesses with potential to become AusIndustry customers.
- The Network has also improved the perception of the Australian Government in regional communities, built stronger partnerships with more regional agencies and organisations and delivered a number of unintended benefits.
- Performance indicators require some further development to ensure they reflect the range of activities undertaken by the Regional Manager appropriate to each region's individual needs.

The AusIndustry Regional Managers Network has achieved a sound level of efficiency, and maximised the outputs in comparison to the cost of the network.

ITR-In-Confidence

To attain this efficiency the network has:

- successfully leveraged off of more extensive networks within the regions;
- been successfully compared with other Australian Government networks in terms of size and output; and
- delivered benefits to the regions over and above the indirect cost borne by the regions.

Some changes in regional boundaries are indicated which could further improve effectiveness and address the needs of different regions.

Section 4 Discussion of Recommendations

In the event the evaluation found the Regional Managers Network should continue, the geographic locations and spread of the regional offices were also to be considered.

The geographical location and other issues that the evaluation team identified as opportunities to improve the effectiveness of the Regional Managers Network and improve service to regional Australia are discussed below.

Geographical spread

The evaluation identified a number of regions where regional factors indicated that access to Australian Government services could be improved or that significant changes to regional boundaries were warranted. The factors found to impact on the selection and definition of regional boundaries included:

- Increasing or sustained potential and existing customer numbers;
- The strength of local economic growth;
- Innovative regional business and industry communities;
- Supportive networks (business and government) for regional development;
- Integrated tertiary institutions and skilled workforces;
- Impact of distance upon access to services and local perceptions about this access.

A regional synopsis in Annexure 3 describes the regions in terms of these regional factors.

Proposed modifications to Regional boundaries

Addition of one new regional office

The Evaluation Team found evidence to support the development of a new AusIndustry Regional Office on the central Queensland coast. The suggested boundaries of this region would be from Maryborough/Hervey Bay up to Rockhampton and covers the remote central west of Queensland.

The region has sufficient population density and expected population growth to sustain an evident solid, and modest economic growth. The region also has improving infrastructure support, sound regional networks and some tertiary educational institution activity. A Regional Office would service several large towns that would benefit from more accessible services.

The preferred centre for the new Regional Office would be in Gladstone, as this city is the hub of the region's business, industry and development activity. However if Gladstone is not found suitable then Bundaberg, or Rockhampton should also be considered.

Changes to existing Regional Office Boundaries

The Evaluation Team found that several regional boundaries should be redrawn to increase efficiency and focus activity to areas of most potential in terms of AusIndustry's customer outcomes. These recommended changes are identified by geographical features such as towns and roads. Final boundaries should be determined with reference to other regional boundaries such as electoral, statistical, postcode areas or regional partner boundaries.

The basis for these recommendations are interviews with State and Territory Managers, Regional Managers, Economic Indicators and geographical considerations.

Wollongong Region

- The Evaluation found that the Wollongong region to the Victorian border should be changed and that the boundary modified to extend from Ulladulla into some of the outer southern suburbs of Sydney. This change would increase the number of existing customers in the area and allow the regional manager to focus on the potential in the region.

ACT Region

- For the area between Ulladulla and the Victorian border – this area is a natural extension of the ACT Office region, with services and the regional hub being easily provided from the ACT. The area will still require ongoing awareness raising activities and customer service, however the evaluation team found that this service could be managed from the ACT Office.

Newcastle

- For the Newcastle region it is proposed to extend the region north to Yamba with the eastern boundary the New England Highway and incorporating **Glenn Innes, Armidale, Tamworth and Grafton**. It is also recommended that Newcastle be staffed with an additional resource to support this extension of the Newcastle region. The Evaluation team found that as the region stood it would require additional resources to meet the demand, and that more value for money could be achieved through the extension of the region up the north coast to accommodate some of the growing coastal regions.

Tamworth

- The evaluation found that the remaining area left after redrawing the Newcastle boundary could be effectively managed from the State office.

Gold Coast

- The evaluation found that because of the major growth in the region, the regional office responsibility would benefit from being concentrated along the innovation corridor, with retained responsibility for the northern coastal region north of Yamba and with the modified region bounded to the east by Beaudesert and Casino. This change would allow the Regional Manager to target the effort in a fast growing area that is yielding a large amount of innovation and research. Further resources will be required to meet the demand in the Gold Coast region.
- The evaluation found that areas to the west of the new boundary could be effectively serviced from the Brisbane State Office.

Ballarat

- At the time of the evaluation the Ballarat Region had already been extended to include Geelong. The evaluation found that this was a good outcome for the region in acknowledging business preferences for dealing with AusIndustry in a regional context, and endorses the modification to the Ballarat boundary.

The Evaluation found no compelling reasons to suggest boundary changes at this point in time to Bunbury, Darwin, Pt Augusta, Mt Gambier, Bendigo, East Gippsland, Launceston, Riverina or Townsville. However there are several regions where slightly modified staffing models are suggested. These are discussed in the section below.

Proposed approach to Regional service delivery

Currently all regional offices operate with one Regional Manager focussing upon awareness access and partnership relationship building. Some Regional Managers also provide extended customer services such as compliance visits and act as an occasional CSM along with their Regional Manager duties. They receive marketing and administrative support from their State and Territory Offices but have no onsite support.

The evaluation found that to enhance the effectiveness of each regional office it was important to ensure that the regional office is designed to match the individual needs of the region. This would move the network to a more regionally responsive model. Such an approach is strongly supported by current Australian Government policy on regional delivery of programs. It is also strongly supported by regional partners and stakeholders as noted by the survey of regional partners conducted as part of this evaluation.

A range of possible service delivery models have been developed based on information about the regions, the existing and potential customer base as

well as growth and the level of innovation activity. This information was gathered from interviews with State and Territory office managers, Regional Managers, economic statistics about the regions and customer data. In general it was found that 4 models were viable for the Regional Manager network. These are described below.

Service Delivery Model*

1. Regional Manager with other regionally located AusIndustry staff providing customer service and general administrative support as determined by regional need.
2. Regionally located Regional Manager.
3. Regional Manager located in State Office with dedicated responsibility for regional activity and customers.
4. Outsourced general awareness activities.

*The evaluation found that no change to State and Territory Offices responsibility should be made, and that the state offices should continue to provide support to the Regional Offices especially in terms of Marketing, Human Resource activities etc. In addition, where program specific or functionally specific expertise is required - that this would be provided by the relevant AusIndustry office.

Having outlined the various models appropriate for the Regional Manager Network the evaluation came to a conclusion about the needs of each of the regions in terms of service levels.

Townsville

- The evaluation found that due to the distances and remoteness involved, the number of customers and regional growth - Model 1 could be effectively adopted in Townsville, and that there was enough potential to justify supplying additional resources to that region.

Darwin

- The evaluation found that due to the distances and remoteness involved, the number of customers and regional growth - Model 1 could be effectively adopted in Darwin, and that there was enough potential to justify supplying additional resources to that region.

Gold Coast

- The evaluation found that due to the number of customers and the growth experienced by the area, as well as the focus on innovation and research that Model 1 could be effectively adopted in the redrawn Gold Coast region, and that there was enough potential to justify supplying additional resources to that region.

Newcastle

- The evaluation found that due to the number of customers that Model 1 could be effectively adopted in the redrawn Newcastle region, and that there was enough potential to justify supplying additional resources to that region.

The evaluation found that the other regions could effectively operate with the current Model 2. This includes Bunbury, Pt Augusta, Mt Gambier, Launceston, Ballarat, Bendigo, Riverina, Wollongong, and the newly proposed region of Central Queensland.

The remaining areas without a permanent Regional Manager presence could continue to be serviced using Model 3 from the State Office.

Resource implications

Should the recommendations arising from the review of the Regional Managers Network be accepted in principle, there will by necessity be a flow on issue concerning funding and resource implications. If all recommendations were accepted the estimated additional cost would be approximately \$570,000 per annum.

Additional issues

Continuation of the Regional Managers Network is recommended for a further 3 years in line with the anticipated extension of the Backing Australia's Ability initiative. Evaluation of the network should reflect this funding period and coincide with the wind down of this next funding phase.

In addition to the questions of continuing appropriateness, effectiveness and efficiency the next evaluation should pay some attention to regions which have been identified as having possible customer potential in the future. These regions include:

- West of Sydney - Penrith/Parramatta area.
- Further divisions of the Coastal Areas north of Sydney to Yamba;
and
- Toowoomba and west of Toowoomba;

The next evaluation should also pay attention to the delivery models in some areas which may need to be developed in response to regional developments. Currently it is anticipated that these would include:

- Bendigo; and
- Wollongong.

Section 5 Recommendations

Recommendations Stemming from the Evaluation of the AusIndustry Regional Managers Network.

"To improve they need to get more people on the ground... they need more staff that can get around the regions and talk with local businesses... our current Regional Network Manager is run off her feet (Commonwealth Government Regional Partner)"

- Recommendation 1** The AusIndustry Regional Managers Network should continue at least to the end of the current BAA initiative and should support any future like initiatives.
- Recommendation 2**
- a) That a new region should be created on the Central Queensland Coast extending from Maryborough to Rockhampton, but with a 'soft boundary' to the west at Emerald/Clermont.
 - b) That the new Central Queensland Coast region should be serviced by a Regional Manager from a regional office in Gladstone.
- Recommendation 3**
- a) That the Wollongong Region be modified so that it covers the area from Ulladulla up into the southern suburbs of Sydney.
 - b) That the area from Ulladulla to the Victorian border should be incorporated into the responsibility of the ACT Office.
- Recommendation 4**
- a) That the Newcastle region should be extended to incorporate central coastal New South Wales from Taree to Yamba and bordered on the east by the New England Highway incorporating Glenn Innes, Armidale, Tamworth and Grafton.
 - b) That the extended Newcastle Regional be supported by one additional staff resource.
 - c) That the redrawn Tamworth Region be serviced from the State Office.
- Recommendation 5**
- a) That the Gold Coast region be modified to encompass the area from Yatala to Evans Head and to the east by Beaudesert and Casino.
 - b) That the modified Gold Coast region be supported by two additional staff resources.
- Recommendation 6** That the Townsville region be supported by an additional staff resource.
- Recommendation 7** That the Darwin region be supported by an additional staff resource.

Section 6 Appendixes

Appendix 1 Terms of Reference

TERMS OF REFERENCE

AusIndustry Evaluation: Regional Manager Network

The purpose of the Regional Manager Network is to raise awareness about and facilitate access to business assistance programs in rural and regional areas of Australia. It is a program of activity announced in the additional estimates for 2001-02 that complements the service delivery network and extends AusIndustry's awareness raising processes into rural and regional areas.

Terms of Reference

The review should evaluate and report on:

- The performance of the network in
 - raising awareness among regional businesses of the availability of Commonwealth and other business assistance in regional Australia, and
 - assisting businesses to access that assistance.
- Other networks that provide similar services and programs to the Regional Manager Network and the complementarity of these services...
- The benefits and costs of the Regional Manager Network and whether this service should continue to be provided.

The review should also include

- Subject to the conclusions made in respect of the above, recommendations about the future extent and range of a Regional Manager Network, including the appropriateness of the current geographical spread.

Attachment to Terms of Reference

The evaluation will be conducted within the terms of reference and will include an evaluation of:

The appropriateness of the regional manager network

The evaluation will look at whether

1. the regional manager network is still in keeping with the policy context set for them. This will be achieved through examining the activities of the regional managers in the context of the policy background and looking at any changes in the policy context by providing the initial and any recent Government announcements.
2. whether there is a continuing need for the regional managers in relation to awareness raising within the region through examination of the results of a study of awareness in the regions of AusIndustry over time, and through information from the original policy context for the regional managers
3. an examination of alternatives to the regional manager network, including extent and geographical spread, and delivery model.
4. An examination of likely consequences of not addressing the problem through an examination of operations in the region prior to the establishment of the region.
5. Other networks and complementary services will be identified and examined, any potential for integrating and aligning will also be examined.

The effectiveness of the regional manager network.

Where the regional manager's role was to increase the awareness and access to AusIndustry's programs with a focus on the major BAA initiatives, by their continues presence in the region, through marketing and awareness raising activities and through networking with other regional networks.

The evaluation will look at:

1. the programme's achievements through Departmental stakeholder interview, customer awareness surveys, interviews with Regional Managers, and with other networks within the region.
2. Examination of the impacts of the network through baseline surveys, customer data and performance data.
3. Any unintended benefits through interviews with the various parties.
4. linkages between the lapsing program and other programmes, looking at AusIndustry's suite of programs and other networks to determine the regional managers effectiveness in addressing the need for regional services.

5. adequacy of the existing performance indicators through an evaluation of the current performance indicators how useful they were found to be in undertaking the evaluation, and
6. what changes to performance indicators would be made if the program was to continue.

The efficiency of the Regional Managers Network

Where the regional managers were required to be placed in the regions, the efficiencies gained by the existence of the regional manager network, and the cost benefit in the existence of the network through:

1. The extent to which Departmental and programme inputs have been minimised, or outputs maximised, in achieving the regional managers objectives.
2. The impact of the costs borne by the community, clients and other Governments
3. How the efficiency of the network could be improved by looking at the future extent and geographical spread of a regional network

Regional manager network is not a program in the sense that there are administrative costs over and above the network itself. Therefore no examination of trends over time of administrative costs to programme costs is possible. Nor have there been any delays in the implementation of the programme to require an examination of impact of funding. Majority of costs of running the network are fixed and therefore not subject to difficulties with forecasting

Future evaluation strategy

The evaluation will recommend a timing and main issues to be addressed by a future evaluation of the program.

Section 7 – Annexures to main Report

Annexure 1 Internal Fieldwork

Results of fieldwork interviews with Regional Managers

The experiences of the Regional Managers provided a unique insight into the regional context within which AusIndustry programs are delivered and an opportunity to consider the pros and cons of the existing regional delivery model.

Method

The 14 Regional Managers were interviewed during July and August 2003. Interviews in South Australia, Sydney, the ACT and Melbourne were conducted face to face. The remaining 4 Regional Managers from Queensland, Tasmania and Western Australia were interviewed by telephone. Each interview was conducted by two members of the evaluation team, and in the case of the 4 telephone interviews, a member of the Department of ITR Business, Evaluation and Strategy Unit. The interviews were conducted in line with a data collection protocol and followed an interview schedule which focused upon 5 core themes of:

- Regional Factors and Issues;
- Linkages and Networks;
- Awareness and Access;
- Other Benefits; and
- Development Opportunities.

Results

▪ Regional Factors and Issues

Interviews with Regional Managers revealed the great diversity between the regions in terms of context, potential, barriers and concerns. A number of factors were identified as impacting upon the potential client base for AusIndustry in any region and the activities of the Regional Managers in those regions. These included:

- i. The local economic context and whether it supports growth of innovative business;
- ii. The local political context and whether that actively promotes and supports development of innovative business;
- iii. The strength and connectedness of local business and support agency networks;
- iv. The existence of a culture of innovation in regional businesses and local tertiary educational institutions; and
- v. A growing, skilled population and business base.

The factors impacted differently in each region and consequently each regional required a unique approach. Similarly, each region responded in a unique way to the presence of a Regional Manager. This brings into question the

appropriateness of standard performance indicators and outset targets which tended to treat the regions as similar.

▪ Linkages and Networks

One of the strongest features of the Regional Managers Network has been the extent and strength of the networks created by the activities of the Regional Managers. The Regional Managers noted that regional networks required sustained effort to maintain these valuable relationships in the form of an ongoing physical presence in the region. The networks provided a range of benefits including

- i. Very effective access to potential new customers;
- ii. Development activities which supported clients towards becoming ready to access AusIndustry programs;
- iii. Access to other networks which could support and extend the Regional Managers work;
- iv. Raising customer satisfaction by offering an integrated and coordinated service to customers; and
- v. Building the credibility and acceptability of the Commonwealth Government in a regional context.

▪ Awareness and Access

All Regional Managers noted that awareness had improved in the regions, but that much more work could be done and that 'saturation point' had not been reached. However, Regional Managers also noted that general promotional activity was much less effective in building access to programs than using network contacts to access potential AusIndustry customers.

All Regional Managers noted that regional businesses, especially from small to medium enterprises, prefer to work with regionally based agencies and have great reticence about accessing programs where an ongoing regional presence is not provided. Some Regional Managers noted that conversion of potential customers into successful recipients of AusIndustry support had been lower than hoped. However, all Regional Managers expect improved conversion rates over the coming year as the benefits of their activities begin to flow through to successful applications.

▪ Other Benefits

Nearly all Regional Managers noted the improved perception of the Commonwealth Government, as a result of their placement in the regions, both in terms of the general public and other regionally based agencies.

Several Regional Managers noted participating in Department of ITR activities such as the development of the Tourism White Paper and Action Agendas, enabling the Department to access, quickly and effectively, regional contributions to these processes. The timely and effective delivery of the Small Business Bush Fire Recovery Program into some regions was also noted as an excellent example of the benefit of having Commonwealth agents located within the regions. Regional Managers provide a ready means for the Commonwealth Government to effectively communicate with the regions and to gain a deeper understanding of regional needs and responses to Government policy.

In some cases Regional Managers acted as a catalyst to both businesses and regional agencies in bringing groups of regional people together to build regional perspective and capacity. They have also worked on increasing understanding of innovation and its role in business and regional development, and raising the profile of innovation, research and development.

▪ Development Opportunities

Regional Managers noted a number of development opportunities which could improve the effectiveness of the Regional Managers Network. These included:

- i. Improving the AusIndustry IT connection and support to ensure access to information, capacity to download forms, and identify existing customers;
- ii. Providing better quality information on regional business base to aid identification of appropriate businesses;
- iii. Development of Performance Indicators to better reflect the appropriate activities of Regional Managers;
- iv. Increase in onsite personnel in some regional offices to provide customer and office support;
- v. Increases in marketing budget to improve quality of promotional activity and changes to National Marketing activity to ensure Regional Managers are primary contact officers in regional areas;
- vi. Some adjustment to some regional boundaries;

Results of Internal Fieldwork with Stakeholders

The experience of Departmental stakeholders with the regional manager network reveals some interesting insights into the role of the regional network and suggests some possible utilisations of the network.

Method.

Departmental Stakeholders were offered the opportunity to provide feedback about the regional managers network and their experiences of the network. Of the 13 requests sent out 3 responses were received.

Results

One of the responses was positive

The second was neutral, and highlighted the fact that they could not comment as they had not experienced the regional managers service.

The third response indicated that the role of the regional managers could be expanded to include broader Departmental policy objectives, and raise awareness within the various other specific industry sectors within the regions about the Department. This response recognised however that the focus of the Regional Mangers activities was for AusIndustry programs.

Annexure 2 Externally Conducted Surveys

Awareness Study – Benchmark and Tracking study

A survey of customer awareness of AusIndustry was conducted across three of the Regional Manager Network regions: the Riverina, Newcastle and Bendigo. The baseline survey was conducted in early 2002, at the establishment of the Regional Managers Network, with a comparative study conducted in June 2003, as part of this evaluation.

This survey was conducted by the Wallis Consulting Group Pty Ltd

There were some significant hurdles for undertaking the comparative study, the most significant of which was capacity to create comparable data sets upon which to base a sound comparison. Ultimately, the most comparable data sets between the two studies was of the Riverina region. In the other two regions comparable data sets were not achieved. The data sets in these cases drew heavily upon commercially purchased samples.

The areas for comparison were chosen on the basis of the level of 'outset contact' regions had previously had with AusIndustry. 'High, Medium, and Low Touch' regions were chosen as representative of similar regions across Australia. However, this evaluation has shown that previous contact is not necessarily a distinguishing feature and that this model has failed to represent the very high growth and high AusIndustry potential regions of Queensland and the Northern Territory. Consequently, generalisation of the result of this survey are not indicated.

Nonetheless, the survey results showed that general spontaneous awareness of AusIndustry and some AusIndustry programs had increased in the Riverina region where some comparison is indicated. In other regions general awareness and program awareness had not significantly increased. The results relating to general awareness of AusIndustry, reflects the interview comments of the Regional Managers. Regional Managers noted that marketing budgets were extremely small, and inadequate for conducting extensive, high quality promotional activity. Regional Managers appear to have quite rightly focussed their resources upon businesses which were most likely to be able to make a reasonable application to an AusIndustry program, identified primarily through their contacts with regional partners. Such businesses would represent less than 1% of the total business population. Consequently it is inappropriate to expect general business awareness to have risen. More appropriately, but falling outside the sample of this survey, is the question of whether awareness has risen in the population of potential customers for AusIndustry. The anecdotal evidence indicates that this is the case.

Among those businesses who had awareness of AusIndustry and AusIndustry programs, customer satisfaction had improved over the two

years since the instigation of the Regional Managers' Network. There was a marked increase in regional business perception of AusIndustry as worthwhile and improvements in perceptions of how well AusIndustry understands how their businesses operate. Awareness of Regional Managers for each region registered at 30% and satisfaction with Regional Managers across the 3 regions ranged from 70% to 92%. So, while general awareness raising was not shown to be as successful as had been anticipated, the satisfaction and perception of AusIndustry had greatly improved in the region, where customers were aware of AusIndustry.

Networks Partners Survey

Process

Orima Research, a consulting company, was contracted to conduct a telephone survey of 56 Regional Partners across all 14 regions. The objectives of this survey were to:

1. Effectively judge the breadth, and depth of awareness of AusIndustry and AusIndustry programs achieved through the activities of the Regional Managers Network;
2. Validate Regional Managers' estimates of the network effectiveness;
3. Provide further information on regional factors; and
4. Provide a baseline from which any future development of the network might be assessed.

Regional Managers were asked to provide lists of key regional partners from which to select respondents to survey. A sampling technique was developed to ensure that all levels of Government were adequately represented in the following survey population:

- 14 Commonwealth Government Regional Agency Representatives (primarily Austrade regional representatives);
- 14 State and Territory Government regional agency representatives; and
- 28 other randomly selected regional partners from a population nominated by respondents in the first half of the survey.

Where a key regional partner or stake holder was missing from the contact list provided by the Regional Managers, this was noted. Telephone interviews were conducted during August, September and October 2003.

Results

In general the results indicated similar responses from each sector of the survey population. As an overall theme, whilst responses from each sectors were generally very positive, the State and Territory Government regional agents tended to give more positive responses than their Commonwealth counterparts or the randomly selected regional partners. State and Territory Government agents tended to note greater

complementarity of activities with AusIndustry Regional Managers, higher rates of cross referral, and more positive expectations for the coming year.

The survey results for all respondents are as follows.

- 84% partners had been aware of AusIndustry before the establishment of the Regional Managers Network. However, 88% of respondents noted that the Regional Managers had contributed to their awareness of AusIndustry moderately, highly or very highly. **This suggests that whilst there may have been general awareness of AusIndustry prior to the establishment of the Regional Managers Network the depth of that understanding has been extended by the activities of the Regional Managers.**
- Respondents indicated a strong understanding of the role of AusIndustry Regional Managers noting their key tasks as marketing and promotion (noted by 75% of respondents) and raising regional awareness (noted by 71%), followed by building links in other organisations and networking with stakeholders (54%) followed by helping customers with applications (52%). There was a slight difference in the perception of Regional Managers roles between Commonwealth and State and Territory Government partners with the State and Territory partners placing slightly more emphasis on building links with other organisations and the Commonwealth partners placing slightly more emphasis on networking with stakeholders. **In both sets of responses the results suggest that Regional Managers have conducted regional activities appropriate to their outcome objectives.**
- Respondents perceived high compatibility between AusIndustry programs and regional business needs with 75% noting, high or very high compatibility. They also noted high levels of compatibility between AusIndustry and their own customer groups, **indicating that AusIndustry Regional Managers are located in appropriate regions and are networking with appropriate agencies with in those regions.**
- Respondents confirmed high levels of contact with Regional Managers with 89% of Commonwealth, State and Territory partners noting more than 20 contacts in the past year, whereas over all the respondents the level was 68%. State and Territory Government agents noted slightly higher contact levels than Commonwealth Government agents in the past year. The emphasis of that activity was placed upon making and receiving referrals; sharing information about possible customers (noted by 61% of all respondents) and undertaking joint presentations (noted by 61% overall). Whilst these three main activities were ranked similarly across respondent groups, 34% of all regional network partners also noted sharing information about the region as important in comparison to only 14% in the Commonwealth network partners. 95% of regional partners rated their level of

cooperation with the Regional Managers as moderate, good or very good. State and Territory Government partners rated their cooperation slightly more positively than the Commonwealth network sample. Whereas for the random sample the same level of cooperation was rated at 93%. **These results suggest Regional Managers have built successful regional partnerships with other agencies in the regions and successfully conducted appropriate activities within the regions, to meet their outcome objectives.**

- All regional partners anticipated their level of interaction with AusIndustry Regional Managers will remain the same or increase. **This finding suggests that regional partners support the assessment made by Regional Managers that there is potential for further useful work in the regions.**
- 75% of regional partners provided 6 or more referrals of potential customers to AusIndustry Regional Managers in the past year with half noting that they would probably or definitely not have made those referrals if there had not been an AusIndustry Regional Manager in the region. Only 6% indicated that they would definitely have made referrals in the absence of an AusIndustry Regional Manager. **This suggests that Regional Managers are crucial to the capture of business referrals from other regionally based agencies.**
- 85% of Commonwealth, State and Territory regional partners received 6 or more potential customer referrals from AusIndustry Regional Managers, whereas for the random sample the level was 71%. Overall 91% noted that they probably or definitely would not have received such referrals without the presence of an AusIndustry Regional Manager. **This indicates that the presence of Regional Managers substantially increase the customer deal flow occurring in regions. Regional Managers noted that they place value on brokering support for regional businesses who AusIndustry could not directly help. These results support this claim.**
- All regional partners anticipated the same or increased levels of referrals to AusIndustry Regional Managers. **This again supports Regional Managers claims that AusIndustry customer activity is expected to increase in the coming year.**

Many of the comments noted by regional partners related to the benefits derived from the Regional Managers Network. In particular value was placed upon having direct, immediate and face to face access with Regional Managers, who were perceived to have local knowledge, sensitivity and focus. Other comments described the outcomes of such direct involvement.

"...having AusIndustry, Australian Tax Office, AusTrade, Industrial Relations, local service providers, local councils, it looks like a very comprehensive and seamless approach...If AusIndustry was missing from this, that would create a large gap and it would be seen by the local community that AusIndustry is not really out there to help them. (Commonwealth Regional Partner)"

"I think the appointment of these people to regional positions has been probably, from the regional point of view, the most important thing AusIndustry has done in all my knowledge of these agencies. It has provided something that has been lacking for years.... It has been a great step forward. It has made the programs and assistance available, 100% more accessible and more identifiable for eligible businesses. (State and Territory Government Regional Partner)"

"People in the region like to deal face to face. Having a Regional Manager here makes them feel more comfortable in accessing those programs. They feel that the Regional Manager has local knowledge and therefore understands their issues to a high degree. The Regional Manager has expanded the profile of the AusIndustry, and with people knowing people who have received funding from AusIndustry helps with accessibility issues. Having someone on the ground in the region makes the red tape less daunting...It saves people time and money because they are talking to people in Canberra." (randomly selected regional partner)

Several respondents noted the value of a coordinated approach and the increase in accessibility to Commonwealth Government assistance that the Regional Managers Network represented.

"The example I can give at the moment is the impact of the drought in the first 6 months of this year. The 4 or 5 major agencies did work closely together. The (AusIndustry) Regional Manager could be involved because they are here and part of that team and are conversant with the impacts of the drought in this part of the region. In short we need to have people who are in the region and are aware of the regional issues....who are able to produce the whole package of programs and the AusIndustry Regional Manager is part of that team. (Commonwealth Regional Partner)"

Generally, concerns about partnerships with the AusIndustry Regional Managers were few and related to:

- A desire for more formal relationships including shared databases of customers and more formal referral procedures;
- Strong indications of the benefits of co-location;
- Requests for more AusIndustry staff to be located in the regions; and
- Reduction in the regional area allocated to Regional Managers.

Three respondents out of the total 56 respondents indicated difficulty in dealing with the AusIndustry Regional Manager, underlining the importance of a team approach to regional delivery of industry support.

Factors noted as impacting upon regional businesses primarily related to the lack of investment capital; business skills and skilled labour in regional areas. Of particular note were the lack of general management skills, marketing and e-business and export skills as well as market intelligence. Businesses were described as lacking an awareness of innovation or how to commercialise innovation and a lack of awareness of the types of support available.

Local infrastructure issues were also noted quite strongly with particular reference to transport and telecommunication problems, and to a lesser degree power and energy supplies and water restrictions. Regional image and perceptions was also noted as a disincentive to businesses to relocate or invest in some regions.

Low turnover and smaller profits as well as poor underlying infrastructure which hampered business expansion were also noted.

Annexure 3 Regional Synopsis

Regional Map to be attached

Summary of Individual Regions **And** **Evaluation Team's Assessment of Regional Potential**

Aim of summary:

The summary seeks to provide, region by region, an assessment of the likely regional demand/potential for AusIndustry activity over the next one to two years. Given the diversity of regions, the summary also seeks to provide guidance on an appropriate AusIndustry delivery model for each region and an outline of what might be the focus of the AusIndustry regional presence.

Limitations to the Summary

1. Caveats on regional precises:

AusIndustry regions are not easily comparable with available statistical data for regional Australia. In many instances, the regional precise represents a summary of the area around the Regional Manager's location rather than a detailed summary of the total AusIndustry region. For example the precise of the South West region which stretches from Bunbury to the Western Australian border is essentially a summary of the region immediately around Bunbury.

2. Input from Regional Manager Interviews:

The regional summaries are based on interviews with each Regional Manager and represents their perspective of the region in which they operate.

3. Assessment of Region by Evaluation Team:

Throughout the review the Evaluation Team noted that there appeared to be a number of regional parameters which (taken together) could be used to measure the vitality and growth in regional innovation. Essentially this would then reflect on the need and level of the AusIndustry presence in each region. Without the benefit of significant economic and commercial analysis of the regions which was not possible or within the scope of this evaluation the information contained in this analysis is by necessity to some extent subjective— it is valuable to note however that the assessment is consistent with other robust data arising from the Orima survey, and from other sources of economic information about the regions.

Determining whether a region should be ranked as high; medium or low in any one category is based on the Evaluation Team's perception formed as a result of the review. Care should also be taken in comparing rankings between regions since while broadly the rankings are comparable there may also exist regional

subtleties which have resulted in the Evaluation Team ranking high in one region and lower in another. For example the Wollongong region has many attributes that should make it a very strong area for AusIndustry demand. While it does have sound potential it would not appear to be achieving this potential when compared with other regions such as the Hunter or the Gold Coast.

4. Descriptors of regional potential:

While no two regions are alike, the Evaluation Team did conclude that the potential AusIndustry demand in the existing regions could be broadly categorised into four separate groups. Within each group there were certain similarities in terms of customer base; type and level of awareness; approach to network partners; demand for AusIndustry programs; and an appropriate AusIndustry delivery.

The four categories settled on by the Evaluation Team are: low potential region; medium potential region; high potential region; and very high potential region. The descriptive of how the Evaluation Team sees each of these categories is set out below:

4.1 Low potential region:

Region exhibits a base level of existing and continuing customers for which access should be maintained by an appropriate delivery model. Future AusIndustry customer population is expected to remain relatively static over the next one to two years. Awareness need in region focussed towards general awareness of AusIndustry and its services. Delivery of AusIndustry programs in region biased towards broad based innovation programs such as R&D Tax Concession and/or smaller specialist programs/services such as SBAO or Regional Tourism. AusIndustry participation in regional partner networks focussed more towards a long term commitment to building regional business development activity.

4.2 Medium potential region:

Region exhibits a sound level of existing and potential new customers for which access should be maintained by means of a Regional Manager presence. Future AusIndustry customer population is expected to grow modestly over the next one to two years. AusIndustry would need to maintain access for current customers and build support for additional customers. Awareness need in region focussed towards a balance between general awareness raising and specific program knowledge. Delivery of AusIndustry programs spread across the majority of AusIndustry programs but with major interest on R&D Tax Concession. Regional Manager participation in regional networks would be focussed more towards networks seeking to support an innovative culture.

4.3 High potential region:

Region exhibits a significant level of existing and potential customers for which access should be maintained by means of a supported Regional Manager

presence. Future customer population is expected to grow solidly over the next one to two years. AusIndustry would need to build access and provide targeted support for additional customers. Awareness activity of AusIndustry should be targeted towards appropriate network partners and customers with specific AusIndustry needs. Delivery of AusIndustry programs would be across most or all AusIndustry programs and will be expected to be specialised, high value and targeted. Regional Manager participation in regional network partners focussed towards networks seeking to support an innovative culture and networking appropriate networks.

4.4 Very high potential region:

Region exhibits a rapidly expanding base of existing and potential customers for which access should be provided by means of a well supported Regional Manager presence. Future customer population is expected to grow rapidly over the next one to two years and will require high value adding for targeted customers. AusIndustry will need to provide and maintain a high quality service equivalent to that available from the State Office. Awareness activity of AusIndustry should be targeted towards network partners dealing with strategic issues and customers with highly specific AusIndustry needs. Delivery of AusIndustry programs would be expected to be across all or most AusIndustry programs, be specialised, high value and targeted. Regional Manager participation in regional network partners would be focussed towards high level networks seeking a strategic approach to regional development and networking appropriate networks.

1. Bunbury

Regional precise

1. *Main Regional Centres:*
Bunbury (pop 28,000), Kalgoorlie-Boulder (pop 32,000), Albany (pop 29,000)
Esperance (pop 13,000)
2. *Regional Industries:* gold mining; heavy engineering; fishing; tourism; manufacturing; agriculture (wheat and wool); horticulture; timber; forestry.
3. *Comment:* The south west region around Bunbury has the most diverse regional economy of Western Australia. It has abundant mineral deposits, rich hardwood forests and agricultural soils along with substantial manufacturing and tourism industry sectors. Gross regional product was \$4.1 billion in 1999/00. Mineral extraction, processing and manufacturing together make the largest contribution at \$1.4 billion per annum. The South West has the largest resident population of Western Australia's nine regions. In 2000, population was 126,889. Projections for the region's population indicate future average growth rates of around 2% per annum to 2016. (South West Economic Perspective - South West Economic Development Commission Jul 2001)

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* Previous AusIndustry contact was provided by direct visits by AusIndustry officers from Perth. The level of AusIndustry awareness was assessed as being reasonable (3 out of 10). Level of awareness is now estimated to be (7) or (8).
2. *Regions economic drivers:* Regional centres are fragmented, isolated and region is sparsely populated. Region breaks up into 4 separate sub-regions, hence no real no sense of identity as one region. Region lacks essential infrastructure (ports, roads and telecommunications) and venture capital.
3. *Regional demand for AusIndustry programs:* AusIndustry programs not well suited to the needs of region. R&D Tax probably the most successful.
4. *Potential for future growth:* Future growth of industries in region will dependent on infrastructure and venture capital. The major growth area expected to be in Kalgoorlie area with an expected increase the price of gold.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Bunbury</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	208	243	20	681

Assessment of Region by Evaluation Team

Regional Characteristics		Low	Medium	High
1	Population density/concentration	✓		
2	Population growth (non-retirees)		✓	
3	Level of growth in local economy		✓	
4	Infrastructure support (especially IT)	✓		
5	Level of regional networks		✓	
6	Level of innovative business culture	✓		
7	Support from tertiary institutions	✓		

Evaluation Team assessment of regional demand/potential:

Low potential region.

2. Port Augusta

Regional precise

1. *Regional Centres:*
Port Augusta (pop 14,000), Whyalla (pop 24,000), Port Lincoln (pop 12,000)
Port Pirie (pop 14,000)
2. *Regional Industries:* lead, iron and steel products, fishing.
3. *Comment:* The Whyalla, Port Augusta and Port Pirie section of the region supports a population of around 55,000 or 3.7% of the total population in South Australia. Between 1991 – 2000, the area has experienced a decline in population. The economy of the area is based on activities associated with mining, oil and gas, steel refining and smelting and mineral processing.

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* Previous contact with AusIndustry was via CSM work from Adelaide. The region exhibits a very low base level of awareness which is still a major focus of the work in region. The region is not sensitive to where AI person is located.
2. *Regions economic drivers:* There is a large geographical spread of businesses within region. Region should not be seen as one region but groups of sub-regions centred around population centres. Overall there is a declining population with high areas of unemployment and traditional industries going through restructuring and concentrating on recovering. The regional economy is in decline in many areas of the region. Exceptions are Port Lincoln and Barossa. Many businesses in the region work in isolation and do not recognise the link between innovation and progress.
3. *Regional demand for AusIndustry programs:* Regional Tourism and SBAO programs/services are important to region. Generally businesses in region are not sophisticated and do not fit easily into our programs. Businesses are generally not at a stage to think about R&D or business development.
4. *Potential for future growth:* Future growth is likely in Barossa and Port Lincoln. Future focus expected to be on aquaculture, tourism and wine.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Port Augusta</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	164	247	30	730

Assessment of Region by Evaluation Team

Regional Characteristics		Low	Medium	High
1	Population density/concentration	✓		
2	Population growth (non-retirees)	✓		
3	Level of growth in local economy	✓		
4	Infrastructure support (especially IT)	✓		
5	Level of regional networks		✓	
6	Level of innovative business culture	✓		
7	Support from tertiary institutions	✓		

Evaluation Team assessment of regional demand/potential

Low potential region.

3. Mt Gambier

Regional precise

1. *Regional Centres:*
Mt Gambier (pop 22,000), Murray Bridge (pop 13,000)
2. *Regional Industries:* wine; citrus production; food processing; tourism; manufacturing
3. *Comment:* At 30 June 2000, the South East's population was estimated to be around 63,000. This represents 4.2% of the State's population and 15.6% of regional South Australia's population. The south east area is characterised by its diverse industry base, reliant on the traditional agricultural industries, but also with significant processing and manufacturing activity for the transport, forestry and food industries. (Regional Profiles – The South East)

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* Region previously serviced by quarterly visits from Adelaide which was not enough. Originally a very low level of AusIndustry awareness now in certain areas awareness would be up to 6 or 7.
2. *Regions economic drivers:* Mt Gambier second largest city in State and exports produce through Portland. Region has problems with transportation, export infrastructure and no large skilled workforce. Businesses tend to focus on core business needs, not necessarily innovation. Region has essentially 4 sub-regions which are quite distinct and separate. Regional businesses want to know a name and have a warm hand over.
3. *Regional demand for AusIndustry programs :* Emphasis has been on working with companies for R&D Tax; Regional Tourism and SB programs/services. Regional Manager reported difficulties with design of some AI programs ie BIF; Comet not suited to regional areas.
4. *Potential for future growth:* RM expects a significant growth in customer numbers in the future.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Mt Gambier</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	342	262	67	1295

Assessment of Region by Evaluation Team

	Regional Characteristics	Low	Medium	High
1	Population density/concentration	✓		
2	Population growth (non-retirees)	✓		
3	Level of growth in local economy	✓		
4	Infrastructure support (especially IT)	✓		
5	Level of regional networks		✓	
6	Level of innovative business culture	✓		
7	Support from tertiary institutions	✓		

Evaluation Team assessment of regional demand/potential.

Low potential region.

4. Wagga Wagga

Regional precise

1. *Regional Centres:*
Wagga Wagga (pop 54,000), Albury (pop 42,000), Griffith (pop 13,500)
2. *Regional Industries:* food processing; agriculture; forestry; wine, tourism; textile; manufacturing.
3. *Comment:* The region exhibits a broad range of enterprises, from traditional broadacre agriculture, specialist horticulture crops to manufacturing, engineering, computer technology and specialist service industries.

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* Previously the region was serviced from Canberra which did not allow the building of strong relationship with customers or networks. Initially there was a very low level of AusIndustry awareness which has now changed significantly. RM was an established person within the region.
2. *Regions economic drivers :*Region is broken up into three sub-regions with their own industry specialisations, cultural differences and level of sophistication in relation to R&D. In some areas there is a lack of R&D potential. Companies accessing R&D tax will take some time before they actually register. Griffith is a fast growing area – but lack of skilled labour holding it back. Region is very parochial. Key issue for the region is about changing the culture and getting companies to recognise the importance of innovation.
3. *Regional demand for AusIndustry programs:* R&D Tax Concession is the main demand area.
4. *Potential for future growth:* Region needs a long term investment. Expected growth is in number of customers in region particularly in R&D Tax area, although considerable potential in SB Incubators.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Wagga Wagga</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	209	161	32	1826

Assessment of Region by Evaluation Team

Regional Characteristics		Low	Medium	High
1	Population density/concentration		✓	
2	Population growth (non-retirees)	✓		
3	Level of growth in local economy	✓		
4	Infrastructure support (especially IT)		✓	
5	Level of regional networks		✓	
6	Level of innovative business culture	✓		
7	Support from tertiary institutions	✓		

Evaluation Team assessment of regional demand/potential.

Medium potential region.

5. Gold Coast

Regional precise

1. *Regional Centres:*
Gold Coast (pop 390,000), Ipswich (pop 132,000), Lismore (pop 27,000)
Ballina (pop 12,000), Warwick (pop 11,000)
2. *Regional Industries:* Tourism; high technology industries; IT; agriculture; manufacturing; mining.
3. *Comment:* Second largest council in Australia. Highest growth rates in country – around four times the national average. Over a million overseas visitors a year and several million Australian visitors a year visit the region. Area has a large number of high technology activities and is well supported by State Government and local council through the innovation corridor.

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* RM was originally from the Brisbane office with responsibility for overseeing AI activity in the region. AusIndustry awareness was initially good. Originally this was estimated at 4, now awareness estimated at around 6.
2. *Regions economic drivers:* Gold Coast is the 6th largest city in Australia with a fast growing population. Region has good infrastructure; it is dynamic with lots of networks and incubators.
The region is experiencing the establishment of leading edge industries based on science and technology. Innovation and technology is being well supported by tertiary institutions in area. Region has a culture of innovation and R&D supported by local council and State Government. There is an innovation corridor between the Gold Coast and Brisbane. The State wants to be known as the smart state and is making strategic investments in infrastructure and promotional campaigns to attract business to the region.
3. *Regional demand for AusIndustry programs:* AusIndustry programs that are in demand are Tax Concession; Tradex; and Comet. Regional BIF potential has not been realised. Also still a lot of interest in R&D Start.
4. *Potential for future growth:* Very high growth expected in future and hence an expected high demand across most of AusIndustry programs.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Gold Coast</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	300	249	36	2226

Assessment of Region by Evaluation Team

Regional Characteristics		Low	Medium	High
1	Population density/concentration			✓
2	Population growth (non-retirees)			✓
3	Level of growth in local economy		✓	
4	Infrastructure support (especially IT)			✓
5	Level of regional networks			✓
6	Level of innovative business culture			✓
7	Support from tertiary institutions		✓	

Evaluation Team assessment of regional demand/potential.

Very high potential

6. Townsville

Regional precise

1. *Regional Centres:*

Townsville (pop 144,000), Cairns (pop 133,000),
Mackay (pop 78,000), Mt Isa (pop 24,000)

2. *Regional Industries:* black coal production; mineral production and processing;
sugar production tourism; fishing; agriculture.

3. *Comment:* The region around Townsville contributed \$754 million to the State's total value of mineral production. The most valuable mineral mined in the immediate area was black coal (\$412 million or 6.7% of the total State's production, followed by gold bullion at \$267 million. In addition the area produced \$67 million of copper concentrate. Around the Mackay area, \$2,871 million (or 46.5 % of the State's total) in black coal was produced. The most valuable mineral in the far north region was bauxite at \$233 million of production followed by gold bullion at \$141 million.

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* Northern Queensland previously served from the Brisbane State Office. Regional Manager from outside AusIndustry and brought previous networks to his work as a regional manager. Initially AusIndustry awareness level was low – estimated at 1 ½. Awareness level now estimated at around 4.
2. *Regions economic drivers:* Overall the regional economic drivers are mining, mineral processing, sugar, farming, tourism and some IT. Essentially there are four sub regions with quite different economic drivers. Townsville and Cairns sub-regions exhibit parochial attitudes. Region is about the size of NSW.
3. *Regional demand for AusIndustry programs:* Significant number of customers for R&D Tax Concession and Tradex. Region also has a good demand for EPBS.
4. *Potential for future growth:* Region can expect strong growth especially along the coastal strip. Outside of region – the Gladstone/Rockhampton area also has good potential.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Townsville</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	304	139	37	806

Assessment of Region by Evaluation Team

Regional Characteristics		Low	Medium	High
1	Population density/concentration			✓
2	Population growth (non-retirees)		✓	
3	Level of growth in local economy		✓	
4	Infrastructure support (especially IT)		✓	
5	Level of regional networks		✓	
6	Level of innovative business culture		✓	
7	Support from tertiary institutions		✓	

Evaluation Team assessment of regional demand/potential.

High potential region.

7. Darwin

Regional precise

1. *Regional Centres:*
Darwin (pop 70,000), Alice Springs (pop 26,000)
2. *Regional Industries:* mineral and petroleum production; tourism; agriculture and fishing.
3. *Comment:* The Northern Territory represents 17.54% of Australia's land area and has a population of approximately 200,000. The Northern Territory is forecast to exhibit the strongest economic growth of all Australian States over the next five years. The territory had the second highest exports per capita of any Australian region at \$14,859 per person – compared with \$6,219 per person nationally. (Office of Territory Development, Department of the Chief Minister.)

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* The NT was previously served by monthly visits from Adelaide. RM is new to the NT. Area originally had a low level of awareness now awareness is high – estimated at 8 or 9.
2. *Regions economic drivers:* Because of remoteness Northern Territory businesses seek to be self reliant. Businesses have to be inventive and have a culture of integrating ideas. The NT has a strong small business enterprise culture with strong development potential in mining, mineral processing, defence, aquaculture, ITC and acts as a distribution/service hub for SE Asia. NT University is increasing its interaction with businesses as a result of AusIndustry activities and programs.
3. *Regional demand for AusIndustry programs:* Good spread and growth of AusIndustry program demand. Solid growth in R&D Tax provides an excellent platform for the growth in other programs. EPBS very important to NT. Region also has interest in SBAO and SBECF programs/services.
4. *Potential for future growth:* Companies undertaking a lot of work that they do not recognise as innovation. Strong development potential – estimated 500 potential customers. Internet services not strong – cannot rely on web based applications. Region can expect greater interest in BIF, START and COMET.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Darwin</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	343	283	40	1083

Assessment of Region by Evaluation Team

Regional Characteristics		Low	Medium	High
1	Population density/concentration		✓	
2	Population growth (non-retirees)		✓	
3	Level of growth in local economy		✓	
4	Infrastructure support (especially IT)		✓	
5	Level of regional networks			✓
6	Level of innovative business culture			✓
7	Support from tertiary institutions		✓	

Evaluation Team assessment of regional demand/potential.

High potential region.

8. Ballarat

Regional precise

1. *Regional Centres:*
Ballarat (pop 64,000), Geelong (pop 145,000), Portland (pop 11,000)
Warrnambool (pop 25,000), Horsham (pop 13,000)
2. *Regional Industries:* Manufacturing; information technology; education; health services; tourism; automotive manufacturing; wool processing; petroleum refining; agriculture (wool and wheat)
3. *Comment:* Ballarat is the third most populous urban centre in Victoria with a diverse economy based on manufacturing, information technology, education, health services and tourism. In Geelong, the city is a major centre for automotive manufacturing, wool processing and research, petroleum refining, education and tourism. It is also a centre of a prosperous agricultural area surrounded by rich pastoral hinterland.

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* Regional Manager previously came from outside AusIndustry and has strong links with local businesses. Previous awareness levels were very low even in Ballarat. Now the awareness levels estimated at 6 across region and 10 within Ballarat itself.
2. *Regions economic drivers:* Region divides up into three sub regions with manufacturing and agriculture the main economic drivers. Businesses in region are very parochial. Population is growing faster than the State and National average in Ballarat and Geelong. Ballarat is a Learning City and has an IT focus.
3. *Regional demand for AusIndustry programs:* Most relevant AusIndustry programs in region are R&D Tax Concession and R&D Start; Tradex and Comet
4. *Potential for future growth:* Geelong – which has been added to the region; represents a strong area of growth for the region as a whole.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Ballarat</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	279	498	45	1334

Assessment of Region by Evaluation Team

Regional Characteristics		Low	Medium	High
1	Population density/concentration		✓	
2	Population growth (non-retirees)		✓	
3	Level of growth in local economy	✓		
4	Infrastructure support (especially IT)	✓		
5	Level of regional networks		✓	
6	Level of innovative business culture		✓	
7	Support from tertiary institutions		✓	

Evaluation Team assessment of regional demand/potential.

Medium potential region.

9. Bendigo

Regional precise

1. *Regional Centres:*
Bendigo (pop 70,000), Shepparton (pop 28,000), Mildura (pop 18,000)
Echuca (pop 10,000), Wangaratta (pop 16,000)
2. *Regional Industries:* Manufacturing; tourism; food processing; fruit;
vegetables; dairy; grapes; wine; beef and wool.
3. *Comment:* Bendigo is the key city of the region with an economy that is
focussed on manufacturing, tourism and regional services. The Goulburn
valley to the north of the region is part of the largest irrigated area in Australia
and produces the bulk of the State's fruit, vegetables and dairy products as well
as cereal crops, grapes and wine, beef, wool and lambs. The area is also
rapidly developing as the State's leading centre for intensive agriculture and
food processing industries.

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* Regional Manager was from outside
AusIndustry and brought lists of potential customers to role of regional
manager. Area previously serviced from State Office. Original awareness
estimated at 3; now awareness estimated to be 6.
2. *Regions economic drivers:* Region divides up into four main areas and regional
centres. Bendigo is growing and is supported by a proactive local government.
Innovative activities supported by tertiary institutions. Infrastructure in region
will be upgraded. Region has fresh fruit, dairy, food processing, wine, mineral
processing and ADI manufacturing.
3. *Regional demand for AusIndustry programs:* Key programs for region are
R&D Tax Concession, Tradex; Comet and quite a lot of interest in R&D Start.
SBAO service has been useful.
4. *Potential for future growth:* Region can expect a lot of R&D Start applications
in the future.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Bendigo</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	473	429	31	1147

Assessment of Region by Evaluation Team

Regional Characteristics		Low	Medium	High
1	Population density/concentration		✓	
2	Population growth (non-retirees)		✓	
3	Level of growth in local economy		✓	
4	Infrastructure support (especially IT)		✓	
5	Level of regional networks		✓	
6	Level of innovative business culture		✓	
7	Support from tertiary institutions		✓	

Evaluation Team assessment of regional demand/potential.

Medium potential region.

10. Traralgon

Regional precise

1. *Regional Centres:*
Traralgon (pop 19,000), Moe-Yallourn (pop 16,000), Morwell (pop 17,000)
Sale (pop 14,000) Bairnsdale (pop 11,000)
2. *Regional Industries:* Coal and gas generation; food processing; horticultural and dairy; timber; beef production; fishing.
3. *Comment:* The western part of the region is a rich horticultural and dairying area, with a timber industry in the foothills of the Great Dividing Range. The southern part of the region has a strong agricultural sector, dominated by beef and dairy cattle production. Eastern Gippsland is characterised by a wide range of major industrial activities such as forestry, fishing, oil and gas processing plants.

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry :* Area previously serviced from State Office. Regional Manager from region.
Previously the awareness of AusIndustry was very low, now estimated to be 7 or 8.
2. *Regions economic drivers:* Region can be divided into six subregions with their own identities, operate quite separately and exhibit a high degree of parochialism. No real hot spots of development in region. Region has dairy, food industry, forestry and a new brown coal project. Population drifts to region from Melbourne for lifestyle reasons. Low income region with a lot of people on benefits.
3. *Regional demand for AusIndustry programs:* Strong interest in Regional Tourism and SBAO service. For main AusIndustry programs main interest is in R&D Tax Concession with some R&D Start interest.
4. *Potential for future growth:* Over the next year – customer numbers expected to remain the same as current numbers.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Traralgon</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	255	623	41	1242

Assessment of Region by Evaluation Team

Regional Characteristics		Low	Medium	High
1	Population density/concentration	✓		
2	Population growth (non-retirees)	✓		
3	Level of growth in local economy	✓		
4	Infrastructure support (especially IT)	✓		
5	Level of regional networks		✓	
6	Level of innovative business culture	✓		
7	Support from tertiary institutions	✓		

Evaluation Team assessment of regional demand/potential.

Low potential region.

11. Launceston

Regional precise

1. *Regional Centres:*
Launceston (pop 67,000)
2. *Regional Industries:* wool and agricultural activity; forestry and forestry products; tourism.
3. *Comment:* Launceston is the main retail and administrative centre for the region. Regional focus is on agriculture and forestry with some manufacturing activity.

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* RM from outside AusIndustry but has brought to the regional manager's role knowledge and access to local businesses. Region had previously a good knowledge of AusIndustry – estimated as a 5 – after 18 months now estimated as a 7 in terms of awareness of AusIndustry.
2. *Regions economic drivers:* Region is in need of risk/investment capital. Business culture is behind mainland companies. Region does not have a large population base and is not homogeneous. While region has some large public companies, region has a lot of small agricultural and forestry concerns. Regional focus is on tourism and businesses based on taking wealth from the natural environment like forestry.
3. *Regional demand for AusIndustry programs:* Main demand has been in SBAO service, SBCEP and Regional Tourism. R&D Tax Concession has a narrow market appeal in region and R&D Start represents hard work for small companies in region.
4. *Potential for future growth:* Regional manager does not believe that a lot of companies in region are missing out on access to AusIndustry programs.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Launceston</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	106	165	27	730

Assessment of Region by Evaluation Team

Regional Characteristics	Low	Medium	High
1 Population density/concentration	✓		
2 Population growth (non-retirees)	✓		
3 Level of growth in local economy	✓		
4 Infrastructure support (especially IT)		✓	
5 Level of regional networks			✓
6 Level of innovative business culture	✓		
7 Support from tertiary institutions	✓		

Evaluation Team assessment of regional demand/potential.

Low potential region.

12. Wollongong

Regional precise

1. *Regional Centres:*
Wollongong (pop 212,00), Port Kembla (pop), Nowra (pop 20,000)
2. *Regional Industries:* Mining; telecommunications; information technology; waste management; horticulture; steel and agriculture.
3. *Comment:* The Illawarra is an industrial powerhouse. The region has a diverse economic base combining longstanding steel making, coal mining and agricultural industries with more recent manufacturing, engineering and tourism activities. The area also has extensive research and development capabilities for industry.

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* Region has an acting Regional Manager for the region who travels to Wollongong 2 to 3 days a week. Region had a reasonably low customer base before establishment of regional manager. This base has grown substantially since a regional manager has been located in region.
2. *Regions economic drivers:* Region breaks up into two sub-regions ie Wollongong to Ulladulla and the far south coast. Nowra has defence and aviation industries, some IT but limited biotechnology. Wollongong wants to be known as the city innovation. University of Wollongong is supporting innovation thrust. Region has a growing population. Infrastructure in region is good especially in IT. Far south coast has very limited potential.
3. *Regional demand for AusIndustry programs:* Most relevant programs for region are R&D Start, R&D Tax, COMET, Tradex, SBAO service and Regional Tourism.
4. *Potential for future growth:* Illawarra has potential for growth and new industries.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Wollongong</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	152	182	39	1984

Assessment of Region by Evaluation Team

Regional Characteristics		Low	Medium	High
1	Population density/concentration		✓	
2	Population growth (non-retirees)		✓	
3	Level of growth in local economy		✓	
4	Infrastructure support (especially IT)		✓	
5	Level of regional networks		✓	
6	Level of innovative business culture		✓	
7	Support from tertiary institutions		✓	

Evaluation Team assessment of regional demand/potential.

Medium potential region.

13. Newcastle

Regional precise

1. *Regional Centres:*
Newcastle (pop 500,000), Maitland (pop 50,00), Cessnock (pop 17,500)
2. *Regional Industries:* Manufacturing; coal mining; viticulture and winemaking; power generation; agribusiness; equine; information communications technology.
3. *Comment:* The region contains Australia's largest regional population. It has Australia's oldest wine growing area and the world's largest coal port. It is also Australia's equine capital and home to new green energy. The Hunter's population comprises around 9% of the NSW population, but the region accounts for more than 32% of the State's exports.

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry:* Regional Manager previously a CSM from another State. Area previously served by rotating CSM visits from the State Office. Previous awareness of AusIndustry was low and limited – current level of awareness is good.
2. *Regions economic drivers:* Region split into three sub-regions. Overall the regional population is growing with construction and building sectors active. There are some infrastructure problems with congested roads and in the Hunter Valley there is economic development around residential development. Overall the area is undergoing structural change. Region is progressive but with high unemployment. Linkages between tertiary institutions and companies undertaking R&D activities are evident. Main activities are coal mining, agriculture (wine); light manufacturing; food industry and tourism.
3. *Regional demand for AusIndustry programs:* Most relevant AusIndustry programs for the region would be R&D Tax Concession with some Tradex, Start and BIF. Region has users of all AusIndustry programs.
4. *Potential for future growth:* Expectation is for significant potential in R&D Tax Concession and Tradex.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Newcastle</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	324	276	65	1914

Assessment of Region by Evaluation Team

Regional Characteristics		Low	Medium	High
1	Population density/concentration			✓
2	Population growth (non-retirees)		✓	
3	Level of growth in local economy		✓	
4	Infrastructure support (especially IT)		✓	
5	Level of regional networks			✓
6	Level of innovative business culture		✓	
7	Support from tertiary institutions		✓	

Evaluation Team assessment of regional demand/potential.

High potential region

14. Tamworth

Regional precise

1. *Regional Centres:*
Armidale (pop 21,000), Tamworth (pop 31,000)
2. *Regional Industries:* agriculture and agribusiness; aviation; education; engineering and construction; manufacturing; mining; tourism and transport.
3. *Comment:* The region is a major producer of agricultural products and also has a manufacturing sector with an annual turnover of \$752 million. The region manufactures vehicle bodies and agricultural equipment.

Regional Summary based on Regional Manager Interviews:

1. *Previous contact with AusIndustry*
Regional Manager was previously a CSM in another State. Original awareness of AusIndustry was very low and while this has improved industry is too sparse to generate any momentum.
2. *Regions economic drivers*
Region can be broken up into two sub-regions – mid north coast and New England. The New England area is agriculturally based with industries to support the agriculture sector. Area has no or little growth with an overall declining population.
3. *Regional demand for AusIndustry programs*
Most relevant programs are regional tourism, SBAO service, incubators with some interest in the R&D Tax concession. Low level of activity in Tradex and Comet.
4. *Potential for future growth*
The region does not have the volume of work to sustain a regional manager as overall the region is experiencing very patch economic growth.

Regional input:

(Dec 01 to June 03)

AusIndustry – Regional Activity

<i>Tamworth</i>	<i>Customer contacts</i>	<i>Multiplier agencies contacts</i>	<i>Marketing events</i>	<i>Marketing attendees</i>
	193	217	30	1269

Assessment of Region by Evaluation Team

	Regional Characteristics	Low	Medium	High
1	Population density/concentration	✓		
2	Population growth (non-retirees)	✓		
3	Level of growth in local economy	✓		
4	Infrastructure support (especially IT)	✓		
5	Level of regional networks	✓		
6	Level of innovative business culture	✓		
7	Support from tertiary institutions	✓		

Evaluation Team assessment of regional demand/potential.

Low potential region.

Annexure 4 Overview of Other Commonwealth Networks

Austrade, Department of Foreign Affairs and Trade

Austrade provides services in relation to export and export facilitation.

A brief summary of the services provided by Export Advisors and requirements of customers is attached:

Services and benefits

Austrade and TradeStart's services for new exporters provide eligible businesses with practical assistance to develop your business into a successful exporting company. Your export adviser and Austrade's international network will help to:

Assess your export capability

- *Review your export capability and evaluate export readiness*
- *Identify target markets*
- *Provide advice on financial and management issues*

Prepare for your selected market

- *Advise on international marketing strategies and your marketing plan*
- *Provide feedback on promotional material*
- *Inform you of economic conditions and commercial practices in your target markets*
- *Evaluate the suitability of your program/service for target markets*

Visit your selected market

- *Make appointments with selected relevant business contacts*
- *Arrange interpreters and translation of documents (at your cost)*
- *Briefings by Austrade staff in-market on local practices and culture*

Follow through by your export adviser

- *Assess the outcomes of your visit*
- *Assist you to achieve maximum impact from the visit*

Eligibility

Your business must have:

- *a current Australian Business Number (ABN)*
- *Australia as its main place of business*
- *not completed TradeStart, the former Export Access program, or received Austrade's new exporter services, during the last three years (some exceptions apply)*
- *no recurrent export revenue in the same market over the last three years*

You will need to:

- *Meet various costs of participation, including for travel and market research (over and above the free services in the selected market as offered by Austrade)*
- *Be prepared to commit resources and reasonable management time to the program*

Source: Austrade Website www.austrade.gov.au

There are 17 Austrade offices across the country, including Capital Cities and outer metropolitan suburbs. In addition there are approximately 37 TradeStart offices around the country, with an additional 7 offices targeted towards specific industry sectors. The Tradestart offices are often integrated within a state government body, or chamber of commerce or council for economic development. These partnerships allow Austrade to leverage the networks in a far more integrated way than they would otherwise be able to do.

The Austrade offices each provide a large complement of the services in relation to the package of services designed to assist small and medium sized Australian Companies throughout Australia.

Area consultative Committees, Department of Transport and Regional Services

There are 56 Area Consultative Committees (ACCs) across Australia. The emphasis of ACCs is across all facets of regional business and community activity. Their role is to promote and facilitate whole of government initiatives including – small business, youth, indigenous employment, education and training, and a suite of region DOTARS programs.

- Membership on ACCs is voluntary and unpaid, the chair of the ACC is appointed by the Minister for DOTARS. The ACCs are guided in their activities by the Charter for the National Network of ACCs and a statement of priorities that is issued on behalf of the Australian Government by the Minister for DOTARS.
- The ACCs are provided with a small operational budget which allows them to employ full-time paid workers to undertake administration operations and implement the national charter and the statement of priorities. As an example the total operational expenses budgeted for in 2001-02 for all 56 ACCs was \$13m. This leaves a modest amount of operational expenses across each of the ACCs to run effectively and implement what are broad community based projects.

DOTARS Regional Offices

DOTARS maintains 12 Regional Offices across Australia. These offices are focused on assisting the regions to access community grant programs and services such as Grantslink and other community focussed programs.

Rural Transaction Centres Field Officers Network, DOTARS

Rural Transaction Centres is a program that currently funds Centres around Australia to provide such services as

- Financial services
- Post, Phone, Fax and internet
- Medicare Easyclaim
- Centrelink
- Facilities for visiting professionals
- Printing, Secretarial services
- Tourism, involvement in employment schemes
- Insurance, taxation
- Federal, State and Local Government Services

The Australian Government committed up to \$70m from the sale of 16% of Telstra to put services back and introduce new services into small rural towns.

In addition to the emphasis on community, health and employment services which make the centres an inappropriate venue for delivering AusIndustry programs the program is designed to provide services to communities with populations of up to 3000. This eligibility criteria makes any utilisation of the regional transaction centres an inefficient and inappropriate institution in which to place or to utilise a regional manager service. There are currently 48 Regional Transaction centres around Australia.

The Field Officers Network has 11 offices based in the remoter regions of Australia whose role it is to assist communities "with all stages of planning, establishment and ongoing development of RTCs" including business-planning.¹⁸

Small Business Answers, Department of Industry, Tourism and Resources

AusIndustry has responsibility for selecting and managing the contracts for 45 Small Business Answers Offices across Australia.

The Office of Small Business policy initiative is part of the Small Business assistance package.

- The Small Business Answers Offices provide information on issues relevant to small business, such as regulatory requirements and programs and services offered by the Commonwealth Government, in regions where there is a need for such a service.

A large constituency of the small business answers program is micro-business and operational aspects of running a business as well as providing small business with information about all programs and services provided by the Government, including Tax Office services, Department of Employment and Workplaces Relations. While a proportion of customers who access Small Business Answers services undertake innovation and research and development, the Small Business Answers Offices do not have the resources to search for suitable AusIndustry customers. Neither do they have the resources to be adequately across the programs in the depth that will provide them with the improved level of service that we are seeing is being delivered by the Regional Managers.

- Since the introduction of the Small Business Answers offices, the Regional Managers have reported a varied working relationship from neutral through to very productive by way of referrals to and from the Small Business Answers officers. The small Business Answers officers have far more information to deliver and more activities to undertake

¹⁸Sourced from DOTARS website information on Regional Transaction Centres.

and it would be inappropriate to focus their attention on the number, and the specific and detailed requirements of AusIndustry customers. Particularly as Regional Managers take the extra steps in assisting customers by facilitating them through the application process – the size and nature of a Small Business Answers Office would be such that this was not a feasible option and an appropriate use of officers resources under the program.

Furthermore the package of small business assistance is focussed on the needs of small business.

Other Departments that have some networks and programs within the regions include Agriculture, Forestry, Fisheries Australia.