

**Bureau of Transport Economics**

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**WORKING PAPER 43**

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**Atherton Tablelands Regional Analysis**

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The Bureau of Transport Economics has taken due care in preparing this analysis. However, noting that data used for the analysis have been provided by third parties, the Commonwealth gives no warranty to the accuracy, reliability, fitness for purpose, or otherwise of the information.

## FOREWORD

This Working Paper presents the results of the BTE's regional analysis of the Atherton Tablelands in Far North Queensland. It provides a social and economic overview of the region, an assessment of factors affecting the region and a brief discussion of economic development possibilities.

In mid-August 2000, the Minister for Transport and Regional Services, the Hon John Anderson MP, asked the Department of Transport and Regional Services and the Bureau of Transport Economics to undertake an analysis of the Atherton Tablelands region in Far North Queensland. The study was provided to interested parties in October 2000 and is now being made generally available.

The project was undertaken by Tammy Braybrook (Project Leader) and Alistair Nitz, with contributions by Anthony Casey and under the general supervision of Joe Motha, Deputy Executive Director.

The BTE received substantial assistance from officers the Department of Transport and Regional Services in organising meetings and coordinating information from government agencies. The BTE would like to particularly acknowledge the support of the Mareeba Shire in providing facilities and organising meetings held in the Tablelands as well as the time and effort of the farmer, community, industry, government and development organisations, and individuals in the Atherton Tablelands and in the Far North Queensland Region.

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August 2001



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## **EXECUTIVE SUMMARY**

The Atherton Tablelands, inland from Cairns in Far North Queensland, is a geographically diverse region with a pleasant tropical climate and an economy based primarily on agriculture. The region has experienced significant change over the last two decades. Discussions held in the region have shown that a combination of factors impacting on the tobacco industry and, to a lesser extent, the dairy industry, has led to a community in distress. Most importantly, rapid change due to the deregulation of the tobacco industry, and more recently, the dairy industry, means that regions that have been stable and relatively prosperous are having to cope with continuing change, unfamiliar market systems and the move to operating professional farm businesses.

### **THE REGION**

Available statistics show that the region has been experiencing sustained population growth, but with the numbers of younger people declining and older people increasing. The Tablelands has higher than State average unemployment, and there is a history of a high proportion of people leaving school early. Average household incomes have fallen slightly since the early 1980s and average individual incomes in the region are slightly lower than the State average.

A ranking of local government areas based on a comparison of local economic performance indicators (National Economics 2000) shows a region that is characterised by continued population growth and good prosperity potential based on the socio-economic profile. However, the capacity of households in the region to manage debt and the level of community welfare are serious concerns (National Economics 2000). The assessment in this report is based on available statistics over varying time periods and may not represent an entirely accurate picture of the region today.

### **ISSUES**

Discussions highlighted that the issues in the region are largely associated with managing change. The need to access information and social services by those affected by change is a key issue. There is an apparent unwillingness of those most in need to access the information and services that are currently available.

Other contributing factors to the adjustment problems facing the region are a lack of leadership in some industry sectors; inadequate skills of the people facing change; a history of limited cooperation between different areas within the region; and difficulties in the new agricultural fields that farmers have entered.

Much of the change in the region is due to deregulation and changes in demand in the tobacco industry and the more recent deregulation of the dairy industry combined with factors causing change throughout regional Australia and the world.

There are no simple solutions or quick fixes. Building new industries where old industries have declined, and diversifying the economic base of any region, are long term initiatives. Ultimately, industry in the region needs to be viable without artificial support. In the short term, a number of the issues mentioned above need to be addressed before the region as a whole can move forward.

Anecdotal evidence suggests that farmers in the region have been trying to come to terms with the changes that have been happening and to understand why they are occurring. They have been struggling to cope with these changes without fully understanding them and hence have had limited success in turning them into new opportunities. The farming community needs assistance in understanding the forces causing change. They also need the skills to manage change and to make informed decisions about available options.

Farmers have been making decisions based on what others were doing, using networks that had worked in the past. Despite being encouraged to access professional advice in times of change, few did. Those willing to seek out and to pay for market information and to make decisions based on the information and advice available are in a better position now than those relying only on family and friends in their decision-making.

Ways need to be found to address both the availability of information and services and the willingness of those in need to seek assistance. There are varied reasons for services not being accessed. The ethnic background of farmers, their age and education, the cooperative and well organised structure of the industries in which they have been involved for a long time, and a lack of understanding of the services available, all possibly contribute. Different ways of presenting information and offering services, which are more acceptable to the people in the region, may help.

It is not possible to change what has already happened, but it is important that appropriate information is available for future decisions. In particular, information on viable markets for produce has been lacking and will continue to be important for appropriate decision-making.

## **ECONOMIC DEVELOPMENT**

It was difficult, in the time available, to establish clear directions for economic development in the Atherton Tablelands. Discussions highlighted the potential for tourism, horticulture and value-adding manufacturing. These options need further investigation and planning.

None of these industries will offer a solution to the current problems by themselves, or in the short term. In the longer term, the development of industries other than agriculture will increase the strength, breadth and resilience of the local economy. This diversity will assist the ability of local communities to adapt to any particular change in regional economic conditions. With continued change expected to occur in the region into the foreseeable future, economic diversity will be an important issue. However, this diversity will need to be balanced with the benefits of specialisation in areas that offer the region a sustainable competitive advantage.



## **CHAPTER 1 INTRODUCTION**

In mid-August 2000, the Minister for Transport and Regional Services, the Hon. John Anderson MP, asked the Department of Transport and Regional Services and the Bureau of Transport Economics to undertake an analysis of the Atherton Tablelands region in Far North Queensland.

In the interests of producing early results, work has been restricted to existing data sources and relies heavily on anecdotal evidence.

### **APPROACH**

The BTE's analysis is based around three key areas:

- a social and economic overview;
- an assessment of factors affecting the region; and
- a discussion of economic development possibilities for the region.

Data for analysis have been taken from a range of sources including the Australian Bureau of Statistics (ABS), Queensland Government statistics and previous work in the Atherton Tablelands. The work relied heavily on information obtained in discussions held in the Tablelands between 21 and 25 August 2000 and related written submissions. Valuable information was also provided by a number of Commonwealth and Queensland Government agencies with which discussions were held throughout the project.

The best available data have been used throughout this study; however, limited time and the unavailability of significant data series has meant that, in many cases, data from a range of time periods have had to be used. It was also not possible to present a complete picture of the region with the available data.

### **OUTLINE OF THE REPORT**

Chapter 2 of the study highlights the geographic and social aspects of the Atherton Tablelands. Information is presented on the geography and climate, demographics, infrastructure and social indicators for the region. Chapter 3 describes the major economic activities in the region to the extent possible with

available data. This information provides background and context for later sections of the report.

Chapter 4 discusses factors impacting on the region. Factors impacting on regions throughout Australia and factors specific or important to the Atherton Tablelands are considered.

Chapter 5 provides a discussion of the issues facing the region and chapter 6 discusses some economic development possibilities for the Atherton Tablelands.



## **CHAPTER 2 GEOGRAPHIC AND SOCIAL OVERVIEW**

The Atherton Tablelands is located in the Far North Queensland region and encompasses the shires of Atherton, Eacham, Herberton and Mareeba. A part of the Mareeba Shire lies outside the general boundary, and part of Etheridge Shire is located within the region. The Atherton Tablelands comprises two major urban centres—Atherton and Mareeba—with smaller towns in the region including Herberton, Ravenshoe and Kuranda. The Atherton Tablelands lies approximately 60 km west of Cairns, the principal city in Far North Queensland, and about 1 784 km by road from Brisbane. For the purposes of this study, information about the four shires is used where possible to represent the Atherton Tablelands.

### **GEOGRAPHY AND CLIMATE**

The total land area of the four shires comprising the Tablelands is approximately 94 387 square kilometres. Mareeba Shire is the largest of the four shires, representing approximately 57 per cent (53 457 square km) of the total land area, followed by Herberton (39 186 square km) and Eacham (1 123 square km). Atherton is the smallest shire, with a total land area of 621 square km.

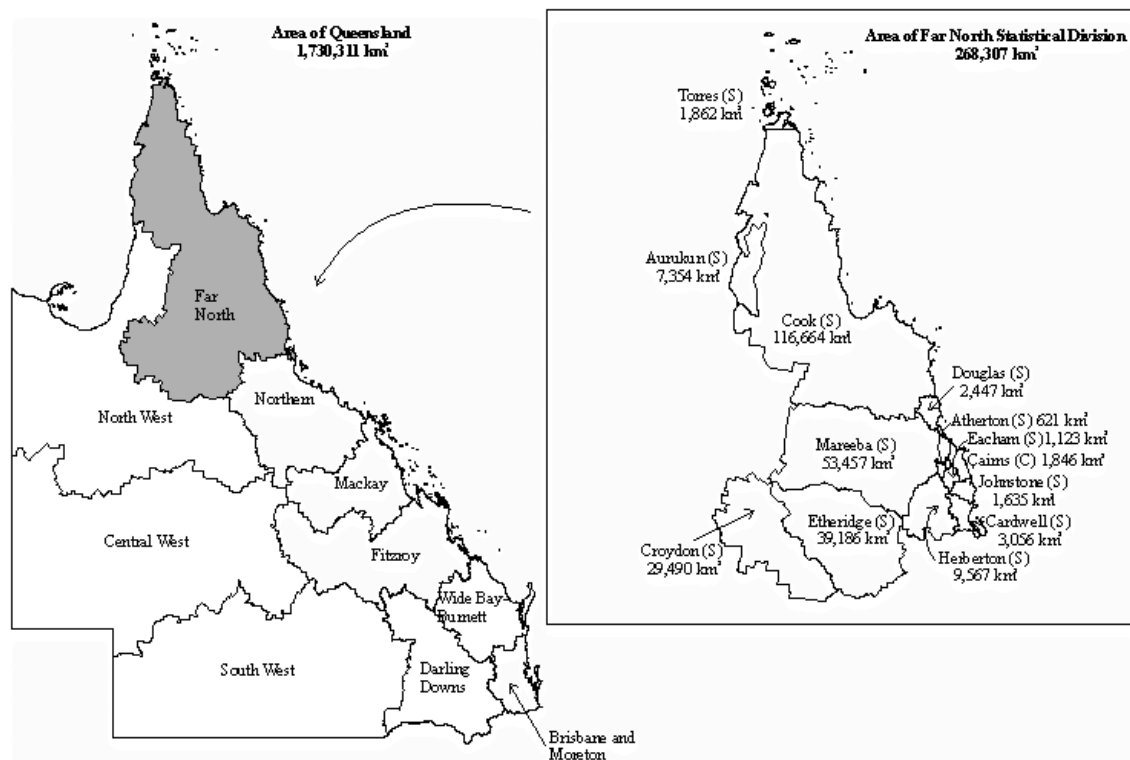
The Atherton Tablelands lies west of the Great Dividing Range, hence the elevation changes considerably throughout the region. The highest point in the Atherton Tablelands is located in the Herberton shire (approximately 900 metres above sea level) followed by Atherton shire (752 metres above sea level). As one moves towards Mareeba, the elevation declines to approximately 400 metres above sea level.

The Atherton Tablelands is in the tropics, located between latitude 17°39'S and longitude 145°38'E at Herberton and latitude 17°00'S and longitude 145°43'E at Mareeba. The mean daily temperature throughout the region is influenced by the level of elevation. At Atherton and Herberton, the mean daily temperature ranges from 14°C to 25°C and a relative humidity of 57 to 75 per cent, while at Mareeba the temperature is several degrees higher, ranging from 16°C to 29°C with a relative humidity of 55 to 72 per cent. The annual average rainfall also fluctuates around the region, from 1 413 mm at Atherton to 922 mm at Mareeba. Certain pockets of the region are affected by heavy rainfall during cyclonic

events, while important rainfall occurs during winter months due to the location in the tropical zone.

Figure 2.1 shows the location of the Shires of Atherton, Eacham, Herberton and Mareeba in Far North Queensland (also shown are the areas of each of the shires). The Tablelands region is shown in figure 2.2. The region includes Chillagoe in the west, Mareeba and Kuranda in the north, Yungaburra, Malanda and Millaa Millaa in the east and Mt Garnet and Ravenshoe in the south.

FIGURE 2.1 LOCAL GOVERNMENT AREAS IN FAR NORTH QUEENSLAND



Source OSER (2000).

FIGURE 2.2 MAP OF THE ATHERTON TABLELANDS AND SURROUNDING REGION



Source Tropical Tableland Promotion Bureau, <http://www.athertontableland.com/region3.gif>.

## POPULATION

Several Aboriginal tribes occupied the Atherton Tablelands prior to European settlement in the early 1880s. The Yidiny Aboriginals occupied the area around Cairns and Mareeba, while the Dyirral Aboriginals occupied the Atherton/Innisfail area. The discovery of tin in Herberton in 1875 led to the population growth in the area that was originally settled around 1870.

### Total population

The estimated residential population of the Atherton Tablelands at the last official Census in 1996 was 39 833 persons, representing approximately 19 per cent of the population of the Far North Queensland statistical division and 1.2 per cent of the population of Queensland. The population breakdown among the four shires for 1996–99 can be seen in table 2.1. As of 1999, Mareeba, the most populous shire, consisted of approximately 46 per cent of the region's population, followed by Atherton (25 per cent), Eacham (16 per cent) and Herberton (13 per cent). The proportion of the population in each of the four shires did not change significantly over the four-year period.

Each of the four shires has seen its population increase over the last four years. Herberton recorded the highest annual population growth since 1996, with the population growing at a rate of 1.3 per cent per year. The smallest increase occurred in Eacham, with an average annual growth of 0.6 per cent. Overall, the region has experienced an average annual growth of 0.8 per cent between 1996–1999. Over the same time period, the average annual growth rate in the region was substantially lower than the population growth rate for the whole of Queensland (1.3 per cent).

TABLE 2.1 BREAKDOWN OF POPULATION IN ATHERTON TABLELANDS—1996–1999

<i>Local Government Area</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
Atherton	10 131	10 236	10 395	10 469
Eacham	6 293	6 370	6 419	6 451
Herberton	5 253	5 370	5 464	5 520
Mareeba	18 217	18 375	18 642	18 789
Total	39 894	40 351	40 920	41 229

*Note* The total population shown for 1996 is marginally more than that given in the 1996 census. Numbers shown here represent the estimated resident population in 1996.

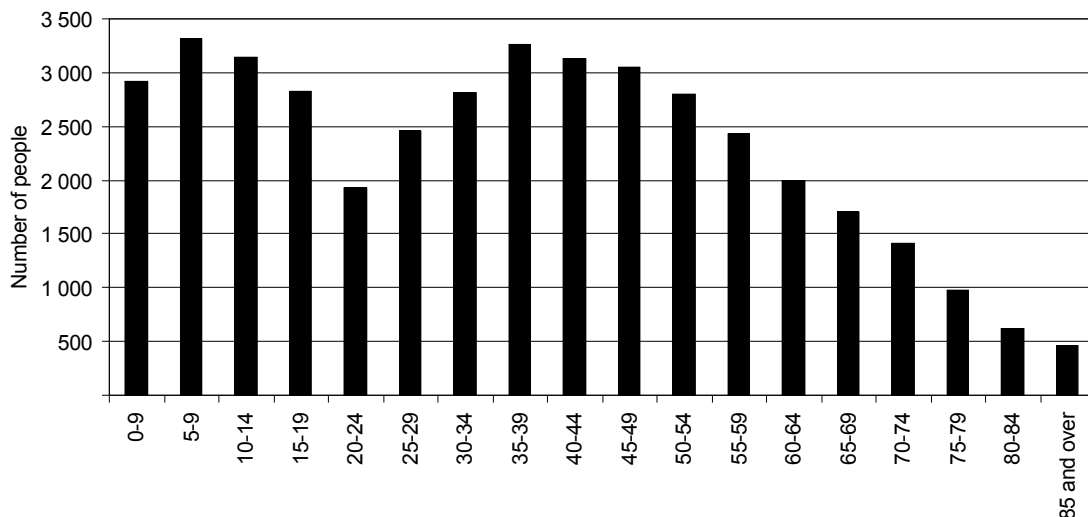
*Source* OESR (1998a, 1998b, 1999a, 1999b, 2000).

### Demographic characteristics

One of the problems facing rural and regional areas in Australia is the exodus of younger people due to the lack of employment and educational opportunities. This is particularly evident from figure 2.3, where the estimated

population in the Atherton Tablelands declines in the age groups between 10 and 24. The small decline in the number of people in the age groups 10–14 and 15–19 is probably a result of parents' decisions to send their children to boarding school. Part of the fall is also a result of year 12 students leaving the area to further their education at a tertiary institution. The big fall in the age group 20–24 is probably due to two factors: students leaving to take up their places at university or agricultural colleges and the lack of career opportunities resulting in younger people leaving their home towns seeking work. The increase in the population between the ages of 25 and 39 could be because some of the people that leave return later (it could also reflect higher birth rates of the time). It is likely that the continual departure of younger people would result in future skills shortages.

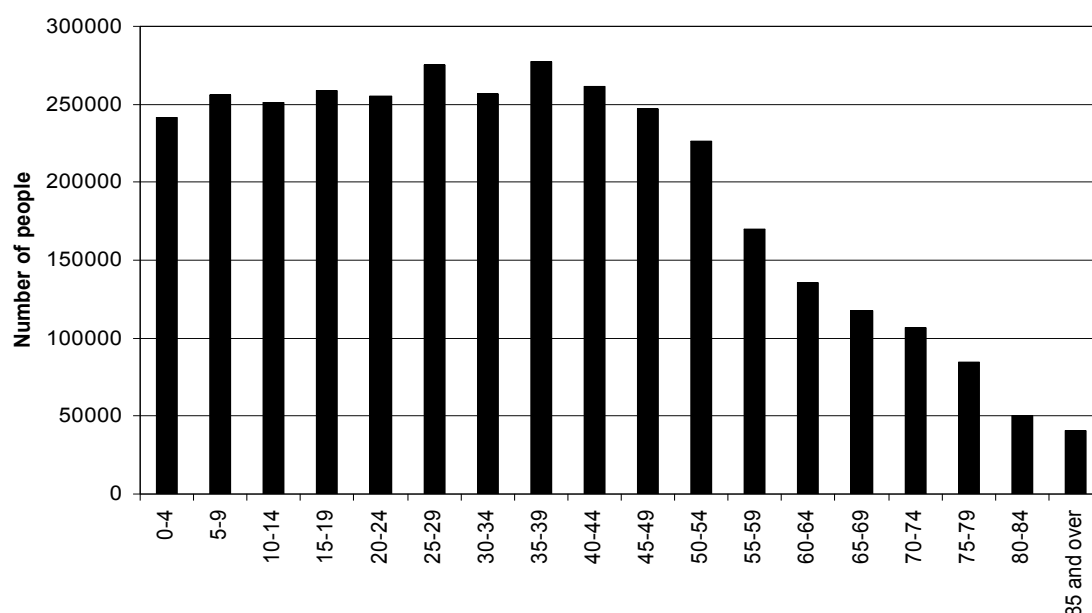
FIGURE 2.3 BREAKDOWN OF THE ESTIMATED POPULATION BY AGE GROUP IN THE ATHERTON TABLELANDS—1999



Source ABS (2000a).

This is a significantly different picture to the one presented for the State of Queensland (figure 2.4). The age breakdown in Queensland shows a reasonably constant number of people up to the 40–44 age group and then shows a decline in the number of older people, as is the case of the Tablelands. This pattern further highlights the issue of the departure of younger people in the Tablelands.

FIGURE 2.4 BREAKDOWN OF THE ESTIMATED POPULATION BY AGE GROUP IN QUEENSLAND—1999



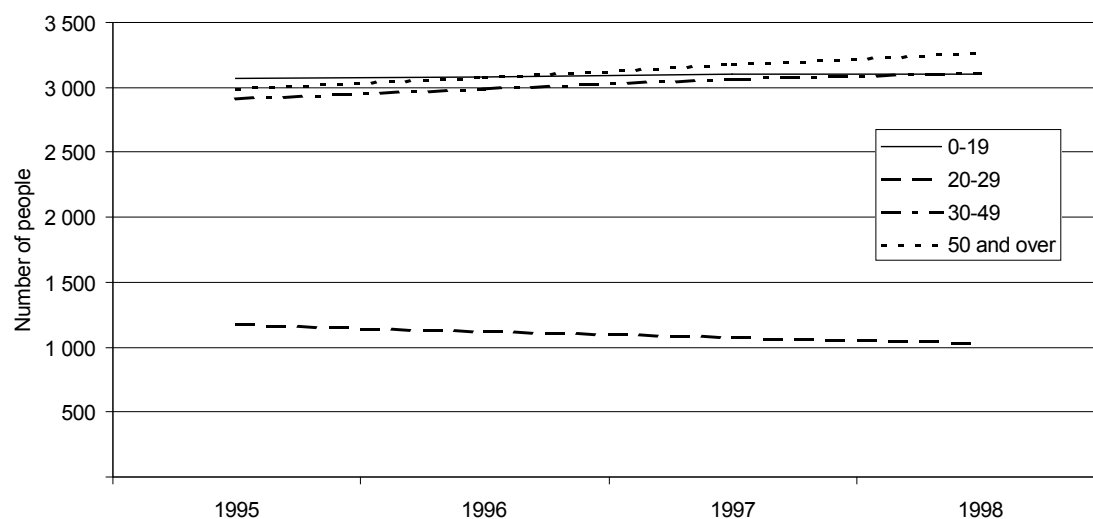
Source ABS (2000a).

A time series examination reveals how the age groups in the individual shires changed from 1995 to 1998 (figures 2.5 to 2.8). The breakdown was chosen to capture the following groups: 0–19 years—students leaving to further their education; 20–29—young people leaving because of a lack of employment, 30–49—those who remain in the area; and 50 and over—those who may return and retire in the area.

With the exception of Mareeba, each of the shires within the Atherton Tablelands saw their resident population in the 20–29 age group fall over the period 1995–98. The highest fall was recorded in Atherton, where the population of this group fell by approximately 13 per cent, followed by Herberton (8.2 per cent). Part of this fall may be a result of population moving from one bracket to the next; however, it is also likely that it is a result of people leaving to improve their employment opportunities. This is even more concerning, considering that the population in the Atherton Tablelands grew on average by 0.8 per cent per year between 1996–1999.

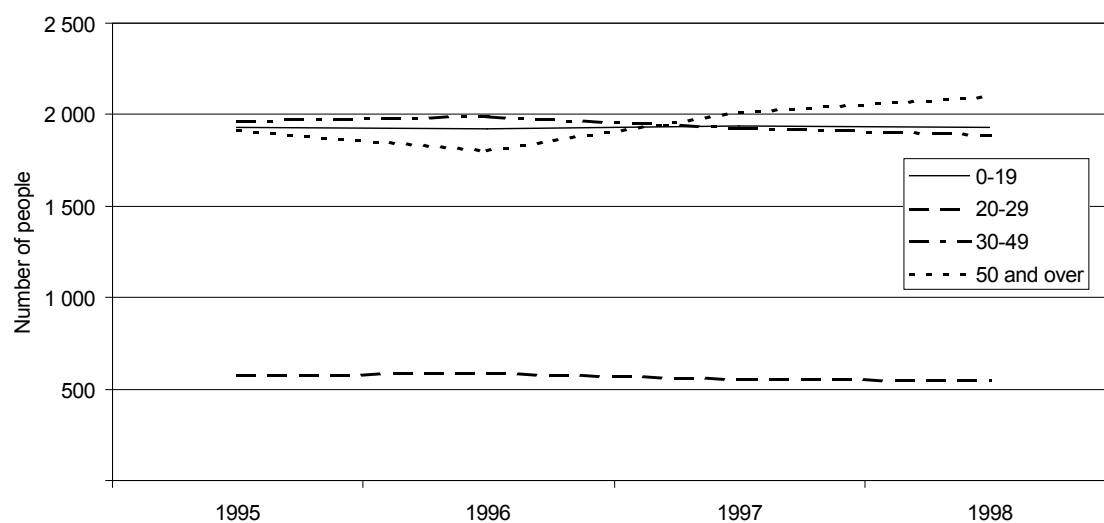
The highest growth in the age group categories for all four shires occurred in the 50 and over category, growing between 9 and 17 per cent between 1996–1999. This is possibly due to the aging of the baby boomer generation. Overall, the Atherton Tablelands is characterised by the young leaving and an aging population. These two factors may have a detrimental effect on the prospects of the region due to potential skills shortages, as local industries attempt to source labour.

FIGURE 2.5 BREAKDOWN OF ESTIMATED RESIDENTIAL POPULATION BY AGE GROUPS, ATHERTON – 1996–1999



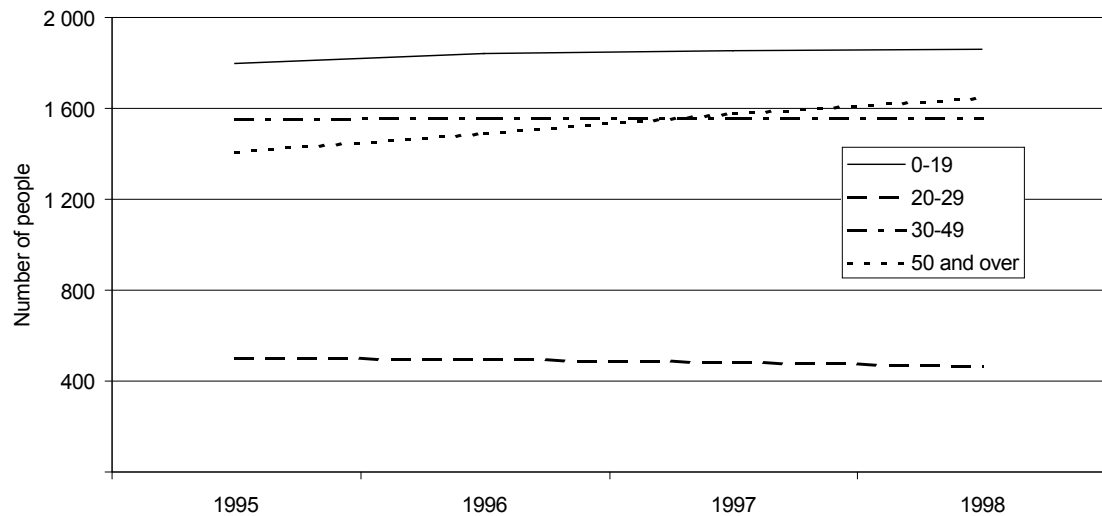
Source ABS (1998a, 1998b, 1999, 2000a).

FIGURE 2.6 BREAKDOWN OF ESTIMATED RESIDENTIAL POPULATION BY AGE GROUPS, EACHAM – 1996–1999



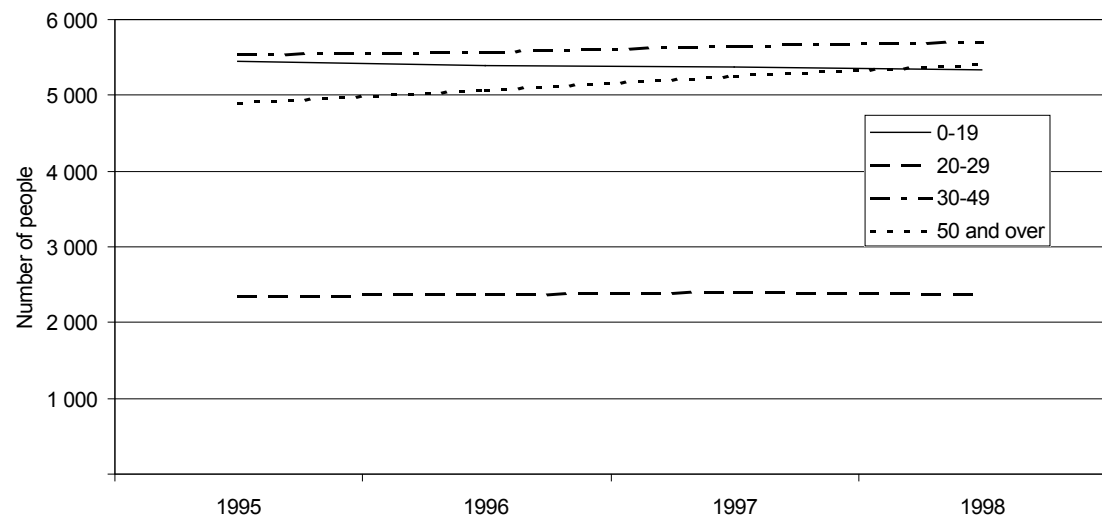
Source ABS (1998a, 1998b, 1999, 2000a).

FIGURE 2.7 BREAKDOWN OF ESTIMATED RESIDENTIAL POPULATION BY AGE GROUPS, HERBERTON—1996–1999



Source ABS (1998a, 1998b, 1999, 2000a).

FIGURE 2.8 BREAKDOWN OF ESTIMATED RESIDENTIAL POPULATION BY AGE GROUPS, MAREEBA—1996–1999



Source ABS (1998a, 1998b, 1999, 2000a).

## Indigenous population

Approximately eight per cent of the Atherton Tablelands' population is of Aboriginal and/or Torres Strait Islander descent. A breakdown according to local government area is illustrated in table 2.2. Within the Atherton Tablelands, 59 per cent of the indigenous population of the region resides in the Mareeba



Shire. The lowest indigenous population in the region is found in Eacham Shire, where approximately five per cent of the Tablelands' population of Aboriginal and/or Torres Strait Islander descent resides.

TABLE 2.2 ABORIGINAL AND TORRES STRAIT ISLANDER (ATSI) PERSONS—1996

<i>Local Govt. Area</i>	<i>Aboriginal</i>	<i>Torres Strait Islander</i>	<i>Both</i>	<i>Total ATSI</i>	<i>Proportion of total population</i>
Atherton	438	38	36	512	5.0
Eacham	136	17	7	160	2.6
Herberton	495	60	11	566	10.9
Mareeba	1 631	141	35	1 807	9.9
Total	2 700	256	89	3 045	7.6

Source OESR (1998a).

### Ethnic population

At the time of the 1996 census, approximately 9 per cent of the Atherton Tablelands' population spoke a language other than English. This is a surrogate indicator used to measure the ethnic breakdown of the regional population. Mareeba Shire had the highest proportion of citizens (13 per cent) who spoke a language other than English, whereas the proportion in the other three shires ranged between four and six per cent. Approximately 59 per cent of the ethnic community of Mareeba is made up of Italians. The ethnic composition is similar in Atherton, where Italians comprise 52 per cent of the ethnic community. Although the Italian community is substantial in both Eacham and Herberton (18 and 6 per cent of the ethnic population respectively), the largest ethnic community is German, representing approximately 33 and 18 per cent of the ethnic population respectively.

TABLE 2.3 LANGUAGE SPOKEN AT HOME—1996

<i>Local Govt. Area</i>	<i>Chinese languages</i>	<i>Italian</i>	<i>German</i>	<i>Vietnamese</i>	<i>Other</i>	<i>Total NESB<sup>a</sup></i>	<i>Proportion of total population</i>
Atherton	8	306	67	3	196	580	5.7
Eacham	3	42	76	0	108	229	3.7
Herberton	6	15	45	0	190	256	4.9
Mareeba	15	1 414	174	3	764	2 370	13.0
Total	32	1 777	362	6	1 258	3 435	8.6

a. NESB—Non-English speaking background

Source OESR (1999b).

Another approach to determine the ethnic population of the Atherton Tablelands is to estimate the number of residents that were born overseas. This breakdown is shown in table 2.4. Approximately 14.4 per cent of the population in the Atherton Tablelands was born overseas, slightly lower than the Queensland average of 16.1 per cent. The highest proportion of overseas-born residents is in Mareeba, where approximately 17 per cent of all residents were born overseas. The other three shires also had a large proportion of overseas-born residents (approximately 12 per cent of the total population).

TABLE 2.4 OVERSEAS-BORN RESIDENTS BY PERIOD OF ARRIVAL—1996

<i>Local Govt. Area</i>	<i>Arrived before 1981</i>	<i>Arrived 1981–1985</i>	<i>Arrived 1986–1990</i>	<i>Arrived 1991–1996</i>	<i>Not stated</i>	<i>Total</i>
Atherton	973	111	69	70	36	1 259
Eacham	611	39	82	32	9	773
Herberton	451	57	44	46	24	622
Mareeba	2 339	224	200	203	127	3 093
Total	4 374	431	395	351	196	5 747

Source OESR (no date).

## INFRASTRUCTURE AND FACILITIES

### Utilities

#### *Electricity distribution*

Ergon Energy Corporation Ltd, a Queensland Government Statutory Authority, provides electricity distribution in the Atherton Tablelands. Ergon Energy was formed on 1 July 1999 with the merger of the State's six electricity distribution corporations, which included the Far North Queensland Electricity Board (FNQEB), the previous electricity distributor in the region. Discussions in the region revealed some concerns by dairy farmers in the Southern Tablelands about the provision of the power supply. However, Ergon Energy, as part of their network renewal, are in the process of rectifying the present deficiencies in the system, but this is a long-term plan.

#### *Water supply*

Water supplies used in agricultural production in the Northern Tablelands are predominantly sourced from the Tinaroo dam, which supplies the Mareeba-Dimbulah Irrigation Area (MDIA). Water in the Southern Tablelands is mainly sourced from local water systems and bores while local governments provide urban water services throughout the Tablelands.

One of the issues that will need to be addressed, as Tinaroo dam approaches capacity, is the adequate provision of water to meet current and future agricultural needs. Water supply will be a particular problem if farmers diversify or expand production into more water-intensive crops, such as sugar cane, in order to improve their economic prospects. Such diversification may have an impact on the level of salinity in the region, with increasing salinity already an issue identified by some farmers of other crops. In 1998–99 and 1999–2000, the Queensland State Government has funded minor upgrades of the water infrastructure in the region to assist with the needs of increased sugar production.

Another issue raised was the age of the distribution infrastructure in the MDIA in the Northern Tablelands. Put in place in the 1950s and 1960s, the channels may need upgrading to deal with additional water requirements in the future.

### *Telecommunications*

While there are no detailed data available about telecommunications services in the Atherton Tablelands, discussions in the area highlighted some issues of concern to local residents.

Mobile phone coverage was said to be ‘patchy’ in the region outside the towns of the area, but there was no indication if this situation had improved recently or deteriorated with the shut down of the analogue network. Coverage maps published by Telstra, Optus and Vodafone provide some indication of the mobile services available in the Atherton Tablelands. Telstra’s mobilenet digital services maps show coverage around the towns of Mareeba and Atherton, but have no coverage further west, and there are gaps in coverage between the Tablelands and the coast. Vodafone and Optus digital services maps show similar coverage.

CDMA (the replacement for the analogue network) has some coverage in the Tablelands (the available CDMA maps were not detailed enough to determine the extent of coverage). Vodafone Globalstar satellite mobile phone service, and similar services provide by the other carriers, have 100 per cent coverage of Australia. These services require satellite mobile phone handsets that are more expensive than digital mobile phones.

Internet access at local call rates was an issues raised by a number of people in discussions. The ‘FRAN Internet access for ALL’ program in the Department of Communications, Information Technology and the Arts is funding an initiative throughout Australia to provide Internet access at local call prices to all communities within Australia.

A specific case of a delay of several days in having a new phone connected was raised in discussions in the area as an example of the sometimes poor quality of service available. It was not possible to determine if this was an isolated incident. The time for a new connection was still within the legislated customer

service guarantee specified period for new connections in major rural areas (population between 2 500 and 10 000). This customer service guarantee requires Telstra to provide a new connection within 10 working days if there is existing infrastructure and spare capacity, or within 20 working days if there is no infrastructure or spare capacity in a major rural area.

## **Transport**

### ***Road transport***

Future economic development in the Atherton Tablelands will be dependent on an efficient and effective road network in order to meet the transport requirements of primary producers to export their produce either domestically or internationally from key centres, such as Cairns. Presently, road transport is the favoured means to transport freight within the Tablelands and to the key centres. In the Far North Queensland Situation Report, prepared by the Centre for Agricultural and Regional Economics Armidale (2000), it was identified that enhancements of freight-efficient transport linkages to the region's ports and airports are essential to overcome intra-regional disparities and to promote economic development of the region.

The road network in the Tablelands is made up of a series of regional, district and local roads that are the responsibility of State and local governments. The major inadequacy of the road network in the Tablelands exists on the Kennedy Highway between Smithfield (Cairns) and Kuranda. The steep gradient, poor alignment and heavy vehicles combine to restrict the capacity of the existing road to approximately 8 000 vehicles per day (Department of Main Roads 1999). With approximately 6 800 vehicles using this section of the highway daily, the existing facilities are approaching full capacity. Furthermore, as this section of the highway cannot accommodate B-Double vehicles, it is a major impediment to economic efficiency and freight-efficient movements between the Tablelands and Cairns (Department of Main Roads 1999).

The Integrated Transport Study for Kuranda Range was, at the time of developing this report, in the final stages of investigating options for improving the road links between Cairns and the Tablelands. The final recommendations are to go to the State government shortly.

### ***Air transport***

The close proximity of the Atherton Tablelands to Cairns enables local industries to utilise Cairns' domestic and international airport to develop and create new markets as well as sustaining current markets for their products. The ability to export fresh produce will become even more important as the local farmers diversify into alternative crops as the effects of tobacco and dairy deregulation continue to filter through. In 1996, Cairns Airport had 184 direct

international flights per week to 14 international destinations and 600 domestic flights per week to 30 direct destinations (Department of Tourism, Small Business and Industry 1996). The number of international flights out of Cairns has been affected by the economic crisis that began in Asia. However, as the Asian region recovers, the number of flights will increase. In May 2000 there were 67 international flights per week to 8 international destinations.

The only airport offering local services in the Tablelands is Mareeba, which is currently operated by Mareeba Shire Council. The facilities at the airport, although limited, include a bitumen runway, lighting, and fuel services. The other airfields in the region are located at Atherton and Herberton; however, the runways are grass, only permitting use by light aircraft.

### ***Rail***

At present, environmental, heritage and logistical constraints limit rail services within the Tablelands. Regular freight and passenger services within the Atherton Tablelands are only offered between Cairns and Mareeba as part of the Cairns to Forsyth service, which operates once a week. However, the Cairns-Mareeba-Arriga rail line has been recently upgraded to provide for haulage of sugar cane products from the new sugar mill near Mareeba (FNQ RPAC 2000). Queensland Rail also operates a scenic railway journey between Cairns and Kuranda as a tourist attraction. This service offers limited benefits to the region in terms of the movement of freight, as it only services one small geographic market in the region.

The use of rail has been limited by the height of existing tunnels, which are too short to take many modern containers and are heritage listed.

### **Housing**

There were 14 318 occupied private dwellings in the Atherton Tablelands in 1996. According to the 1996 census, 6 847 were fully-owned, 2 337 were in the process of being purchased and 3 670 were rented. This breakdown between the different accommodation arrangements is illustrated for each shire in table 2.5. Eacham Shire has the highest proportion of residents that fully own their residential property (50 per cent) and there were only small differences between the four shires. The level of home ownership is higher than for the whole of Queensland, where almost 40 per cent of the houses are fully-owned.

TABLE 2.5 ACCOMMODATION ARRANGEMENTS IN THE ATHERTON TABLELANDS—1996

<i>Local Govt. Area</i>	<i>Fully-owned</i>	<i>Being purchased</i>	<i>Rented</i>	<i>Being occupied rent-free</i>	<i>Total</i>
Atherton	1 861	573	143	89	3 872
Eacham	1 133	421	501	82	2 284
Herberton	875	324	409	77	1 794
Mareeba	2 978	1 019	1 617	274	6 368
Queensland	469 780	298 312	362 793	19 606	1 204 072

Source OSER (1999a).

Atherton had the highest proportion of dwellings being rented (30 per cent), though the level of full home ownership was 48 per cent. This high level of rental accommodation may be a result of many factors, such as lower unemployment relative to other areas in the Tablelands, cooler weather relative to the coast and Northern Tablelands and a transient or mobile population working in tourism and the seasonal workforce arriving during fruit picking seasons. Atherton also acts as a service centre for the Tablelands. People are therefore likely to reside in Atherton, increasing demand for rental properties and creating increased opportunities for private investment in the town. The higher demand is illustrated in table 2.6, which shows that the median weekly rents are approximately 11 per cent higher in Atherton than in Herberton or Mareeba. As a result, more private investment in residential dwellings is likely to take place in Atherton, where the rate of return on investment is likely to be higher. While the proportion of 30 per cent of rented dwellings is high for the Tablelands, it is the same as the proportion in Queensland.

TABLE 2.6 MEDIAN WEEKLY RENTS—MARCH QUARTER 2000

<i>Local Govt. Area</i>	<i>2 bedroom flat</i>	<i>3 bedroom house</i>
Atherton	115	155
Eacham	na	150
Herberton	100	140
Mareeba	100	140

Note na — not available.

Source OESR (2000).

### **Tourist accommodation**

Tourist accommodation figures were only available for Atherton and Eacham shires, with Mareeba and Herberton included in the 'other' category with five other local government areas.

There appears to have been no change in the level of tourist accommodation over the last two years in Atherton and Eacham, but table 2.7 shows that there

was a modest decline in the availability of guest rooms. This anomaly is explained by a change in the scope of reporting by the Australian Bureau of Statistics. Since 1998, survey forms are sent to hotels, motels and guesthouses that have 15 or more rooms, whereas previously, they were sent to accommodation establishments that had eight or more rooms. From the table, it appears that there is plenty of scope to attempt to increase tourism opportunities without increasing the supply of guest rooms, as the average occupancy rate was below 45 per cent. This was substantially lower than the average occupancy rate of guest rooms in the Far North Statistical Division (63 per cent) and Queensland (60.7 per cent). However, Cairns City-Central suburbs dominate the region with an average occupancy rate of 76 per cent.

Nonetheless, the data from table 2.7 show that there was a slight improvement in the average room occupancy rate in Atherton during 1999, increasing approximately 4 per cent (or 11 per cent change year-on-year). Eacham, during the same period, had the lowest occupancy rate (29.4 per cent) in the Far North Statistical Division. The average occupancy rate in Eacham fell 2.3 per cent (down approximately 7 per cent year-on-year) during 1999.

TABLE 2.7 AVAILABILITY OF TOURIST ACCOMMODATION—1997–1999

<i>Region</i>	<i>Establishments</i>	<i>Guest rooms</i>	<i>Average room occupancy rate</i>	<i>Takings (000)</i>
December Quarter 1997				
Atherton	na	98	48.7	806.2
Eacham	na	114	38.4	914
Mareeba	na	161	43.1	1470.1
December Quarter 1998				
Atherton	3	72	39.1	606
Eacham	3	77	31.7	499
Balance <sup>a</sup>	16	673	na	14909
December Quarter 1999				
Atherton	3	72	43.3	604
Eacham	3	77	29.4	498
Balance <sup>a</sup>	5	157	37.2	2624

*Note* na — not available.

a This includes Aurukan, Cook, Croydon, Etheridge, Herberton, Mareeba and the SLA of Cairns.

*Source* OESR (1998a, 1999a, 2000).

## SOCIAL INDICATORS

### Health

The Tablelands Health Services District provides health services in the Atherton Tablelands. The district's administrative area includes the Shires of Atherton,

Croydon, Eacham, Etheridge, Herberton and Mareeba. With the exception of Eacham, all three shires of interest are serviced by a hospital, with the major facilities at Atherton and Mareeba hospitals. Queensland Health also provides outpatients clinics at smaller towns, such as Dimbulah, Millaa Millaa and Malanda. The only private health facilities within the region are three private nursing homes.

The largest hospital in the Tablelands is Atherton Hospital. As of 1997–98, Atherton had 72 beds available, down from 84 beds in 1992–93, and employed 230 people to provide medical services and to maintain the hospital. Over the period between 1992–93 and 1997–98, annual occupancy rates increased from 51.3 per cent to 67.5 per cent, but this may reflect the change in the number of beds. In addition to normal hospital patient care services at Atherton Hospital, accident and emergency, medical services and general services are provided. Hospital medical staff also provide specialist and visiting services within the district. More serious medical cases are generally referred to Cairns Base hospital or Townsville General hospital.

Mareeba, the second largest hospital in the Tablelands, provides similar medical and specialist services to Atherton Hospital. There were 61 available beds in 1997–98, down from 70 in 1992–93, with an average occupancy rate of 61 per cent. Admission rates at the hospital increased by approximately 7 per cent since 1992–93. The other hospital in the area, located at Herberton, had 42 beds in 1997–98.

The types of episodes that require hospitalisation in the Atherton Tablelands are similar to those for the whole of Queensland (table 2.8). Common reasons for hospitalisation in Atherton Tablelands that did not figure as highly in Queensland as a whole include 'other cellulitis and abscess' (5<sup>th</sup>) and 'pneumonia, organism unspecified' (10<sup>th</sup>). These data do not appear to point to any special health needs of the people in the Atherton Tablelands.

Finally, the ratio of doctors to patients in the Atherton Tablelands is slightly higher (573 patients to 1 doctor) than the doctor/patient ratio for the rest of Queensland (530 patients to one doctor). However, the Queensland ratio is likely to be significantly overestimated, as these data, provided by Queensland Health, are obtained from a labour force survey and are based on the number of responses received. A cross check of the data in the Atherton Tablelands from the Health Professional Registration Boards revealed 72 registered doctors compared with only 30 respondents from the Queensland Health survey. It is possible that not all of the registered doctors are practicing.



TABLE 2.8 TOP 10 EPISODES OF CARE BY PRINCIPAL CONDITIONS FOR RESIDENTS OF QUEENSLAND COMPARED TO ATHERTON TABLELANDS—1998–1999

<i>Episodes of Care</i>	<i>Atherton Tablelands</i>	<i>Queensland</i>
	<i>Number of episodes</i>	
After care involving intermittent dialysis	819	77 198
Other and unspecified after care	559	55 055
Care involving use of rehabilitation procedures	205	28 690
Cataract	250	23 079
Diseases of the oesophagus	192	20 873
Other symptoms involving abdomen and pelvis	201	17 463
General symptoms	183	15 506
Other mn of skin	281	15 504
Symptoms involving respiratory system and other chest symptoms	204	14 239
Asthma	145	11 995

*Note* mn — malignant neoplasms.

*Source* Queensland Hospital Admitted Patient Data Collection—Queensland Health (unpublished data).

### Household income

With the exception of Eacham, average household income in the Atherton Tablelands has fallen marginally since 1981 (table 2.9). The worst affected shire was Herberton, which saw the average income of households fall by approximately 16 per cent. The fall in the average household income in Mareeba (5.4 per cent) and Atherton (4.6 per cent) were not as great, but were still noticeable and likely to be felt within the local community.

TABLE 2.9 AVERAGE HOUSEHOLD INCOME IN ATHERTON TABLELANDS—1981–1996

<i>Local Govt. Area</i>	<i>1981</i>	<i>1986</i>	<i>1991</i>	<i>1996</i>
Atherton	33 082	31 954	29 294	31 568
Eacham	32 959	31 258	30 317	32 980
Herberton	30 417	27 826	24 822	25 599
Mareeba	33 973	31 001	31 848	32 132

*Source* National Economics (2000).

### Labour force and unemployment

Employment conditions in the Atherton Tablelands varies with seasonal and cyclical conditions due to the seasonality of agricultural crops produced and tourism. The level of unemployment in the Atherton Tablelands for the population aged 15 and over at the time of the 1996 Census averaged 11.9 per cent (table 2.10 and 2.11). The level of unemployment was almost four per cent higher than the Far North Statistical Division average and 2.3 per cent higher

than the average unemployment rate across Queensland. Furthermore, the participation rate in the Atherton Tablelands was almost 10 per cent lower than the rate for the whole of the Far North. This may, at least partially, reflect unaccounted family labour on farms.

The unemployment and participation rates for Atherton, Eacham and Mareeba Shires are not too dissimilar to that of Queensland. Herberton Shire, however, had the highest unemployment rate (19.7 per cent) in the Far North region. As a result, the scale of unemployment in Herberton Shire forced up the unemployment rate across the Atherton Tablelands. The high level of unemployment within the Herberton shire is also possibly affecting the level of participation in the labour market (49.4 per cent). It would appear that residents are leaving the labour market as there are relatively few opportunities to gain employment.

TABLE 2.10 LABOUR FORCE STATUS—1996 ('000)

	<i>Employed</i>			<i>Unemployed</i>	<i>Labour force</i>	<i>Not in labour force</i>	<i>Civilian population<sup>b</sup></i>
	<i>Full time</i>	<i>Part time</i>	<i>Total<sup>a</sup></i>				
Atherton	2.6	1.2	3.9	0.4	4.3	3.2	7.9
Eacham	1.7	0.6	2.3	0.3	2.6	1.8	4.7
Herberton	0.9	0.4	1.4	0.3	1.7	1.8	3.8
Mareeba	4.7	2.1	7.0	0.7	7.8	5.3	13.9

a includes 'not stated'.

b includes overseas visitors.

Source OESR (1998a).

TABLE 2.11 LEVEL OF UNEMPLOYMENT IN ATHERTON TABLELANDS—1996

<i>Local Govt. Area</i>	<i>Unemployment rate (%)</i>	<i>Participation rate (%)</i>
Atherton	8.6	56.9
Eacham	9.8	58.6
Herberton	19.7	49.4
Mareeba	9.5	59.3

Note Only those persons who stated their labour force status were included in this calculation.

Source OESR (1998a).

Additional data, obtained from the Department of Employment, Workplace Relations and Small Business (DEWRSB), indicates that the unemployment rate in the Atherton Tablelands has been increasing (table 2.12). In the March 2000 quarter, unemployment in all shires increased to levels of 11 per cent or more. Over the five quarters shown, there appears to be an increasing trend in the

unemployment rate in these shires. However, some caution is required when interpreting the data contained in table 2.12, as the estimates were not adjusted for seasonal and other factors and are highly variable. The increase in the level of unemployment in the Atherton Tablelands is in contrast to Australia as a whole, where the unemployment rate has been falling.

TABLE 2.12 UNEMPLOYMENT RATES FOR ATHERTON TABLELANDS—MARCH QUARTER 1999–MARCH QUARTER 2000

<i>Local Govt. Area</i>	<i>Mar 99</i>	<i>Jun 99</i>	<i>Sep 99</i>	<i>Dec 99</i>	<i>Mar 00</i>
Atherton	8.5	10.1	10.4	9.8	11.2
Eacham	7.8	8.9	9.1	8.5	11.7
Herberton	12.1	14.3	13.4	13.1	16.9
Mareeba	7.7	9.2	8.5	8.8	11.0

*Source* DEWRSB Small market area labour market survey (unpublished).

### Social security payments

In the Atherton Tablelands, approximately 30.4 per cent of the population was obtaining some type of government assistance in the form of social security payments (table 2.13). This is slightly higher than the total for Queensland, where 27.5 per cent of the population received some form of social security payment. Aged pensions represent the most common form of social security within the region, averaging approximately 32 per cent of the total number of people receiving benefits.

The number of people receiving the aged pension equated to approximately 10 per cent of the total population of the Tablelands. Likewise, the aged pension was the most common form of social security payment in Queensland, where some 8 per cent of the population is on an aged pension. There was a substantial difference in the number of recipients receiving the aged pension in the four shires. In Atherton, approximately 37.4 per cent of all social security recipients were receiving the aged pension, followed by Mareeba (31.4 per cent), Eacham (30.6 per cent) and Herberton (26.3 per cent). These data seem to suggest that the population in Atherton is older than in other parts in the region, probably reflecting older people moving to Atherton in retirement as it is the service centre of the Tablelands

Apart from the aged pension, the second most common form of social security payment in the Tablelands was newstart allowance. Approximately 17 per cent of social security recipients in the region were receiving newstart allowance. Herberton had 21 per cent of recipients receiving newstart, which highlights the present employment problems within the Shire. The other three shires each had a proportion of between 16 and 17 per cent of recipients receiving newstart. Not surprisingly, the proportion of people on newstart in Queensland as a whole was lower (14 per cent), reflecting the lower level of unemployment.

The age pension and newstart allowance account for approximately 50 per cent of all social security recipients in the Atherton Tablelands. The BTE has not been able to obtain similar data for previous years, which would enable the analysis of trends. However, with increasing unemployment in the area, it is possible to conjecture that the number of people on labour market allowances is likely to have increased in the short to medium term.

TABLE 2.13 NUMBER OF SOCIAL SECURITY PAYMENT RECIPIENTS AT 30 JUNE 1999

<i>Local Govt. Area</i>	<i>Newstart</i>	<i>Youth training</i>	<i>Mature age</i>	<i>Age pension</i>	<i>Disability</i>	<i>Total welfare recipients</i>
Atherton	563	94	43	1 336	381	3 570
Eacham	332	33	20	591	241	1 932
Herberton	339	36	18	425	228	1 618
Mareeba	949	114	47	1 707	716	5 430
Queensland	136097	20475	8672	283744	104299	964663

Source ABS (2000b).

## Debt

Rural debt in the Atherton Tablelands is indicated in table 2.14 to table 2.17 below. The regions represented by the data in these tables are much broader than the four shires of interest, and serves to provide some insight into debt in the region. Data were collected from financial institutions. There is some doubt about the accuracy of the industry breakdowns, some farmers having changed what they produced and this change not being recorded by the bank. This is particularly likely to overstate the numbers in the tobacco category. However, totals should provide a good representation.

The ratings used are as follows:

- A: Borrowers who are considered viable under most or all circumstances.
- B+: Borrowers who are considered potentially viable long-term, but are experiencing debt servicing difficulties.
- B1: Borrowers who are experiencing debt-servicing difficulties and a deteriorating debt situation, but with continuing support from lenders.
- B2: Borrowers who are experiencing debt servicing difficulties and a deteriorating debt situation.
- C: Borrowers who are considered non-viable.

It can be seen that slightly more than 25 per cent of farmers in both regions are having difficulty servicing their debt or are considered non-viable. This group of farmers has total debt of almost \$230 million.

TABLE 2.14 NUMBER OF BORROWERS IN THE CENTRAL NORTH REGION (INCLUDES MAREEBA AND HERBERTON)

	Rating					Total
	A	B+	B1	B2	C	
Beef	124	110	45	6	2	287
Cotton	1	1	1	1	0	4
Dairy	8	5	1	1	0	15
Grain	3	7	8	0	2	20
Grain/grazing	7	12	13	1	1	34
Horticulture—tree crops	22	31	12	3	3	71
Horticulture—vegetables	3	7	3	1	1	15
Intensive livestock	4	10	2	2	1	19
Other	37	37	35	3	2	114
Sheep/wool	8	11	2	1	0	22
Sugar	7	16	5	1	0	29
Tobacco	20	41	24	3	0	88
Total	244	288	151	23	12	718

Source QRAA (1999).

TABLE 2.15 AMOUNT OF BORROWINGS IN THE CENTRAL NORTH REGION (INCLUDES MAREEBA AND HERBERTON) (\$000)

	Rating					Total
	A	B+	B1	B2	C	
Beef	88085	63550	17359	2221	40	171255
Cotton	0	0	75	0	0	75
Dairy	1677	4957	1826	160	0	8620
Grain	449	501	87	0	20	1057
Grain/grazing	2763	7109	4051	614	0	14537
Horticulture—tree crops	5180	8468	1029	149	822	15648
Horticulture—vegetables	676	3202	0	0	30	3908
Intensive livestock	1162	2776	0	0	0	3938
Other	12547	4463	1511	60	289	18870
Sheep/wool	2289	5579	1324	0	0	9192
Sugar	4189	9853	3505	0	0	17547
Tobacco	2362	5478	3313	615	0	11768
Total	121379	115936	34080	3819	1201	276415

Source QRAA (1999).

TABLE 2.16 NUMBER OF BORROWERS IN THE TROPICAL NORTH COAST REGION  
(INCLUDES ATHERTON AND EACHAM)

	<i>Rating</i>					<i>Total</i>
	<i>A</i>	<i>B+</i>	<i>B1</i>	<i>B2</i>	<i>C</i>	
Beef	145	160	93	16	2	416
Cotton	1	0	0	0	0	1
Dairy	49	54	18	9	0	130
Grain	32	41	51	2	0	126
Grain/grazing	20	18	11	4	1	54
Horticulture—tree crops	113	102	92	22	8	337
Horticulture—vegetables	38	28	52	10	5	133
Intensive livestock	16	17	9	2	2	46
Other	152	171	341	2	12	678
Sheep/wool	3	2	1	1	0	7
Sugar	1122	739	199	42	4	2106
Tobacco	9	21	19	2	0	51
Total	1700	1353	886	112	34	4085

Source QRAA (1999).

TABLE 2.17 AMOUNT OF BORROWINGS IN THE TROPICAL NORTH COAST REGION  
(INCLUDES ATHERTON AND EACHAM) (\$000)

	<i>Rating</i>					<i>Total</i>
	<i>A</i>	<i>B+</i>	<i>B1</i>	<i>B2</i>	<i>C</i>	
Beef	69211	61949	29908	10372	129	171569
Cotton	42	0	0	0	0	42
Dairy	12376	18263	5510	2913	0	39062
Grain	3887	4238	343	80	0	8548
Grain/grazing	3502	4333	2256	223	0	10314
Horticulture—tree crops	28313	62165	14424	10863	2148	117913
Horticulture—vegetables	18137	12828	7777	2415	2496	43653
Intensive livestock	4094	5268	1853	555	640	12410
Other	32057	25455	9225	85	1025	67847
Sheep/wool	70	238	34	0	0	342
Sugar	439433	335751	61714	21609	383	858890
Tobacco	2478	3590	796	170	0	7034
Total	613600	534078	133840	49285	6821	1337624

Source QRAA (1999).

Local economic performance indicators for local government areas in Australia (National Economics 2000) suggest debt is an issue in the region. Debt affordability (the capacity of households to manage their debt) in Atherton, Eacham and Mareeba was rated low, with these shires ranked in the bottom 40 per cent of local government areas in Australia. Resilience to interest rate rises

and income falls were rated low for Eacham, Herberton and Mareeba, which all ranked in the bottom 40 per cent of Australian local government areas.

There is a general perception of farms facing increasingly high debt throughout Australia. In 1997–98, the average broadacre farm was estimated to have had more than \$150 000 of debt (Productivity Commission 1999a, p. 69). However, broadacre farms had only increased their debt-to-farm-capital ratio slightly over the last 15 years. Debt levels as a proportion of farm capital averaged around 12 per cent for these farms, which is quite low compared to other industries such as manufacturing (Productivity Commission 1999a, p. 69).

## Education

The proportion of the population that left school aged 14 years and younger was lower in the Far North Queensland Statistical Division (13.5 per cent) than in Queensland as a whole (15.4 per cent). However, this is not reflected in the Atherton Tablelands, where the proportion of residents that left school aged 14 years and younger was higher than both the State and Far North average. This breakdown is illustrated in table 2.18. Mareeba and Herberton (19.4 and 19 per cent respectively) had one of the highest percentages of residents aged 15 and over who left school 14 years and younger in the Far North region. This proportion was not much lower in Atherton (17.7 per cent) or Eacham (17.4 per cent). These residents are likely to be either elderly or migrants, as schooling in Queensland has been compulsory for children up to the age of 15 years for many years.

Furthermore, in the Atherton Tablelands, 250 residents never attended school. This represents approximately 25 per cent of the total for this category for the Far North region. Again, Mareeba had the highest proportion, at 1.2 per cent of the population aged 15 years and above, that never attended school, and Herberton the second highest at 0.9 per cent. The lowest proportion of the population aged 15 years and above that never attended school was in Eacham (0.3 per cent).

TABLE 2.18 AGE OF SCHOOL LEAVERS—1996

<i>Local Govt. Area</i>	<i>14 years and under</i>	<i>15 years</i>	<i>16 years</i>	<i>17 years</i>	<i>18 years</i>	<i>19 and over</i>	<i>Still at school</i>	<i>Never attended</i>	<i>Total</i>
Atherton	1 391	1 971	1 444	1 337	453	135	429	43	7 864
Eacham	812	1 145	929	806	244	82	198	12	4 674
Herberton	714	903	645	505	185	76	238	33	3 752
Mareeba	2 704	3 047	2 363	2 270	891	340	631	162	13 908
Total	5 621	7 066	5 381	4 918	1 773	633	1 496	250	30 198
QLD	407 315	614 216	481 768	534 654	197 121	61 264	113 229	10 052	2 636 560

Source OESR (1999b).

The percentage of the population aged 15 years and above who hold post-school educational qualifications in the Atherton Tablelands was 37.2 per cent, slightly below the Far North Region average of 39.5 per cent. Within the Atherton Tablelands, 1 785 (5.9 per cent) had a Bachelor degree or higher, 1 424 (4.7 per cent) had a diploma and 3 935 (13 per cent) had vocational qualifications, the most common form of post-school educational qualification in the region. Eacham had the highest proportion of people who held tertiary qualifications (7.2 per cent), followed by Atherton (6.7 per cent). The lowest proportion was in Herberton, where only 4.5 per cent of the population had tertiary qualifications.

TABLE 2.19 HIGHEST POST-SCHOOL EDUCATIONAL QUALIFICATIONS—1996

<i>Local Govt. Area</i>	<i>Bachelor degree or higher</i>	<i>Diploma</i>	<i>Vocational</i>	<i>Total</i>	<i>Total population 15 plus</i>
Atherton	526	406	1 072	2 952	7 864
Eacham	337	253	657	1 755	4 674
Herberton	167	142	469	1 366	3 752
Mareeba	755	623	1 737	5 152	13 908
Total	1 785	1 424	3 935	11 225	30 198

*Note* The total contains qualifications for which the details were inadequately described or not stated.

*Source* OESR (1998a).

## Crime

The level of criminal activity in the Atherton Tablelands since 1995 has increased dramatically, particularly offences in Atherton and Mareeba that are not committed against other people or property. The average annual increases of these crimes were 42.5 per cent and 28 per cent respectively. Crimes of this nature include such acts as drug, good order and liquor offences. This is in contrast to only a minor increase in the number of offences committed in the two shires against other people (2.4 per cent and 1.2 per cent respectively). The only criminal activities that declined during this period were property offences in the Herberton shire. The offences committed fell from 2 970 in 1995–96 to 2 526 in 1997–98, or an average annual decline of 7.5 per cent.

The concerning aspect of these data is the substantial change in the number of offences that are not committed against other people or property. With the exception of Eacham, all shires recorded double-digit annual increases in the number of these offences. It is not possible to definitely conclude that there is a strong correlation between the increase in the number of minor offences and the decline in regional prosperity, but this may be one of the factors behind the change. The data do not permit an analysis of the change in the individual offences committed over the period.



TABLE 2.20 NUMBER OF CRIMINAL OFFENCES—1996–1998 (RATE PER 100 000 POPULATION)

<i>Local Govt. Area</i>	<i>1995–96</i>	<i>1996–97</i>	<i>1997–98</i>	<i>Average rate across three years</i>
<i>Offences against the person</i>				
Atherton	651	449	683	595
Eacham	397	361	499	419
Herberton	800	540	1,153	831
Mareeba	955	1 094	978	1 009
<i>Property offences</i>				
Atherton	3 850	3 996	4 223	4 023
Eacham	1 716	1 978	2 165	1 953
Herberton	2 970	2 886	2 526	2 794
Mareeba	3 561	4 108	4 213	3 961
<i>Other</i>				
Atherton	1 263	2 511	2 338	2 037
Eacham	1 923	1 994	2 789	2 235
Herberton	3 084	3 669	3 496	3 416
Mareeba	3 817	5 620	5 952	5 130

Source OESR, LGA offence trends tables (unpublished data).

## OVERVIEW OF THE REGION

The Atherton Tablelands represents a geographically diverse region with a pleasant tropical climate. The region has been experiencing sustained population growth, with the number of young people declining and the number of elderly increasing. The Tablelands has higher than State average unemployment, with particularly high unemployment in the Herberton Shire. The age of the population and the level of unemployment are reflected in the higher than average proportion of the population receiving social security payments, particularly in the form of age pensions and newstart allowance. There has been a high proportion of people leaving school early in the region. Crime, particularly offences not related to other property or people, has increased.

A ranking of local government areas based on a comparison of local economic performance indicators (National Economics 2000) shows the diversity of the region. The Atherton Shire ranks in the top third of Local Government Areas in Australia with Mareeba ranking around the middle, Eacham in the bottom 40 per cent and Herberton in the bottom 10 per cent. Further breakdown of these indicators shows a region that is characterised by relatively high scores on indicators of 'continued population growth' and 'good prosperity potential based on the socio-economic profile'. However, the 'capacity of households in the region to manage debt' and the 'level of community welfare' are serious concerns (National Economics 2000). These performance indicators are based on

1998 data. Data availability has been a problem and this picture may not fully represent the current situation in the region.



## **CHAPTER 3 ECONOMIC OVERVIEW**

The economic activity in the Atherton Tablelands region has varied since settlement in the late 1800s with the rise and decline of particular industries. The area was first settled for mining when tin was discovered around 1875. Agriculture then developed to support the mining community. Agriculture grew in its own right with the settlement of the region between the 1920s and the period following the Second World War.

### **MAJOR ECONOMIC ACTIVITIES**

The Atherton Tablelands region is currently best known as an agricultural area. Table 3.1 shows that some 45 per cent of registered businesses in 1997 were classified as agriculture, forestry, fishing and mining. This proportion fell slightly to 43 per cent in 1998. What is not clearly represented in table 3.1 is that many of the other businesses rely on the agricultural sector. While there was a fall in the number of agricultural businesses in the region in the year to September 1998, there were small increases in all but one other category, resulting in a total of only one less business in 1998 compared with 1997.

Table 3.2 shows employment in the Atherton Tablelands region at the time of the census in 1996. Unfortunately, more recent data are not available in this level of detail, so it is not possible to analyse the effects that recent changes in the structure of the economy of the region have had on employment in specific industries.

The level of employment in agriculture was only 20 per cent of total employment in the region in 1996. The government, administration and defence and community services industry category in fact employed slightly more people in the Tablelands than agriculture, forestry and fishing and mining. However, the level of employment in agriculture is likely to be understated in these statistics, with family members working on farms potentially not being recorded. Three industry categories (agriculture, forestry and fishing and mining; wholesale trade and retail trade; and government, administration and defence and community services) account for almost 60 per cent of employment in all four shires.

TABLE 3.1 NUMBER OF BUSINESSES BY INDUSTRY—30 SEPTEMBER 1997 AND 1998

	<i>Local Government Area</i>	<i>Agriculture, forestry and fishing, and mining</i>	<i>Manufacturing and electricity, gas and water supply</i>	<i>Construction</i>	<i>Wholesale trade and retail trade</i>	<i>Transport, storage and communication services</i>	<i>Finance, property and business services</i>	<i>Government, administration and defence and community services</i>	<i>Recreational personal and other services</i>	<i>Total</i>
<i>Sep-97</i>										
	Atherton	272	37	66	173	48	79	65	77	817
	Eacham	321	21	36	45	21	32	27	46	549
	Herberton	170	20	23	30	19	11	26	29	328
	Mareeba	638	45	97	225	101	102	83	127	1 418
	Total	1 401	123	222	473	189	224	201	279	3 112
<i>Sep-98</i>										
	Atherton	252	39	71	175	44	78	68	79	806
	Eacham	316	21	39	47	22	33	29	51	558
	Herberton	160	20	21	30	18	10	27	28	314
	Mareeba	616	44	106	228	105	107	91	136	1 433
	Total	1 344	124	237	480	189	228	215	294	3 111

Source OESR (1998b).

TABLE 3.2 EMPLOYED PERSONS BY INDUSTRY TYPE—1996

Local Government Area	Agriculture, forestry and fishing, and mining	Manufacturing and electricity, gas and water supply	Construction	Wholesale trade and retail trade	Transport, storage and communication services	Finance, property and business services	Government, administration and defence and community services	Recreational personal and other services	Total
Atherton	564	285	265	899	153	378	866	367	3 907
Eacham	553	243	128	337	134	149	499	192	2 349
Herberton	308	163	91	192	48	76	345	120	1 410
Mareeba	1 563	476	438	1 205	376	533	1 390	735	7 036
Total	2 988	1 167	922	2 633	711	1 136	3 100	1 414	14 702

Source OESR (1998b).

Manufacturing and electricity, gas and water supply account for only around 8 per cent of employment in the Tablelands, and recreational, personal and other services (which includes tourism) account for less than 10 per cent of employment. The small amount of employment in recreational, personal and other services and the manufacturing sectors highlights the community's reliance on agriculture.

## Agriculture

There is a wide variety of agriculture in the Atherton Tablelands. This is partly due to the different climates throughout the Tablelands, with the lower lying north experiencing warmer and drier conditions than the higher altitude south. Soil types are also a factor—‘a typical horticultural soil around Atherton would be a red, structured, high clay soil, with an acid-neutral pH, well drained with good fertility and derived from basalt. A typical horticultural soil in the Mareeba/Dimbulah area is a sandy loam/sandy clay loam over a red, structured, coarse sandy clay soil with a slightly acid pH and well drained, derived from granite and have [sic] inherent low fertility’ (DPI 2000). The agricultural diversity is also a result of the recent move away from tobacco in the MDIA.

Diversification has resulted in the expansion of horticulture in the region, with the planting of a range of fruits and vegetables and to a smaller extent, flowers.

TABLE 3.3 GROSS VALUE OF AGRICULTURAL PRODUCTION— YEAR ENDING 31 MARCH (\$ MILLION)

	<i>Local Government Area</i>	<i>Gross value of crops</i>	<i>Gross value of livestock disposal</i>	<i>Gross value of livestock products</i>	<i>Total gross value of agricultural production</i>
1997	Atherton	28.7	4.1	9.1	42
	Eacham	2.0	4.2	34.0	40.3
	Herberton	7.2	3.7	5.4	16.4
	Mareeba	73.1	15.9	0.1	89.1
	Total	111	27.9	48.6	187.8
1998	Atherton	26.7	5.5	6.2	38.4
	Eacham	4.5	4.3	35.1	43.9
	Herberton	9.1	7.3	6.0	22.5
	Mareeba	74.1	18.9	0.1	93.1
	Total	114.4	36	47.4	197.9

Source OESR (1999a, 2000).

Table 3.3 shows that the gross value of agricultural production in the Atherton Tablelands increased between 1997 and 1998. The value rose in three of the four shires, with Atherton recording a fall of around 9 per cent or \$3.6 million. Growth in Eacham, Herberton and Mareeba was larger than the fall in value of agricultural production in Atherton, increasing the region’s total agricultural production by \$10.1 million to \$197.9 million.

Data from the Queensland Department of Primary Industries office in Mareeba (table 3.4) show a higher value of agricultural production for the region. This can be partly, at least, attributed to definitional differences between the ABS

and the Queensland DPI. There may also be some non-reporting in the ABS figures.

TABLE 3.4 AGRICULTURAL PRODUCTION IN THE ATHERTON TABLELANDS

	1997			2000		
	Value (\$m)	Quantity (t)	Area (ha)	Value (\$m)	Quantity (t)	Area (ha)
Avocado	6	2800	544	20	14400	1300
Cashews	0.2	250	240	0.16	100	240
Citrus	7.5	900	200	2	1725	230
Coffee	0.8	150	123	1.5	200	100
Custard Apple	2.8	860	80	1.05	300	30
Grapes	0.8		21	1	188	40
Longans	1.3	180	90	1.2	600	138
Lychees	1.3	220	190	2.5	400	215
Macadamia	3.8	1250	500	5.1	16670	667
Maize	3.1	25000	5000	4.5	32000	6800
Mango	16.5	10000	2540	30	19000	3213
Flowers	na	na	na	3	na	33
Navy Beans	2.2	2700	890	2.4	3000	1200
Onions	na	na	na	4	600	20
Papaya	na	na	na	4.2	2690	63
Passion Fruit	0.7	200	6	0.75	5	3
Pawpaw	2	400	50	na	na	na
Pasture seed/hay	2	na	2830	na	na	na
Peanuts	12	15000	4800	8.9	13095	3200
Potato	6.4	16500	570	9.5	25000	1056
Pumpkin	1.3	140	300	1.9	6400	320
Strawberry	0.3	25	4	na	na	na
Sugarcane	9.3	na	3488	33	1119000	9664
Stone fruit	na	na	na	0.05	15	5
Sweet potato	3	3500	160	3	3500	160
Tea—green leaf	1	5118	500	na	na	na
Tea tree	2	40	600	3	100	500
Tobacco	31.2	5224	1687	17.4	3000	1130
Tomato	0.4	480	12	na	na	na
Dairy	50	na	na	100	na	na
Timber	0.75	na	na	1.25	na	na
Beef	3	na	na	12.2	na	na
Aquaculture	na	na	na	1.5	na	na
Total	171.65	90937	25425	275.06	1261988	30327

Note na — not available

Source DPI (1997, 2000).

Table 3.4 shows a substantial increase in the value of production in the Tablelands since 1997. Some of this increase is probably due to the larger

number of crops reported in the 2000 survey. There have been particularly large increases in production of avocado, longans, lychees, mango, potato, sugar and tea tree.

### ***Tobacco***

Tobacco has been the main crop in the MDIA since the 1930s. While the amount grown has decreased over time, it remains a major income source in the Northern Tableland region. North Queensland's current production capacity is around 5 million kilograms, with a contracted quantity for 2000 of 3 355 000 kilograms.

In 1969–70 there were 822 tobacco quota holders in Queensland. The number of quota holders had fallen to 690 by 1980–81, to 371 in 1993–94 and to 150 in 1999–2000. In 1992, the tobacco crop was worth \$49 million to the MDIA in the Northern Tablelands. In 2000, the tobacco crop will be worth \$17.4 million. This is the fourth most valuable crop for the Tablelands—sugar, mango and avocados are worth more.

The tobacco industry in Australia was deregulated in 1995. A restructuring package in 1995 removed 37 per cent of the Queensland quota. A further restructuring package in 1997 offered payment to farmers to leave the industry immediately, to leave under a five-year phased exit scheme, or to restructure farm operations and stay in the tobacco industry. The end of the 1997 restructuring phased exit option at the end of 2001 will see another 35 growers leaving tobacco, and more than likely moving into alternative crops. The deregulation of the tobacco industry is discussed in more detail in chapter 4.

Tobacco remains a highly organised industry, with a marketing cooperative and negotiated quotas and prices for growers. Manufacturers have indicated that they will require less tobacco leaf from local growers in the next few years, with indications for 2001 being around 2.8 million kilograms. Manufacturers have foreshadowed further reductions to 1.9 million kilograms over the next 6 years. If production drops this far, the marketing cooperative will not be able to continue, and research and extension services will not be able to be maintained.

The future of the tobacco industry in the region is therefore uncertain. A working group, coordinated by the Commonwealth Department of Agriculture, Fisheries and Forestry—Australia, has been established to examine issues associated with the tobacco industry in Australia. The issues the group will examine had not been established at the time of this report.

### ***Dairy***

According to DPI figures, the dairy industry in the Tablelands had a value of around \$100 million in 2000. There are approximately 185 dairy farmers concentrated in the Southern Tablelands around the factory in Malanda. The dairy industry was deregulated on 1 July 2000. The result has been lower farm



gate milk prices for dairy farmers. In the short time since deregulation, it is hard to tell what the eventual impact on the dairy industry in the Tablelands will be. A few farmers have been forced to leave the industry by high debt, while others have been able to sell their farms to neighbours. It is predicted that a significant number of dairy farmers will have to leave the industry, and possibly their farms. Estimates of a \$40–50 million drop in the value of dairying in the region have been discussed by State government officials. This fall will be through a combination of lower prices and decreased production.

Some dairy farmers will diversify into other crops, particularly those who already operate diversified farms. The options are limited by the wet climate of the dairy areas and the terrain that prohibits most crops. Forestry has been mentioned as an option, as have coffee and tea. However, government officials familiar with the region observe that coffee in the region may not be viable in the long term because of flooding.

### *Sugar*

The production of sugar has grown significantly in the Tablelands in recent years, particularly in the Mareeba Shire with farmers moving out of tobacco into sugar.

A mill was opened in 1998 to crush the sugar cane produced in the region. The Tablelands Mill crushed 480 442 tonnes of cane in 1999—its second season. The crop produced an average of 110 tonnes/ha and the season's CCS (Commercial Cane Sugar—the sugar content in the harvested cane measured as a percentage) average was 14.31. (Normal average yield on the coast is 80–85 tonnes/ha with CCS of 11.71–12.14 in the 1999 season, a bad season due to a cyclone) (Ovenden and Cruickshank 1999).

The Tablelands Mill normally requires growers to enter into a 5-year initial contract followed by a 3-year rolling contract.

Some of the sugar cane grown in the Tablelands is still freighted to mills on the coast for processing, so these figures do not represent the whole crop.

Evidence suggests that sugar has been profitable in the Tablelands, even with a fall in price in early 2000. This has been partly due to cyclone, rust and pest problems experienced on the coast, which have not badly affected sugar in the Tablelands.

Discussions in the Tablelands indicated that sugar production had the potential to increase in the region. The availability of sufficient water for expansion is a limiting factor in the growth of the industry. Upgrades to the water system have been funded by the State government to increase water supply for sugar production. However, these improvements will not allow vast expansion of sugar cane. Another limiting factor is the size of farms in the MDIA. The small family farms are too small for viable sugar production. Issues of salinity and

road infrastructure to handle the weight of sugar transported need to be considered.

### *Tea Tree*

Many tobacco farmers planted tea tree when they moved out of tobacco or diversified. At the time, tea tree was a small niche market product with some 100 tonnes produced in Australia in 1994.

Diversification from tobacco into tea tree was attractive because it was well suited to the soil in the Dimbulah region, it had similar water requirements to tobacco, and farm infrastructure, such as irrigation systems, could be modified to tea tree production. Also, tea tree produced immediate returns, unlike fruit crops where there would be little or no production for several years after planting.

Tea tree oil production grew to around 900 tonnes in 1999, doubling the 450 tonnes produced in 1998. The small niche market did not expand to match the increased supply. The price per kilogram dropped from \$58 in 1994 to around \$30 in 1999. This is below the cost of production, and many farmers have large stockpiles of tea tree oil and have had no income from tea tree for two years.

Discussions with industry representatives helped in identifying some of the issues. Corporate farms have planted large amounts of tea tree, which contributed significantly to the over-supply of the market. One of these corporate farms has recently experienced financial difficulty. Tea tree farmers are not able to claim a diesel fuel rebate for the diesel they use in the extraction of the oil from the plants on the farm (which must be done within hours of picking). This is adding to the cost of production for these farmers. Diesel used in growing, harvesting and storing crops is eligible for a rebate; diesel used in manufacturing or processing is not eligible; and the extraction of oil is classified as processing. Growers would like to see the extraction of oil reclassified as an element of harvesting.

Serious over-supply remains the main issue. Attempts are being made to find alternative markets for tea tree oil, such as use as a pesticide. However, research and development of new uses for the oil will take time and money and cannot offer a solution to the immediate market issues.

### *Mango*

Mango production has increased, again as a result of tobacco farmers diversifying into what was a profitable crop for other farmers in the region.

The last two or three mango crops have been poor, not providing many farmers with viable returns. Mangoes grown in the region go onto the market in December–January, at the peak of the Australian mango season, when supply is at its highest and prices are at their lowest.

There have been issues of quality in the mangoes produced, with poor quality fruit pushing the market price down for all producers.

A number of farmers have made substantial investments in mangoes, planting many trees and building their own packing sheds.

There have been difficulties with agents and others in the marketing chain with mangoes and other fruits. Farmers are having to accept lower prices than expected, because of poor quality. While quality has been identified as an issue in production, there is also an issue of improper handling and storage by agents/wholesalers, which is causing deterioration of the fruit. Tablelands Marketing is putting together information about different agents/wholesalers to assist growers in choosing reputable business people.

Some of the current problems facing mango producers may be overcome with better seasons, but issues of over-supply in the market at the time of production remain. Planting earlier or later producing varieties may ease this problem, but establishing new crops takes time.

Value added processing of mango, including mango wine and packaged mango for export offer options for second grade fruit to be more effectively used. These options are being investigated by farmers and through the Tablelands Economic Development Corporation (TEDC).

### *Exotic fruits and vegetables*

The majority of the exotic fruit and vegetable industry is located on the coast in Far North Queensland. Some of these products, such as limes, longans, lychee, passionfruit, bananas, custard apples and mangoes are grown in the Tablelands. There has been an increase in the quantity of a number of these products grown in the Tablelands recently. A recent survey of 92 exotic fruit and vegetable growers in Far North Queensland (including the Tablelands), undertaken by the Cairns Regional Economic Development Corporation (CREDC), showed that the majority of growers felt optimistic and expect an increase in production over the next 5 years (CREDC 2000).

Most of the exotic fruits, 77 per cent of first grade and 25 per cent of second grade, were sold to the southern wholesale markets. Although there was discussion of export prospects for such fruit in discussions held with growers in the Tablelands, the survey shows only 4 per cent of fruit was directly exported from the region (more could be exported through southern markets).

Ninety per cent of growers surveyed indicated that they had their own packing shed, with only 2 per cent of farmers indicating they used commercial packing sheds. This could be a sign of over-capitalisation on farms and potential inefficiencies in the industry.

Some 27 per cent of second grade fruit is given away, used for seed, eaten by the farmers or thrown away, while only 7 per cent of growers undertook

processing of their produce. There is, therefore, potential for more second grade fruit to be processed.

A clear need for better product information was identified by growers. Growth in the industry has been relatively recent and new entrants need information on varieties, the supply season, uses and issues. The survey by CREDC will result in a compendium and calendar providing specific information on each product, which would assist growers.

Mango, lychee and rambutan are currently exported to Asian destinations. New disinfestation technology is needed, as the current fumigation is ozone depleting and must be phased out. An American company has visited the coastal region to investigate the feasibility of an electronic pasteurisation plant in the area for disinfestation. If this is to go ahead, the treatment must be accepted for quarantine purposes in the Asian destinations. The need for further work on this issue and the development of additional export markets were identified in discussions with growers.

### ***Other agriculture***

Other crops in the region which have been identified in discussions with the Queensland State government include herbs such as basil and coriander, native flowers, pasture seed and a variety of vegetables for the local district.

Aquaculture is a niche industry in the region, with production of red claw and barramundi to the value of \$1.5 million annually. The cost of feed was identified as a problem, but options are being investigated. Aquaculture appears to be a small industry, currently producing profits, perhaps with some expansion potential.

Timber is worth over a million dollars to the region and recently experienced a small amount of growth (at least in value). Little information was gained in discussions regarding the current timber industry and little was found in the literature search. Dairy farmers see some potential to diversify into agriforestry. Some of this potential is based on the availability of carbon credits for sale by the region, but this idea is not far enough advanced to offer a short-term option.

### **Tourism**

The Tropical Tablelands Promotion Bureau lists a range of sites and activities of interest in the region. Much of the following information is taken from their website (Tropical Tablelands Promotion Bureau 1999). The attractions of the area are described as:

- Friendly rural towns and villages with the opportunity for comfortable cultural exchange.
- Clean, green, pristine rivers and lakes, rainforests and cultivated crops and pastures and the opportunity to interface with nature.

- A temperature degrees cooler than the coastal climate.
- The opportunity to savour the diverse range of garden fresh foods tastefully prepared and delightfully presented in charming, casual settings, or the opportunity to purchase and prepare your own banquets by selecting self-contained accommodation.
- The chance to take in the many nature walks, scenic lookouts, cool mountain streams, lakes and waterfalls.
- A never-ending range of hand-crafted arts and crafts that can be found in local shops or at country markets.
- A bird and native animals paradise.

Tourism is very successful in Kuranda, part of the Mareeba Shire approximately 30 minutes drive north west of Cairns. Tourist activities include the Skyrail Cablecar, a 7-kilometre aerial view of the forest between Kuranda and Smithfield (10 kilometres from Cairns City), the scenic railway, the Kuranda Markets, a walk-through aviary, the world's largest butterfly display, cruises and guided rainforest walks.

Tolga, Mareeba and Chillagoe in the Northern Tablelands are noted for the Mareeba Heritage Museum and Information Centre, ballooning, the Mungana limestone caves and surrounding National Park at Chillagoe, the 'outback experience' and the historic mining settlement of Tyrconnel, which is 34 kilometres north of Dimbulah.

Atherton is the main services town in the Tablelands. A historic steam train runs between Atherton and Herberton, travelling through wetlands and ranges. On the road from Atherton to Herberton there is the historic Hou Wang Miao temple, the Upper Barron School Museum and the Wongable Botanical Walk with a 2.6 kilometre interpretative rainforest trail.

South east of Atherton are Malanda and Millaa Millaa with a 17 kilometre long waterfall circuit, with most of the waterfalls within 10 kilometres of Millaa Millaa and accessible without the need for a 4-wheel drive. Between Malanda and Herberton is the Bromfield Swamp, a bird watchers paradise.

Herberton was established around 1880 as part of a tin mining field, where mining activities continued until 1978. Herberton, 1 000 metres above sea level, is a high altitude rainforest with a large number of diverse types of possums and rainforest birds.

Ravenshoe was once a prosperous timber milling town and now provides information on the history of timber cutting in the area. The Tully Falls and Tully Falls Gorge are to the south of the Ravenshoe area. Slightly further south is the Koombooloomba Dam offering camping, swimming, water skiing and fishing all year round. West of Ravenshoe are the Millstream Falls, the widest

waterfalls in Australia, and the Innot Hot Springs. Further west is Mt Garnet, an old tin mining and dredging town.

Even with all of these natural and historic locations, it appears that the tourism in the Tablelands is mainly in the form of day trips to the region from Cairns or tourists passing through the region on the way to the outback and the Gulf.

Tourism infrastructure may play a part in this pattern. However, as mentioned earlier, the accommodation occupancy rate is less than 50 per cent, showing plenty of room for tourism expansion. It is not possible to know, with the information available, if the accommodation on offer matches the needs of the potential tourists. There are information centres in Mareeba, Atherton, Ravenshoe, Chillagoe, and Kuranda, and an environmental centre in Malanda to provide local information to tourists. There are 20 eateries listed in the Tropical Tablelands Promotion Bureau website (more are listed in the Yellow Pages) providing a range of options.

It seems that breaking into the domestic market, as a weekend getaway from the heat and humidity of Cairns, and the international market for eco-tourism and as a gateway to the outback, requires more publicity and possibly more coordination with Cairns-based tour operators. Indeed, the need to link more closely with Cairns was recognised in the recommendations of the Atherton Tablelands Tourism Study which was completed in 1995 (ATPB 1995), as was the need for marketing activities.

### **Manufacturing and value added processing**

Most of the discussions held in the Tablelands centred on farm businesses and farm issues. Little information was gained on manufacturing or value added processing in the region. The picture presented here is therefore only partial.

The number of manufacturing businesses and the level of employment in manufacturing shows that this sector is not very big in the Tablelands. Most of the manufacturing appears to be in the form of value added processing of agricultural products, and as such some may be picked up in the agricultural category in tables 3.1 and 3.2.

The Tablelands Sugar Mill, discussed earlier in this section, employs around 200 people and opened in 1998. A Steggles poultry factory opened in the Mareeba Shire several years ago and employs about 200 people. The dairy factory at Malanda also currently employs around 200 people.

### **OVERVIEW OF ECONOMIC ACTIVITY**

Economic activity in the Atherton Tablelands is primarily in agriculture, or businesses servicing agriculture. Value added processing is also centred around agricultural products, such as sugar and milk. There is significant employment in the region in government, defence, and community services. Recent data on

State government employment in the region were not available within the timeframe of this project, so a detailed picture of this segment of the economy is not possible.

Retail and wholesale trade remains an important employer in the area, especially in Atherton, which acts as a service centre for the Tablelands and areas further north and west.





## **CHAPTER 4 FACTORS IMPACTING ON THE REGION**

Most of the important factors impacting on the Atherton Tablelands region are linked to changes in the structure of the economy at the national and regional level.

### **CHANGES AFFECTING REGIONAL AUSTRALIA**

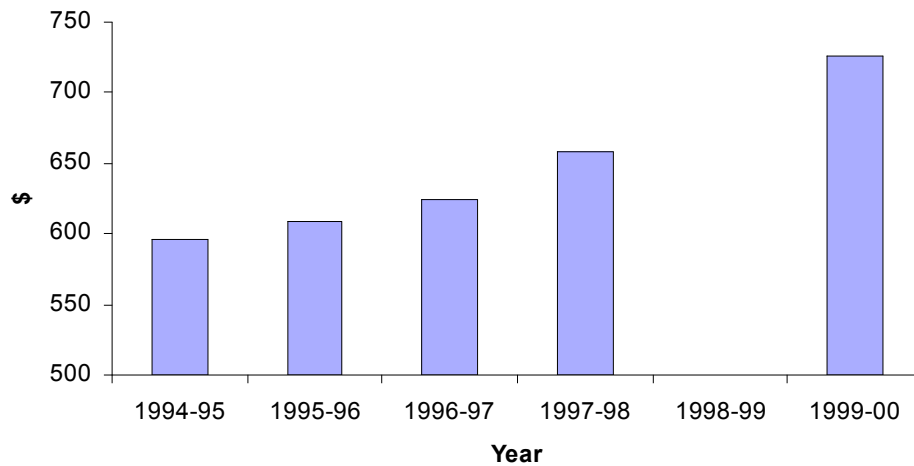
Changes that are impacting on Australia and throughout the world have been felt in the Atherton Tablelands. Considerable change in the structure of the economy has occurred during the last century driven by both economy-wide development and region-specific factors. The structure of the national economy has changed, as services have become relatively more important and mining, agriculture and manufacturing, while continuing to have growth in output, have become relatively less important (Productivity Commission 1999a, pp. 48–51).

As shown in figure 4.1, average weekly income in Australia increased between 1994–95 and 1999–00, continuing a longer-term trend. As real incomes rise, the proportion spent on basic necessities such as food and clothing falls, while the proportion spent on services such as education, health, recreation and travel, increases (Productivity Commission 1999a, p. 48). Hence, the increase in average income is resulting in people increasing their spending on services. This in turn leads to the amount of services growing more rapidly than the amount of agricultural products, leading to agricultural products having a decreasing share of the national economy. Agriculture's share of Gross Domestic Product (GDP) in Australia declined from 21 per cent in 1948–49 to around 2.4 per cent in the late 1990s (ABARE 1998).

The Productivity Commission (1999a) found that changes in the structure of the economy had, not surprisingly, important implications for employment in regions of country Australia. The Commission also found that service industries have been important for jobs growth in all regions, while employment in agriculture fell and employment in mining remained relatively unchanged in the decade to 1996 (figure 4.2).

This pattern of change in the overall structure of Australia's economy is broadly the same as the change experienced in other developed countries.

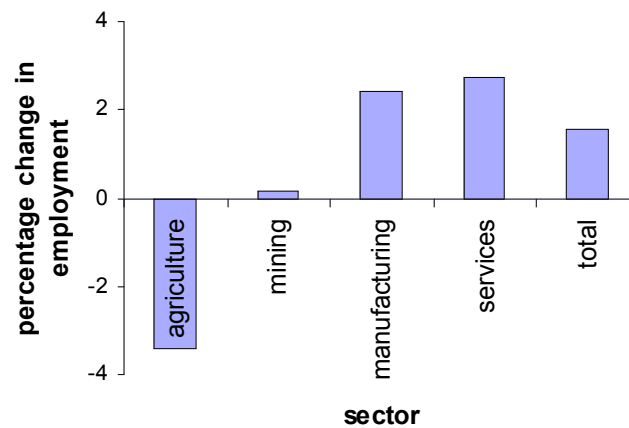
FIGURE 4.1 AVERAGE WEEKLY INCOME IN AUSTRALIA



*Note* Data were not collected for 1998–99.

*Source* ABS (2001).

FIGURE 4.2 CHANGE IN EMPLOYMENT IN RURAL AUSTRALIA—1986–96



*Source* Productivity Commission (1999a, p. 55).

Further analysis of structural change by the Productivity Commission (1999a, pp. 56–60) showed that the Far North Queensland Statistical Division experienced high structural change (measured by changes in industry shares of employment) and high employment growth in 1981–1996. This shows that high rates of structural change do not necessarily result in employment loss, as structural change measures both the growth in some industries (e.g. tourism in Cairns) and the decline of other industries.

**Commodity prices**

The prices of commodity exports relative to manufactures have generally been in decline since the 1870s (Prebisch 1950) as the real prices received by farmers have generally followed a downward trend (Goyder 1999; Productivity Commission 1999b). This means that prices received by farmers have been increasing less rapidly than inflation, and importantly, less rapidly than the prices of inputs into the farm (Productivity Commission 1999a, p. 66). ABARE predicts a weakening of commodity prices to 2005 (Penm and Fisher 2000)

In response to the pressures of falling prices, farmers have increased productivity to remain viable. That is, farmers have been producing more without increasing farm capital or labour, by achieving economies of scale with larger farms, using increased mechanisation and improved farming methods. However, agricultural productivity growth has been slower in Queensland than in other states, and lower in high rainfall areas than in the pastoral or wheat-sheep zones (Productivity Commission 1999a, pp. 67–69).

**Competition policy**

National competition policy (NCP) reforms have been undertaken for a number of years in the areas of telecommunications, electricity, gas, road transport, rail transport and water. Modelling by the Productivity Commission (Productivity Commission 1999b) shows that NCP reforms raise GDP growth in Australia by 2.6 per cent a year above what it would otherwise have been from the mid 1980s to the mid 1990s.

This modelling showed that effects have been different in regions around Australia, with some areas seeing large benefits from the reforms and other areas facing costs of reforms. However, the modelling showed that all areas except Gippsland in Victoria benefited from higher output than would otherwise have been the case. This modelling was undertaken at a statistical subdivision level, which includes the Far North Queensland region as one area. The Far North Queensland region includes Cairns, with a large tourism industry, which significantly impacts the results of modelling for the region.

The modelling does not show that negative output effects of some reforms on some activities may dominate in smaller geographic regions (Productivity Commission 1999b, p. 10). Therefore, it is not known what impact competition policy reforms have had in the Tablelands. The only aspect of reforms which drew comments from several groups in discussions in the Tablelands was the decision to recoup operating and maintenance cost for the provision of water in rural areas. This issue was regarded seriously as it added to the costs of farm businesses.

### **Other factors**

Various other factors have been driving change and affecting industry in regional Australia. These factors include the improvements in transport that have led to changes in the locations in which people choose to live, work and shop, and changes in lifestyle preferences.

### **REGION-SPECIFIC CHANGES**

The Atherton Tablelands has a recent history of specific changes impacting on the industries in the region. These changes, occurring over the last two decades, have resulted in a much more diversified region today.

#### **World Heritage listing**

A number of areas in the Atherton Tablelands region were World Heritage listed in 1988, some after already having been listed as National Parks. The Wet Tropics World Heritage Area comprises some 900 000 hectares of tropical forests in northern Queensland and the section in and around the Atherton Tablelands is shown as the shaded region in figure 2.9. This region includes areas such as Barron Gorge and Davies Creek in the north, The Crater near Herberton, areas around Millaa Millaa, Tully Gorge and Koombooloomba Dam in the south and the Millstream Falls on the western edge of the World Heritage area.

World Heritage listing of a large amount of the rainforest significantly changed access to natural resources in the region and ended timber milling.

Studies carried out in 1987 showed that cessation of logging in World Heritage listed areas of northeast Queensland could result in significant social and economic impacts. The Commonwealth Government undertook to mitigate these effects by implementation of a Structural Adjustment Package. An evaluation of the Structural Adjustment Package and its administration shows that it was an effective short term economic solution but it failed to address the social impacts perceived in a survey of communities in the affected regions (Lynch-Blosse et al 1991, quoted in Environment Australia 1997).

### The tobacco industry and deregulation

The MDIA is the main region for tobacco growing in Australia. The area was settled for farming in the 1930s and was found to be particularly well suited to growing tobacco. Many migrants settled in the area from the 1930s through to after the Second World War. This led to the situation in the 1970s where just over three-quarters of the tobacco farmers in the region had been born overseas, and in 1999 all but one of the 170 tobacco farmers were of southern European descent (Bimrose 1999). The tobacco industry was well organised, with local growers' cooperatives merging to become the North Queensland Tobacco Growers' Cooperative Association in 1947.

In 1965, Commonwealth and State stabilisation policies were introduced providing quotas for growers and guaranteed prices. This was followed by a requirement for Australian manufacturers to use 50 per cent Australian grown tobacco leaf, and tariffs were imposed on the importation of tobacco. A statutory marketing board was established to set the price for tobacco each year (the Queensland Tobacco Leaf Marketing Board—QTLMB).

In the 1980s, demand for tobacco fell as awareness of health risks increased and manufacturing processes improved. In 1982, an inquiry was held into the future of the tobacco growing industry in Australia. This inquiry recommended that assistance policies be removed. The Commonwealth Government announced its intentions to restructure the industry by the 1990s. In the 1980s, tobacco growing became steadily less viable with increasing costs of production and decreasing demand. In 1988, the last Five Year Stabilisation Plan was released with the intention that the industry would be deregulated when the Plan expired in 1993. The Plan was later extended to 1995.

The tobacco industry in Australia was deregulated in 1995. The Queensland Rural Adjustment Authority implemented restructuring. The Queensland Tobacco Leaf Marketing Board (QTLMB) was restructured into a growers' cooperative called Queensland Tobacco Marketing and the growers' association became NQ Co-op. The restructuring aimed at facilitating adjustment by the industry towards international competitiveness.

The 1995 structural adjustment package was based on the tobacco grown in 1994, as shown in table 4.1.

TABLE 4. 1 TOBACCO GROWN IN AUSTRALIA IN 1994

<i>State</i>	<i>1994 quota share (%)</i>	<i>Basic quota (million kg)</i>	<i>Retirement target (million kg)</i>	<i>Expected retirement (million kg)</i>
NSW	4.20	0.630	0.630	0.630
Victoria	37.16	5.574	1.850	1.500
Queensland	58.64	8.796	2.920	3.270
Australia	100.00	15.000	5.400	5.400

Source: AFFA pers. comm., 5 September 2000.

The structural adjustment program resulted in the immediate retirement of the entire tobacco quota in NSW, just over 25 per cent of the Victorian quota and around 37 per cent in Queensland. For the removal of this quota, growers were paid \$4 per kg, funded by the manufacturers and government.

The 1995 restructuring package was over-subscribed in Queensland with expression of interest for the retirement of some 6 million kg. Growers were selected and animosity followed, with legal action by those who missed out. The legal action was settled out of court.

In 1997, the Government funded a second restructuring process. There were three options under this scheme:

1. \$4.50 per kilo of tobacco quota for immediate exit from the industry.
2. \$4.50 per kilo of tobacco quota to be paid at \$0.90 per year for 5 years for the phased exit from the industry.
3. \$4.50 per kilo of tobacco quota to be paid at \$0.90 per year for 5 years for those electing to remain in the industry, to assist growers to restructure their farm operations to increase viability.

Option 1 was accepted by 39 growers, with a further 6 growers opting to leave the industry immediately under option 2. For those who elected for options 2 and 3, the payments are due to cease in 2001. Those under option 2 must exit the industry in the calendar year 2001. There are 37 growers who must exit the tobacco industry in 2001.

In the 1997 package, \$2 million was also allocated for marketing activities and resulted in the establishment of 'Tablelands Marketing' in the Tablelands Economic Development Organisation.

### **Dairy deregulation**

The dairy industry in the Atherton Tablelands commenced over 100 years ago to supply the local mining communities. Over time, the dairy industry in the Tablelands has rationalised to operate as one cooperative. Dairy farming in the Northern Tablelands ceased in the 1930s, because of the better efficiency of the industry in the Southern Tablelands. A factory was opened in Atherton in the 1920s and later moved to Malanda. A cheese factory operated in Millaa Millaa until 1977 and a butter factory in Ravenshoe had closed earlier, leaving the one remaining factory in Malanda. There were 185 dairy farmers in the Tablelands at the beginning of 2000, with herds ranging in size from 35–350 cows, with a total annual production of 138 million litres.

The following information on deregulation is mostly taken from the Dairy Adjustment Authority's website ([www.daa.gov.au](http://www.daa.gov.au)).

Prior to 1 July 2000, there was regulation of farm-gate milk prices at the State level. State regulation set the farm gate prices for fresh drinking milk (otherwise

referred to as market milk). Under these arrangements, farmers were guaranteed a price for milk used in the fresh milk market and this was achieved through the use of quotas in Queensland. Maintenance of the State arrangements relied on all States having regulated markets, otherwise the arrangements would have quickly fallen down through interstate trade.

In December 1999, a plebiscite of dairy producers in Victoria showed overwhelming support for deregulation, leading to the Victorian Government indicating its intention to deregulate its fresh milk arrangements and leaving the other States with little option but to follow suit. It is widely believed that, even without the Victorian decision, commercial pressures would have made the State arrangements unsustainable over the near term.

The result is that State regulations setting the farm gate price for market milk have been removed.

The Commonwealth Government established a Dairy Industry Adjustment Package to assist the dairy industry adjust from the previous State-regulated drinking milk arrangements to operating in the commercially-focussed environment that became effective on 1 July 2000.

The dairy industry sought Government support during this adjustment period to ensure that uncertainties and short-term declines in income did not destabilise the industry and adversely impact on its longer-term growth potential. The package was designed to enable dairy farmers to make considered and informed decisions about their future participation in the dairy industry, and where appropriate, to manage their transition to production in a deregulated market.

The dairy industry adjustment package comprises three programs:

- The Dairy Structural Adjustment Program, providing \$1.63 billion in payments for eligible dairy producers, to be administered by the Dairy Adjustment Authority.
- The Dairy Exit Program, providing an optional tax-free exit payment of up to \$45 000 for eligible dairy producers wishing to leave the industry, to be administered by Centrelink.
- The Dairy Regional Assistance Program, providing \$45 million to assist regional communities to adjust to dairy deregulation, to be administered by the Department of Employment, Workplace Relations and Small Business.

Dairy Structural Adjustment Program payments will be made quarterly over eight years and will be based on a rate of 46.23 cents per litre on market milk and 8.96 cents per litre on manufacturing milk deliveries in 1998–99.

The Dairy Structural Adjustment Program will be funded through an 11 cents per litre levy on retail sales of market milk, which will operate for a period of approximately eight years.

The dairy deregulation will impact the 185 dairy farmers in the region, the local dairy factory at Malanda and the towns primarily servicing the dairy industry in the Southern Tablelands. Anecdotal evidence suggests that a significant number of the dairy farmers will go out of business—numbers between 30 and 60 per cent were mentioned during meetings in the region, even with the structural adjustment assistance.

Discussions highlighted that changes in the dairy industry will have significant effects on the local community. Before deregulation, the dairy farmers received a monthly cheque for their production, which was for a known and guaranteed amount. This allowed the farmers to plan in advance and pay their bills on time. During discussions in the region, farmers stated that dairy farmers were now not paying bills on time, and in fact, some were not sure how they were going to pay their existing bills. This change in cash flow could potentially have significant impacts on the viability of secondary businesses in these regions.

Also, diversification options are limited for the dairy farmers in the Southern Tablelands because of the cool climate, wet weather and hilly terrain (North Queensland Sub-regional Team of the Subtropical Dairy Program 2000).

## **SUMMARY**

Many of the major factors affecting the Atherton Tablelands are common throughout Australia and the developed world. Falling commodity prices are expected to continue, as will productivity growth through technological improvements and advances in plant and animal breeding.

Deregulation of the tobacco industry impacted heavily on the Northern Tablelands region, and dairy industry restructuring resulting from deregulation is only just beginning in the Southern Tablelands.

All of these factors have caused a great deal of change for the people in the area. Predictions are that rates of change are more likely to increase than slow in the future. Change will continue to be one of the major factors influencing this region and others throughout Australia.



## **CHAPTER 5 ISSUES**

The factors discussed in chapter 4 are creating the necessity for change. This need for change is having a wide range of impacts on individuals and communities in the Atherton Tablelands.

The issues created by change were largely determined in discussions held in the region and through associated submissions. A series of meetings were held with locals in the Atherton Tablelands in the week beginning 21 August 2000 in order to identify issues and opportunities in the region. Most of the evidence presented was anecdotal and focussed on examples that were believed to be representative of situations faced by many in the area. A list of issues raised in meetings in the region is included at appendix 1.

While there is no doubt that the region has experienced significant change in the last 10–15 years, it is not possible to know if the perceptions of those involved in the meetings provide an accurate assessment of the current situation in the region. Consistency in statements made by different groups highlighted particular problems in the region. However, there were also cases where different groups contradicted each other, making it difficult to assess the true situation. In some cases, this was due to the different problems in particular areas of the region, or problems specific to one industry. In other cases, it possibly showed the different degrees of importance placed on issues by the individuals involved or differing perceptions of these issues.

More than 30 meetings were held with representatives of the different farming industries and communities, local government representatives, local development organisations, chambers of commerce, a social planner and interested individuals.

These discussions highlighted the issues associated with managing change within the region.

### **THE SITUATION IN THE NORTHERN TABLELANDS**

#### **The changes and the way they occurred**

The most significant change in the Northern Tablelands has been the diversification from a single dominant crop with a well-organised industry

structure into a range of alternative crops. The move from the tobacco industry into other crops has been the major change faced by the farmers in the MDIA.

The way in which many in the district managed the changes that were required are fundamental to the issues faced in the region today.

When the tobacco industry was deregulated, the Queensland Department of Primary Industries established a 'Choices' program. This began a year before deregulation was to take place and investigated crops that could be grown in the region. Farm trials were held and a final list of ten crops was developed. Farmers were well aware of this program, accessing information from familiar people in DPI at meetings held on farms in the region.

Many of the crops chosen by farmers exiting the tobacco industry were crops identified in the Choices program.

The Choices program centred almost entirely on what could be grown with the soil, climate and water available in the region, and on the technical issues of production. It investigated different varieties of particular crops and focussed on production decisions. Farmers were advised to seek professional advice on financial planning and other important aspects related to changing farm production, including accessing market information to determine the viability of different crops. The fact that advice on markets was not available with the technical information provided proved to be a problem.

A range of factors contributed to the decision by many farmers not to seek advice. The ethnic background and long history of farming in a highly regulated industry environment lead to a close-knit, proud farming community, reluctant to seek advice or trust outsiders. Farmers relied on their traditional networks of family and friends to aid them in deciding on a diversification strategy. This decision-making process often involved literally looking over fences to see what neighbours were doing and if it was working. This type of decision making had worked in the past. Often, market information did not exist, an issue still identified as a problem for the Far North Queensland region as a whole. This meant that farmers were required to carry out research into potential markets or to pay for the research to be undertaken. Anecdotal information suggests that farmers lacked the skills to do their own market research, further compounding their reluctance to seek external advice.

However, not all farmers adopted this approach. Some paid for specific market research for potential crops and developed business plans for their farms. They diversified slowly, usually starting before deregulation came into force. The anecdotal evidence obtained suggests that these farmers are in a better position today than those who relied on their traditional decision-making methods.

The tobacco industry was highly organised (and still is). When tobacco was the dominant crop in the region there was strong leadership within the industry. Consequently, significant research and development were undertaken and

information was shared effectively with all growers. With diversification into a range of crops, leadership has become diffused and some of the new agricultural sectors are particularly struggling with a lack of leadership. The Tablelands region as a whole has lacked cooperation between geographically dispersed areas. A promising recent development has been that the Shires have shown a willingness to work together.

### **Results of changes**

The results of the changes in the region are evident: the community is in distress.

While segments of the region are prosperous and are moving forward, anecdotal evidence collected for a recent socio-economic assessment of the MDIA suggests that it relates to only about 10 per cent of the ex-tobacco farmers in the region. There is another group managing to survive year to year on the farm, but having difficulty. The remaining group, comprising anywhere between 30 and 60 per cent of ex-tobacco farmers, is not coping with change and is in or approaching severe financial and personal hardship.

The markets for the crops into which farmers have diversified are now faced with over-supply and falling prices. For example, tea tree oil was a popular alternative crop. Production doubled in 1999, leading to over-supply in the market and the price for tea tree oil falling to around half its 1994 level. As a consequence, many tea tree farmers have stockpiles of tea tree oil stored on their farms and have not had any income from the last two years' crops.

There are some issues relating to the quality of the produce, as farmers learn how to grow the new crops. Anecdotal information indicates that some farmers are not taking appropriate quality assurance measures to ensure high quality products, resulting in lower prices.

The skills necessary to run small farm businesses in the competitive markets which exist for fruit and vegetables were not so important in the tobacco industry in the past. These new skills appear to be a significant challenge for some of the older farmers in the region.

Other farmers diversified into smaller niche markets. These include table grapes, pumpkins, fresh flowers, bananas, pawpaw and other tropical fruits. Each of these has had their own issues. There has been over-supply in the pumpkin market and problems with flowers (unspecified problems mentioned by a number of farmers who knew flower growers, but were not in the industry themselves).

Lack of experience and expertise in table grape production is proving difficult, leading to requests for an expert to assist the industry. Grape producers in the region may face increased competition from overseas during their prime growing season if an application currently under consideration by AQIS for the

importation of grapes from California is granted. Pawpaw producers have apparently done well recently, mainly due to the misfortune of pawpaw producers in Innisfail on the coast who lost their crops to cyclones in 1999. There is likely to be over-supply of pawpaw in the future, leading to reductions in prices as has happened with other crops. Sugar farmers are having trouble getting viable farm sizes and sufficient water for expansion.

Those who stayed in the tobacco industry have not fared much better, although anecdotal evidence suggests that they are managing to at least maintain some income. Tobacco prices have fallen since deregulation, with the importation of cheap tobacco from overseas. Also, tobacco consumers, and hence manufacturers, are demanding particular kinds of leaf, with a specific chemical composition low in nicotine. Anecdotal information indicates mixed success for the growth of appropriate tobacco in the region.

The growth in the value of agricultural production in the region in recent years and the anecdotal evidence that many farmers are not profitable, suggests that a small number of farmers are doing very well. Unfortunately, there is a lack of data to determine how many farmers fit in this category—an issue recognised by State Government officials.

The consequence, however, is that for many farmers in the Northern Tablelands, income from new crops has not been able to replace the income lost from moving out of tobacco.

### **The present situation**

Farmers are facing the real prospect of being forced out of farming with little in the way of assets to help them establish a life off the farm.

The options for those wanting to leave farming before their situation gets to the point of forced exit are limited. Over 170 farms are listed for sale in the MDIA. Real estate agents have stopped listing new properties for sale because they are unable to sell those already listed. Potentially, these properties are over-capitalised, with multiple houses, packing sheds and equipment on the farms. The level of capitalisation is such that owners would be unable to recover the money they have invested in the property if they are able to sell. Banks have recently listed the Dimbulah area as a poverty area, meaning they will not lend to people wishing to buy in the region unless they have property or assets in other areas for security.

People facing forced changes in moving off farms are experiencing severe hardship and need social support. A lack of adequate social services was identified by people in the region and supported in discussions with State and Federal officials. This problem is exacerbated by the unwillingness of those in most need to access the services available. There is a need for change in the way services are offered as well as a change in attitude in the individuals concerned.

### **Requests for assistance**

Many of the requests for assistance were for changes to be stopped or slowed through government intervention. The real issue is managing change and the attitudinal change required within the community.

The immediate concern is for social support for those individuals facing financial difficulty. It may be too late to help with farm business plans or financial planning for some, but others would benefit from these services.

### **THE SOUTHERN TABLELANDS**

The foregoing discussion provides a case study of the socio-economic effects of tobacco industry restructuring in the Northern Tablelands. The Southern Tablelands are now facing similar industry restructuring with the deregulation of the dairy industry.

Deregulation affects about 185 farmers, their employees and people in the business of providing goods and services to the dairy farmers. Whole communities in Eacham and Herberton currently rely on the dairy industry.

While the dairy farmers have been able to learn from the experiences of the tobacco farmers in the Northern Tablelands, early evidence points to issues similar to those in the north arising in the south. For example, in the week preceding meetings in the area in late August 2000, about six dairy farmers were said to have lost their farms.

The situation for many dairy farmers is complicated further by the limited diversity options available in the wet climate with rough terrain. The dairy farmers do not have the ethnic background that proved to be a barrier to assisting tobacco farmers. They are still a close-knit community of farmers, not trusting of outsiders. Anecdotal evidence suggests that, in some cases, dairy farmers are in denial of the changes happening around them. Despite meetings and extensive correspondence about dairy deregulation, some farmers apparently did not realise they would be receiving less money for their milk in August 2000. Finding effective ways of reaching these people will be a challenge.

### **INDIGENOUS ISSUES**

Indigenous issues were not raised in discussions held in the Tablelands. When prompted, people recognised that issues existed. The discussions held focussed on issues in the agricultural and support industries in the region. Indigenous people are not by and large involved in these industries, so it is not surprising that indigenous issues were not addressed.

In Mareeba, there is a transient indigenous population without a single tribal identity. In other areas, such as Eacham, a single tribe is represented and it was

suggested in discussions that these groups are more integrated into the community.

Issues identified in the Far North Queensland Situation Report (Centre for Agricultural and Regional Economics Armidale 2000) are likely to be relevant to the Atherton Tablelands region. According to the situation report, relative to the total population, the indigenous population has:

- a higher level of dependents;
- lower employment/population ratios;
- higher unemployment rates;
- higher levels of employment in unskilled jobs, especially males;
- lower personal incomes, especially males;
- lower household incomes;
- lower levels of educational qualifications and more likely vocational rather than degrees;
- higher numbers per household and lower ownership of dwellings;
- lower life expectancy rates; and
- higher hospital admission rates.

Collectively, these factors represent significant disadvantage.

Addressing these indigenous issues must be part of a response in the Far North Queensland region as a whole.

## **CHAPTER 6 OPPORTUNITIES**

The main opportunities for the region identified in discussions were for horticulture and tourism.

The FNQ Regional Plan (also known as FNQ2010) (FNQ RPAC 2000), which includes the Atherton Tablelands, states that the strength of the region's economy lies in the quality and depth of its primary and tourist industries, which together underpin the majority of economic activity.

The Plan identifies that there are considerable opportunities to enhance the region's agricultural industry through expansion of existing activities, development of value-adding processes and the introduction of new crops.

The tourism industry in Far North Queensland is identified as being predominantly based on natural and cultural attractions. One problem identified with tourism is its concentration in the region between Cairns and Cape Tribulation along the coast, and with such concentration, growth in nature-based tourism may not be sustainable. The FNQ Regional Plan recognises that sustainable opportunities need to be identified and developed to cater for nature-based tourism needs over the longer term.

The FNQ Regional Plan also recognised that in order to improve the strength and sustainability of the FNQ region's economy, the breadth and depth of economic activities must be expanded. This means that the region as a whole needs to diversify from tourism and primary industries in order to have a sustainable economic base. So, while the opportunities discussed briefly below are centred on agriculture and tourism, more analysis needs to be done on alternative industries for the region.

### **EXPORTS**

Export of fruit and vegetables from the region, in particular high quality tropical fruits, has the potential to expand international markets for some products where the domestic markets are currently over-supplied. However, identification of potential markets, and quarantine issues make this an option only in the long term.

## **VALUE-ADDING**

In early August 2000, Golden Circle announced that it would begin a feasibility study for a mango puree and sweet corn processing plant in the Atherton Tablelands (Anderson 2000) with the Queensland Government contributing \$800 000 to the study (Golden Circle 2000). An additional benefit of the study is that it is expected that the market research element of the feasibility study will identify other fruit and vegetable export opportunities as well. However, the processing plant will only go ahead if it can be world competitive in all aspects of the supply chain.

The production of mango wine has been a very successful niche market, selling all that was produced last year. Other mango processing, which produces mango slices much like fresh mango but lasting 10 weeks, has been trialed using processing facilities of a caterer on the coast. This product has potential for export markets and domestic markets and provides another option for the use of second grade skin-blemished fruit.

More agricultural value-adding facilities and complementary industry have potential for the region. Mareeba Shire was identified in the FNQ Regional Plan as offering opportunities for the development of new manufacturing industries. If this occurs, it would further establish Mareeba as a major industrial and service centre for the Northern Tablelands. This possibility is based on the availability of appropriate land, the drier climate than the coast and other areas of the Tablelands, and the availability of labour and transport. Access to the coast, to Cairns or the Mourilyan Port to the south may need to be upgraded for the potential of the area to be realised. As noted earlier, the Integrated Transport Study for Kuranda Range is considering the issue of access to the coast.

The FNQ Regional Plan also points out that the proposed Papua New Guinea to Gladstone Natural Gas Pipeline may generate opportunities for new industries in the Tablelands.

## **TOURISM**

A wide range of natural and cultural assets with current or potential tourism value was identified earlier in this study. The issue remains of drawing the tourist base from Cairns to the Tablelands. This issue should form a part of the broader Far North Queensland plan to develop sustainable nature-based tourism for the long term.

A tourism strategy for the Atherton Tablelands was developed by the Atherton Tablelands Promotional Bureau in conjunction with the Mareeba Shire Council, the Queensland Department of Business, Industry and Regional Development and the Commonwealth Department of Tourism in 1995 (ATPB 1995). Initiatives identified in the strategy include marketing of the region and linking marketing efforts to Cairns



During discussions, a proposal for a five star resort and another for conference facilities and associated accommodation were raised. These proposals have been in the planning stage for a number of years and have not been able to attract investors. A higher occupancy rate for established tourist accommodation may increase the viability of new projects being funded. However, growth in tourism would be required before development could begin.

## CHAPTER 7 CONCLUSIONS

The Atherton Tablelands is diverse in climate, geography, socio-economic indicators and the types of agriculture that sustain particular areas. There is, however, a certain commonality in the factors that are affecting the area.

Discussions held in the Atherton Tablelands showed that the farming community was in distress. Combinations of many factors have led to this situation. Most importantly, there has been rapid decline in many industries over the last two decades and the new agricultural options have been unable to fully replace these declines in the short space of time in which they have been attempted. A recently stable and relatively prosperous region in the Northern Tablelands now has to cope with continuing change, unfamiliar market systems and the move to operating professional farm businesses.

The Southern Tablelands are facing a similar situation, having recently entered a period of rapid change with dairy deregulation. This change is resulting in the same kind of movement seen earlier in the Northern Tablelands, that is, from a dominant, stable industry to potential diversification, exposure to fluctuating markets and operating farms as small businesses. These areas have learnt from the experiences of the tobacco farmers in the Mareeba/Dimbulah region and are said to be the best prepared dairy farmers in Queensland. But that does not detract from the serious changes affecting many people who do not seem to have the ability to respond effectively.

The available statistics about the region do not entirely reflect the situation portrayed by the anecdotal evidence. It is possible that the statistics are too old or not in enough detail to provide an accurate picture of the region today. These statistics about the community as a whole cannot capture the extreme circumstances of some farmers, when those in difficulty may represent only 2–5 per cent of the population of over 41 000 people.

The situation faced by the Atherton Tablelands is not unusual. A comparison of local economic performance indicators (for 1998) shows the Atherton Shire in the top third among Local Government Areas in Australia, Mareeba ranked around the middle, Eacham around the bottom 40 per cent and Herberton ranked in the bottom 10 per cent. These rankings highlight the different general economic conditions within the region. Further breakdown of these indicators shows a region that is characterised by continued population growth and good

prosperity potential based on the socio-economic profile. However, the capacity of households in the region to manage debt and the level of community welfare are shown to be serious concerns (National Economics 2000).

## **THE WAY AHEAD**

There are no simple solutions or quick fixes. Building new industries where old industries have declined and diversifying the economic base of any region are long-term initiatives. Ultimately, industry in the region needs to be viable without artificial support. In the short term, a number of issues need to be addressed before the region as a whole can move forward.

Anecdotal evidence from the region, supported by the opinions of State and Commonwealth officials, suggest a lack of adequate social services in the Tablelands. Coupled with this lack of services has been a reluctance to access those services that are available by those in most need of assistance. The reasons for this are varied. The ethnic background of farmers, the cooperative and well organised structure of the industries in which they have been involved for a long time, and a lack of understanding of the services available all possibly contribute. Ways need to be found to address both the availability of services and the willingness of those in need to seek assistance. Options identified in discussions in the region need to be investigated further.

It appeared, from anecdotal evidence, that some farmers in the region have been trying to come to terms with the changes that have been occurring and to understand the reasons for the changes. They have been struggling to cope with these changes without fully understanding them, and therefore have had limited success in turning them into new opportunities. These people need assistance to understand the forces causing change, and the skills to manage change and make informed decisions about future opportunities.

There was clearly a problem in regard to information. Farmers made decisions based on what others were doing, using networks that had worked in the past. Despite being encouraged to seek professional advice in times of change, few did. Those willing to acquire, and pay for, market information, and to make decisions based on the information and advice available are in a better position now than those relying only on family and friends in their decision-making.

It is not possible to change what has already happened, but it is important that appropriate information is available for future decisions. In particular, information on viable markets for produce has been lacking and will continue to be important for appropriate decision-making.

### **Economic development for the long term**

It was difficult, in the time available, to establish clear directions for economic development in the Atherton Tablelands. Discussions highlighted the potential for tourism, horticulture and value-adding manufacturing.

Tourism potential appears to exist with a range of natural and cultural attractions in the region. The large tourist base close by in Cairns offers a potential market. The FNQ Regional Plan (FNQ RPAC 2000) identifies that the Far North Queensland tourism industry is predominantly based on natural and cultural attractions, but is concentrated between Cairns and Cape Tribulation along the coast. The need for diversification from this narrow region was recognised and the development of sustainable long-term nature-based tourism was recommended. The Atherton Tablelands has the attractions for the diversification of the current and growing coastal market.

Currently, the horticultural industry in the Tablelands is having mixed success. There are issues of over-supply for current markets of some products, issues of quality, and potentially increased competition from overseas growers in the domestic market. Discussions suggested that there are opportunities for the development of niche markets in horticulture, and development of export markets may resolve some of the current over-supply.

Finally, there were only small pockets of value-added processing identified in the region. Only 7 per cent of exotic fruit and vegetable growers in the Far North Queensland region undertook any processing of their produce, while they threw away or gave away more than a quarter of their second grade fruit. Instances of value-added processing, such as the use of skin-blemished mangoes to produce mango wine, offer examples of success in this area. With the availability of suitable land in the Mareeba Shire (FNQ RPAC 2000) and apparently unused second grade fruit, value-adding processing appears to have potential. The Golden Circle processing factory, currently in the feasibility study phase, is a concrete example of how this potential could be progressed.

Some people in the region have been looking for a single new industry to effectively replace the single dominant industry of the past. None of the industry possibilities discussed here will offer a solution to the current problems by themselves or in the short term. In the longer term, the development of industries other than agriculture will enhance the 'depth' of the local economy. The diversity of the local economy—be it city or country—affects the ability of local communities to adapt to any particular change in regional economic conditions (Productivity Commission 1999a, p. 56). With continued change expected to occur into the foreseeable future, economic diversity in the region will be important. As such, it should be a consideration in future development; however, this needs to be balanced with the benefits of specialisation in areas which offer the region a sustainable competitive advantage.



## **APPENDIX I ISSUES AND SUGGESTIONS FROM MEETINGS**

Discussions were held with interested parties in Mareeba in the Atherton Tablelands between Monday 21 August 2000 and Friday 25 August 2000. The aim of these meetings was to discuss issues affecting the region and possible opportunities for the region. The meetings were also used to collect available information on the region, including any assessments, strategic plans or previous analysis that were available.

Wide-ranging issues were raised in these discussions. Many of the issues raised have been referred to in this study. However, some issues, especially when specific to an individual or a particular group, did not fit into the broad analysis of the region as a whole. The issues raised and specific actions sought in the meetings held in Mareeba are listed very briefly below.

### **ISSUES RAISED IN DISCUSSIONS**

- International market access protocols—in particular quarantine restrictions.
- Infrastructure
  - Sugar roads;
  - Access to the coast;
  - Local roads;
  - Mobile phone coverage;
  - Internet access at local call rates; and
  - Water infrastructure and charging.
- Skills shortage and in particular leadership shortage
  - resulting in an inability to understand issues and changes facing the community, much less deal with these issues.
- Young people leaving the area to seek opportunities.
- Insufficient job diversity to offer skilled people opportunities within the community.
- Lack of statistics about regional Australia on which to build performance criteria.
- Investment policies of superannuation fund managers do not include enough investment in regional Australia.

- Access to up to date information technology.
- Development of carbon trading policies are needed for the development of a new industry.
- Most fruit and vegetable crops are in over supply.
- Research into ethanol and legislation to require 5 per cent blend in petrol would assist sugar industry.
- Australian Quarantine Inspection Service charges are impacting on the ability of a number of industries to export.
- Increasing age of farmers.
- Growers having to bear the costs of product deterioration due to the handling of others in the marketing chain.
- Risk of introduced pests and diseases through the importation of produce.
- Market power of suppliers of certain inputs into production.
- Falling prices for corps.
- Control of the supermarket chains in setting prices for produce.
- Increasing workload and decreasing standard of living for farmers.
- Issues of tax driven investment in corporate farms.
- Need for marketing information for specific crops.
- Competition between areas within the region has caused problems.
- Lack of coordination and facilitation for value-adding.
- Communication between farmers in sharing information broke down during deregulation and needs to be improved.
- Research into alternative uses for some crops.
- Fuel prices impacting in transport industry.
- Current information available to farmers is too production driven.
- Farmers are not aware of the government programs available.
- Flow-on effects of downturn in farming is impacting on industry and retail in the region.

### **SPECIFIC REQUESTS**

- Low interest rate loans and interest subsidies and a rural bank.
- Special work permits for backpackers to work on farms.
- Diesel fuel rebate for the extraction of tea tree oil on the farm (currently this is not recognised as a primary on-farm process).
- Additional money for research and development.
- Grants to farmers for establishment of new crops.
- Continuing subsidies to all Australian growers.
- Tariffs to be imposed on importation of produce.

- A study of the economic and structural factors which will influence the future of the banana industry with a view to developing policy to address these issues.
- Assistance with alternative disinfestation methods.
- Industry / crop experts to visit the region to help with specific issues.
- Establish 'Bush Connections' social service on the Tablelands.
- Industry value-adding and diversification research.
- Development planning.
- Leadership, training and education support.
- Development of social strategies.





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## ABBREVIATIONS

ABARE	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
ACCI	Australian Chamber of Commerce and Industry
AFFA	Agriculture, Fisheries and Forestry—Australia
AQIS	Australian Quarantine and Inspection Service
ATSI	Aboriginal and Torres Strait Islander
ATPB	Atherton Tablelands Promotion Bureau
CCS	commercial cane sugar
CDMA	code division multiple access
CREDC	Cairns Regional Economic Development Corporation
DEWRSB	Department of Employment, Workplace Relations and Small Business
DMR	Department of Main Roads
DPI	Department of Primary Industries
FNQ	Far North Queensland
FNQEB	Far North Queensland Electricity Board
GDP	Gross domestic product
ha	hectare
kg	kilogram
km	kilometre
LGA	Local Government Area
m	metre
MDIA	Mareeba – Dimbulah Irrigation Area
mm	millimetre

mn	malignant neoplasms
Mt	Mount
na	not available
NCP	National Competition Policy
NESB	Non-English speaking background
NSW	New South Wales
OESR	Office of Economic and Statistical Research
QRAA	Queensland Rural Adjustment Authority
QTLMB	Queensland Tobacco Leaf Marketing Board
t	tonne
TEDC	Tableland Economic Development Corporation