



Senate submission by Geoffrey C. Stocker PhD.

Re various Commonwealth funding activities through DRAP and ATSRAC

This submission reflects my personal opinions and not necessarily those of any other individual or organization.

Background

My interest in community development has its background in the several years spent working in PNG. Although my formal qualifications are in forest science, my teaching and administrative experience in the PNG environment allowed me to observe in some detail the massive failure to achieve the objectives of aid activities undertaken by many foreign governments and NGO's. My analysis of the problems associated with aid delivery led me to the conclusion that development will not occur unless a majority of the population can see personal advantage in change. Broad community support and a sense of ownership appear essential to development yielding long term benefit. Further details of this thesis and suggestions to promote development in the context of PNG may be found in Senate Hansard for 18 February 2003.

On my return to the Atherton Tableland in 1996 I found the economy and communities reeling from a series of disasters over which they had little if any control e.g. collapse of the tin market, the closure of the timber industry following world heritage and deregulation of the tobacco and dairying industries. I was marginally involved in several early initiatives by governments trying to create development in what was broadly acknowledged as a disadvantage region i.e. the Choices and Directions programs. These did achieve some useful results especially for the northern Tablelands' primary producers but some component projects were ill conceived especially in terms of time scale and continuity. For example to expect the development of a cut flower/foilage industry based on virtually unknown indigenous species within a five year time frame is totally unrealistic especially given the biology of many of the species of interest: at least 20 years would be required.

With the background noted above and as President of Malanda Chamber of Commerce in 2002, I instituted the Malanda Business Retention and Expansion Program (BR+E) with some assistance and support from the Qld Department of State Development, Eacham Shire Council and local community leaders. This was basically a volunteer program to support local businesses and increase employment opportunities while maintaining the lifestyle we valued. It was also based on some statistics which showed that effort strengthening existing business was more effective in terms of long term employment outcomes than that used to bring in entirely new businesses. The programs motto was "Stronger businesses = More jobs = Greater community prosperity". Its beneficial effects can still be observed in the Malanda community. To some degree it reflected a competing philosophy to that of ATSRAC – self help and local ownership compared with imposed solutions and external project funding.

After about 2 years involving more than a thousands of hours of voluntary work, the BR+E Program reached the point where it could no longer realistically continue with a volunteer workforce and further development was put on hold pending the acquisition of resources (see below).

Structure and functioning of DRAP and ATSRAC

Regions with the community structure of the Atherton Tablelands (small towns acting as service centers for surrounding rural industries) have some social characteristics separating them from cities or even remote rural areas. Generally most in the community know what is going on and especially in times of crisis, are very supportive. On the other hand they are quick to react to situations where some individual or group appears to be receiving assistance from governments that is not generally available. For example if someone wants funds to expand their business there is the accepted route of applying to established institutions, generally the banks. The social pressure against those receiving handouts is considerable especially when the recipients are individuals or family groups. They are seen as receiving advantage in accumulating resources which other community members either have never been able to afford or have only gained through long periods of hard work.

The makeup of the ATSRAC committee, especially the dominant presence of the four local Mayors, was bound to introduce at least a suspicion of parochialism into deliberations.

The programs have also been divisive in that they reinforce the widely held perception among small businesses (in which I include the farming community) that governments only bailout influential groups.

Among the operating guidelines of both the above funds were provisions that grants were not to create businesses competing with those currently existing. This provision seems to have been repeatedly ignored and was a further divisive factor. The "commercial in confidence" provisions were used by the fund administrators to frustrate attempts to find out about potential effects of grants for new ventures on existing businesses.

In both programs the rules appeared to have changed as the program progressed. In general but especially for the ATSRAC program, the application process became very complicated and eventually appears to have mainly been done through professional consultants. In general there was very poor communication between applicants and administrators especially when it came to feedback about outcomes.

The Pinnacle report which was commissioned by ATSRAC did not really confront the most pressing of the problems relating to the most effective use of grant money. It appears to have largely been a Brisbane based desk exercise with few people resident in the region consulted. Despite my involvement in the development and implementation of Malanda BR+E program, I did not learn of the report until just before the draft was circulated.

Some specific comments

1. At one point we (G.C. and J.M. Stocker, T/A Stockers' Nursery) made enquiries about funding from DRAP for the further development of our nursery business. We did not proceed to a formal application for a number of reasons but especially the provision that funding would depend upon the creation of an additional full time job for every \$20,000 of the grant. In our type of business labour costs must be minimal to maintain viability and the employment of 5 additional staff for a \$100,000 grant would not be sustainable in the medium term. Other reasons not to proceed may have included a provision to obtain approval before the appointment of subcontractors, the additional cost of complying with grant conditions and uncertainties about the administration of the program in the medium term (e.g. what would happen if it was not possible to maintain agreed employment levels).
2. Malanda Dairy Centre – this facility is owned and operated by Eacham Shire Council in buildings owned by Dairy Farmers. It was mainly funded by DRAP. While it cannot be denied the Centre is potentially a useful asset especially in terms of servicing tourists, the cost to the community must be recognized. The Centre currently receives a subsidy of about \$70,000 per annum from Shire funds. In planning its establishment virtually no consideration was given to its effects on local businesses especially the town's cafes and restaurants. The operation of this business remains a controversial topic within the community.
3. Some background to Malanda BR+E was given above. When it became apparent that the program could not go further on a volunteer basis, the Malanda Chamber of Commerce (MCC) sent an application to ATSRAC for funding to continue the program for 12 months. Eventually a telephone call to the local ATSRAC administrator revealed that the application had been refused by the local committee. The only feedback provided during this call was to the effect that if they gave money to MCC they would have to give it to all other local Chambers. Despite several requests, written notification of the fate of the application was never received.
4. Hoop Pine plantation development - Councillor A. Portess (Mayor of Herberton Shire) formed a small committee including forestry experts (self included), sawmillers and resource economists, to draw up an application to ATSRAC to fund an examination of ways and means to encourage the development of forest plantations especially on the southern and eastern Tablelands. This seemed particularly relevant given the very long history of successful State owned tree plantations in the region, the success of the only significant sawmill in the area, problems in the dairy industry, the then low cattle prices and relatively unsuccessful State government policy to encourage plantation development on private land. Applications went backwards and forwards until most of the volunteers involved were exhausted. Eventually an application was prepared by

professional consultants and lodged in the second half of 2003. An outcome has never been announced. However, personal research eventually lead me to believe that the flow-on effect of Queensland Government plantation management practices and subsidies to sawmillers in SE Queensland have made investment in private plantations on the Atherton Tableland unattractive despite the favourable biological and social environment.

Alternatives for regional development

In my opinion the system of grants used by the Commonwealth DRAP and ATSRAC programs in an endeavour to support disadvantage communities such as those on the Atherton Tableland, has not in general had the desired effects. Indeed they have been so divisive that some have not taken up approved grants while other proudly proclaim that their new businesses were established without government funding.

I believe the money would have been better spent in infrastructure programs such as helping Malanda set up a sewage system. This would have had broad environmental benefits extending to the Barrier Reef and locally would have facilitated the development of other food processing industries. Another alternative would have been to use aspects of the tax system (such as zone allowance concessions) to support and encourage further business development.

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