

## Practitioner's Corner

### **Editor's Introduction**

*Each year the Australian and New Zealand Regional Science Association, with support from the Federal Government's Department of Transport and Regional Services, conducts a competition for excellence in regional development. In 1999-2000 it was jointly won for the first time. One of the winners was the Australian Capital Regional Development Commission, and their winning entry is presented below.*



# How to Help Regions Help Themselves ... the Capital Region Agribusiness Fund

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## Introduction

In many parts of Australia the agribusiness sector is struggling to maintain returns from traditional pursuits. The Australian Capital Region is no exception, with many farmers relying on off-farm income for survival. At the same time there is growing interest in alternative crops and products, and adding value to traditional products.

The region has been fortunate in having dedicated facilitators to assist these emerging agribusiness activities. Through a mix of Commonwealth and State programs, agribusiness facilitators have been active in encouraging the formation of producer networks, marketing activities and training.

This paper outlines some of the issues identified by these facilitators as impediments to growth in the agribusiness sector, and also describes a successful program used to address some of these impediments. The program, called the Capital Region Agribusiness Development Fund, assisted 13 organisations to implement micro-projects to diversify and develop agribusiness in the Region.

## The Need

Over the years, we have identified a number of factors which tend to influence the success of industry and community development in our region. These factors can be summarised in the following development sequence:

**A desire for change or development ...** without a widespread desire to change current practices or to develop further, little will happen.

**An agreed vision or direction for development ...** this is essential or efforts will be dissipated in competitive or duplicated activities.

**An achievable action plan ...** there needs to be a clear process for achieving goals and it needs to be challenging but realistic.

**The resources necessary to implement the plan ...** many plans fail because the resources necessary to implement actions are not available.

Groups and networks of like-minded people have formed to try to develop alternative agribusiness activities or to change the way traditional primary products are prepared and marketed. We have observed that many of these groups are poorly resourced, largely consisting of micro-businesses. Most rely on the efforts of a few people who contribute voluntarily out of normal work hours.

Given these circumstances, it is not surprising that many of the groups struggle to get past the first stage of the development sequence outlines above. Sometimes relatively minor things get in the way of groups achieving their goals.

In contrast to the nature of these groups working in emerging and established agribusiness fields, government business assistance programs are usually aimed at:

- individual businesses;
- businesses with considerable turnover or staff (or both);

- businesses which are exporting already; or
- businesses with the capital to match dollar for dollar funding.

As a result, few of the agribusiness groups qualify for existing government assistance programs to help move them along the development sequence.

Other programs with a regional development or primary industry focus could also assist these groups. However, most of these programs are of a scale not applicable to the needs of our agribusiness groups. Government program managers are often not interested in projects worth less than \$20 000, and often even the application forms for such programs are daunting to a group of volunteers.

The challenge in the Capital Region was to find a way to provide assistance to these agribusiness groups which was flexible in its delivery so that the different needs of groups in different stages of development could be catered for. It also required a simple form of application, and a minimal bureaucratic process, while maintaining the appropriate accountabilities.



## The Capital Region Agribusiness Development Fund

In late 1998, the Australian Capital Region Development Council (ACRDC) became aware that there were funds remaining in the Region from an earlier agribusiness program jointly funded by the Commonwealth and NSW. This program, the Business Advice for Rural Areas program, had been abolished by the Commonwealth.

The ACRDC contacted both the Commonwealth and NSW Departments responsible for administering the program and sought their agreement to utilise the remaining funds (around \$41 000) to pursue agribusiness related activities in the Region. This was seen as a more appropriate use of the funds rather than them being returned to the government sponsors. In November 1998 this approval was given.

The responsibility for managing the monies was given to the Capital Region Agribusiness Working Group (CRAWG), a committee established by ACRDC in June 1998 to assist agribusiness. The objectives of the Group are to:

- promote the development and diversification of agribusiness within the Capital Region;
- provide access to information on better production methods and business practice to agribusiness in the Capital Region;
- facilitate the creation of links between producers, processors and the market;
- promote value-adding opportunities for agribusiness within the Capital Region.

Membership of this group comprises representatives from the Australian Capital Region Development Council (ACRDC), Capital Region Employment Council, NSW Department of State and Regional Development (DSRD), other Government Agencies (for example, Farming for the Future and Business Enterprise Centres) and representatives from producer groups.

A key question for CRAWG was how to assist organisations and networks, particularly in the emerging agribusiness sector. Under the NSW DSRD's Agribusiness Alternatives Program, one staff member was available for the whole of the Capital Region. CRAWG recognised the limitations of the resources available and also that it was preferable to 'help people help themselves' rather than do things for them.

CRAWG began to consider ways to gain project funds to support the Region's Agribusiness Development Officer and to encourage the initiation and follow-through of projects beneficial to the Region's agribusinesses.

Under the terms of the agreement, CRAWG was to be involved in the decision on how to best utilise the funds. CRAWG considered how to make the most effective use of the limited funds available. It decided that the funds should be used to further the aims of the group, but also wanted to encourage producers in some of the developing agribusiness areas. These producers often were involved in loose networks with little time and resources to organise and market efficiently. They also were largely ineligible for assistance through other government programs.

In response, CRAWG established the Agribusiness Development Fund in 1999.

CRAWG developed fairly simple and straightforward guidelines for the Fund, and a simple administrative

approach to receiving and assessing applications. The approach was designed so that the load placed on inexperienced and under-resourced applicants would not hinder their applications.

Some of the innovative features of the Fund included:

- applications could come from unincorporated groups provided they were underwritten by either an incorporated association or a cooperative;
- the projects funded needed to have achievable and measureable outcomes;
- proponents needed to contribute resources to the project, but these could be in-kind contributions; and
- projects should not be eligible for funding from any other existing government program.

## Achievements of the Capital Region Agribusiness Development Fund

By early 2000, most of the funds available had been allocated to 13 applicants. The successful organisations are shown in Table 1.

Projects were diverse in nature, ranging from organisational activities such as incorporating a group and marketing activities to training and feasibility studies. The diversity of projects reflects the differing needs, aspirations and stages of development of the proponent organisations. Whilst some organisations and networks were fairly well established in the region, some were only emerging. For some in this latter group, assistance with the cost of incorporation was seen as an essential first step in their development.

In general, this sort of assistance is not available through government programs and many proponents saw this as an innovative and distinctive feature of the Agribusiness Development Fund.

An important feature of the Fund was the cooperation between the Region's Agribusiness Development Officer (ADO), the members of CRAWG, the ACRDC and the project proponents. The promotion of the Fund and project development was undertaken by the ADO and the Capital Region Employment Council, CRAWG was responsible for

the assessment process, and the ACRDC handled the financial matters.

In early 2000, CRAWG decided to use the remaining funds available to obtain an independent evaluation of the project and its outcomes. The evaluation was undertaken by Strategic Economic Solutions Pty Ltd and released in June 2000.

The evaluation report is very positive about the Fund meeting its objectives and also about the flow-on effects of the funding. The following is an extract from the report's Executive Summary:

***The CRAWG-supported projects have instigated a significant amount of networking and co-operative activity.***

- *at least 27 institutions were co-opted into shared activities with the proponent groups to complete the stated project or to pursue new developments arising from the CRAWG supported activity.*
- *at least 4 500 individuals were involved in the projects funded by CRAWG, many of the projects leading to active networks from which further developments have and will stem.*

***The Agribusiness Development Grants have also generated significant financial investment within the region, either directly in the projects or in new projects mushrooming from the CRAWG supported activity.***

- *projects supported by Agribusiness Development Grants attracted a further \$30 515 in funding to complete the existing projects, primarily drawn from the proponents' organisations or other granting agencies;*
- *investment of \$212 800 has subsequently been secured to pursue further developments growing out of the CRAWG supported activity;*
- *respondents are pursuing a further \$13.3 million of investment as a result of the activity initiated through the CRAWG supported projects;*
- *at least 94 new jobs have been identified as flowing from the CRAWG supported activity with many more anticipated in the future if expected investment is realised.*
- *Most respondents indicated the great value of the CRAWG grant to their organisation and in many cases it was perceived as an essential contribution, stimulating many other activities.*

**Table 1. Successful Projects**

<b>Proponent Organisation</b>	<b>Project</b>
Southern Tablelands Beef Co-op Ltd	To send a delegate to identify and develop market opportunities in Japan, Hong Kong and Taiwan.
Southern Tablelands Olive Growers Association	To assess oil quality and DNA analysis of older productive trees in the region.
Southern Tablelands Farm Forestry Networks	To run a Master Tree Growers Course and compile a video and accompanying information leaflets on farm forestry.
Monaro Wildcrafters Co-op Ltd	To produce and sell 1000 Year 2000 industry calendars.
Goulburn & District Equine Industry Association	Incorporation of the group; registering a Trade Mark; inspecting Sydney Equestrian facilities; publication of a newsletter.
Snowy-Monaro Agricultural Specialty Producers Association	To incorporate group, prepare a database of members, increase membership, conduct community consultation, consult with local, state and federal agencies.
Canberra District Wine Industry Advisory Group	To survey vine plantings in the district and produce an inventory of hectares under vine by style of grape.
Kioloa Management Committee ANU	To fund a feasibility study into development of a University property to become an agribusiness and related services enterprise.
Southern Tablelands Goatmeat Producers Co-op	To design a trademark and produce promotional materials.
Goulburn Rural Lands Protection Board	To provide a series of information days for ratepayers to gain information on alternative enterprises and information on better production methods and business practices. Canberra District Vignerons Association To produce a photo mural display to be used at the Canberra 'Focus on Business' event and other promotional events.
NSW Women in Agriculture	To provide workshops to improve the business management skills of women running farms.
Sapphire Coast Producers Association	To evaluate the operating aspects of the structure of the Sapphire Coast Producers Association and make recommendations for growth.



## Conclusions and Implications

The Agribusiness Development Fund filled an important gap in assisting agribusiness groups in developing and diversifying their industries in the Australian Capital Region. In summary it:

- recognised a need to encourage alternative agribusiness industries and value adding industries;
- utilised funds that would otherwise have been returned to the forwarding governments;
- developed a unique and flexible approach that encouraged applications from organisations that would not have been funded under existing programs; and
- resulted in significant outcomes that will have a lasting impact on the region's agribusiness sector.

There are several implications for economic development organisations and practitioners:

1. Governments will listen to reasonable and well-thought-out local solutions;
2. Cooperative approaches can and do work ... they allow organisations to build on their strengths and add value in the best way they can;
3. Considerable benefits almost always accrue if there is an outcomes focus and they are measured; and
4. Opportunities keep bobbing up ... the trick is to spot and convert them.

As well, there are also some very important implications for Government:

1. Good ideas do still 'fall between the cracks'. Without a doubt one of these cracks is projects that require only a small amount of funding ... Micro project funding;
2. Micro project funding is not only highly catalytic, it can deliver important, significant and quantifiable outcomes; and
3. It is possible to effectively and responsibly approve and manage Micro project funding within Regions.