



*BIG IDEAS: Local governments are advocating infrastructure spending.*

# THE BOLDER THE BETTER

“Now is not the time to be timid.”

CHALLENGING TIMES NEED  
INNOVATIVE RESPONSES, SAY  
LOCAL GOVERNMENTS.



One way to ride out the global financial crisis is to ensure regional Australians are “hired, housed, healthy and happy”.

Borrowed from a 2003 Productivity Commission report, this phrase best sums up the way many councils are feeling about the current gloomy economic times.

“Unfortunately, these are indeed the four elements that are most under threat during the global economic crisis,” according to Lydia Wilson, chief executive of Manningham City Council, north-east of Melbourne.

Hers is one of 158 submissions received to date by the House of Representatives Regional Development Committee for its inquiry into the impact of the global financial crisis on regional Australia.

Collectively, councils are advocating stimulus spending aimed at supporting jobs, building new houses, and improving health, education, social and physical infrastructure.

In the submissions and at a series of public hearings, the Regional Development Committee has been hearing similar stories from across the country.

Australia’s rural economy has been hit by the twin ravages of drought and unemployment that was already much higher than metropolitan areas even before the crisis began.

Cash-strapped councils, hit by stock losses and severe write-downs on their investments, are struggling to gain access to credit.

Businesses in the mining, manufacturing, agricultural, tourism and retail sectors are either shedding jobs, converting some positions to part-time or reducing workers’ hours.

There are also fears that, like previous recessions, unemployed workers in regional areas will migrate to the city in search of work and that once jobs are lost in bush they may never return even when the economy does pick up again.

Wentworth Shire Council, in the Lower Murray Darling Basin in NSW, is perhaps typical of a small council that feels under siege by the crisis.

With a total population of 7,079, spread across some 26,268 square kilometres (which equates to approximately four persons per square kilometre), the council is struggling just to keep up.

STORY: DAVID KIRKPATRICK  
PHOTOGRAPHY: DAVID SIMMONDS

**ENERGETIC RESPONSE:**  
*Existing infrastructure needs augmentation.*

“One of the difficulties in responding to the question of whether the global financial crisis is impacting on our region is that we are only able to provide anecdotal evidence based on what we think we know is happening in our region,” general manager Peter Koslowski wrote in his submission to the committee.

“We are a local government area that is large in area, but relatively small in resident population... Our budget and funding constraints mean that we are not equipped in terms of finances or human resource allocation to be able to measure impacts of a crisis such as the global economic downturn.

“Anecdotally we know that in our biggest employment sector, the agricultural sector, the cumulative effect of the prolonged drought and the global economic downturn is potentially disastrous for our region.”

But many councils believe that, along with the adversities the crisis brings to regional Australia, there is plenty of opportunities.

## **While happy to have already received some stimulus spending, they now want more.**

The Rural City of Wangaratta, for example, decided to take a proactive approach to the global economic downturn and commenced developing a response strategy in November last year. The strategy is based on the premise that “now is not the time to be timid”.

It acknowledges that while the Wangaratta regional economy will not be immune from the effects of the economic downturn, there are measures that can be undertaken to buffer these effects and indeed provide offsets to employment and economic activity in other directions. It has nominated four key directions for doing so including: direct economic stimulation; innovation and entrepreneurship; leadership; and business support.

Gold Coast City Council chief executive officer Dale Dickson is another voice advocating bold thinking in these troubled economic times. He said the council was convinced that “yesterday’s solutions will not address the issues we now face and will continue to face in the future”.

“Times of great challenge provide the basis for great opportunities to respond,” he wrote in the Gold Coast’s submission.

“The shocks to the financial and economic system mean that now is the time to fix both long-standing issues adversely affecting local government and Commonwealth relations as well as addressing the immediate financial and economic challenges.

“This will establish the foundations for greater capacity for local government to respond to the challenges of the future.”

While many people would probably perceive the Gold Coast, Australia’s sixth largest city, as neither ‘regional’ nor particularly struggling, Mr Dickson paints a very different picture of an economy that has been hit hard and early by the global financial crisis.



“The secondary financial market developed in Gold Coast City in the past decade was one of the first sectors to fall,” he stated in the submission.

“There were immediate impacts on the corporate financial sector and the building and construction sector, and a lack of working capital is now having negative impacts and causing business failure and increased unemployment, even with sound businesses.”

Among a list of recommendations, the Gold Coast City Council is calling for a more “robust and direct” relationship with the Commonwealth government.

“The time has come for local government to be explicitly recognised in the Australian Constitution,” is the Gold Coast Council’s first and foremost recommendation.

The council has also urged the Commonwealth government to investigate the opportunity to guarantee local government borrowings on the same basis that has been done for state government borrowings.

Many other councils are even more direct than the Gold Coast, suggesting the Commonwealth government should spend money on long neglected local infrastructure projects to boost employment in the short-term and lay the groundwork for improved economic conditions when the boom times eventually return.

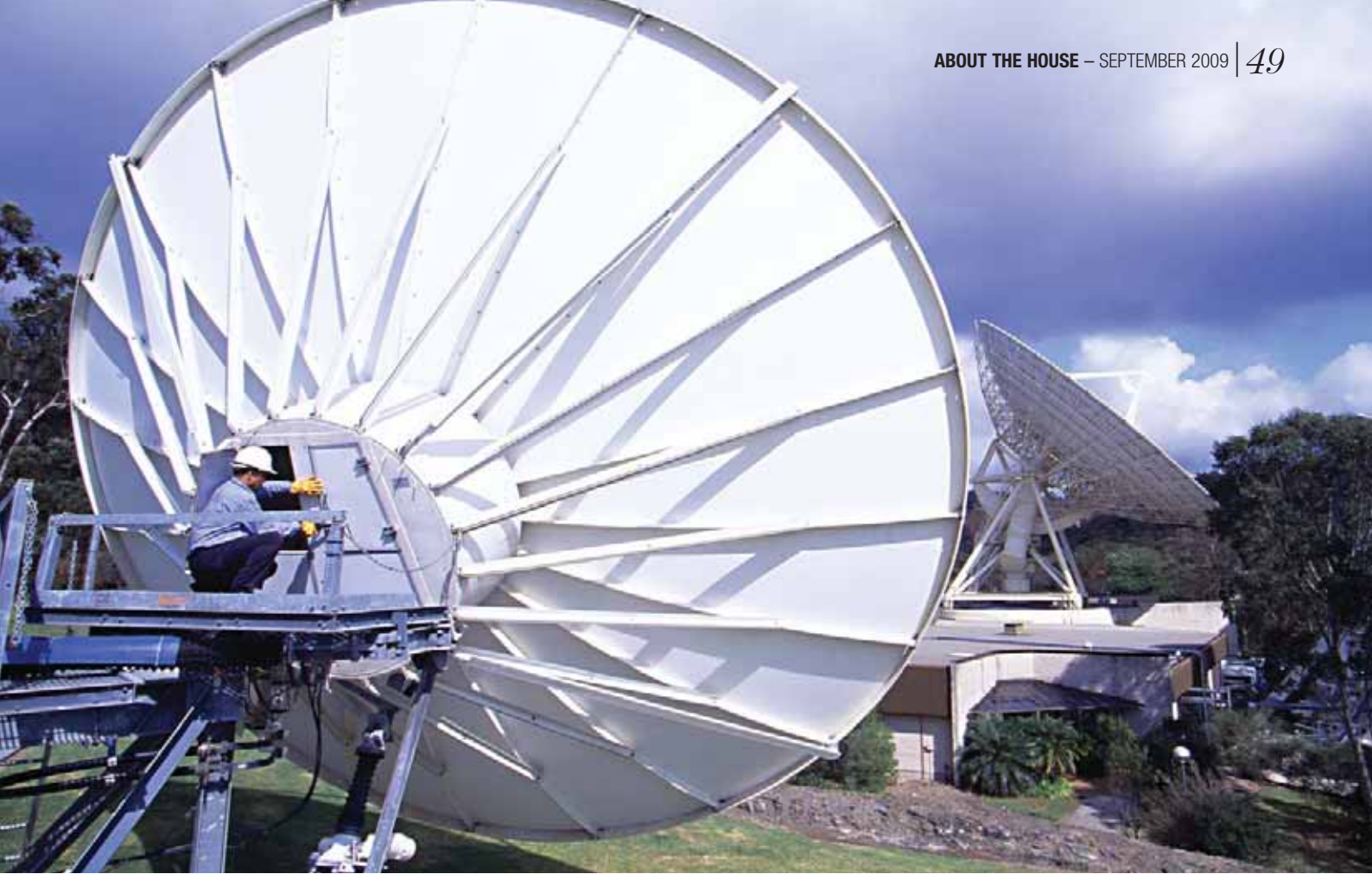
According to Kempsey Shire Council, on NSW’s mid-north coast, a “major impediment” to economic growth is the lack of investment in infrastructure.

“The infrastructure required to support the growing population and annual average influx of 40,000 tourists per annum is inadequate and requires replacement and/or augmentation,” the submission stated.

“Council is also faced with the need to adapt existing infrastructure to meet the needs of a rapidly ageing population. Council is unable to keep pace with these demands having regard to restricted opportunities to raise revenue, including the combined effects of rate pegging, inability to levy rates on charitable organisations and government service agencies, cost shifting from the state government and pensioner concessions.”

Kempsey Shire Council has called on the federal government to fund a range of local infrastructure projects including:

- water and sewerage services for industrial development at South Kempsey;
- services required to support a heavy transport hub;
- water and sewerage services to support aged care facilities;



- town improvements for Kempsey town centre; and
- replacement of ageing timber bridges and upgrading the rural road network.

This list is typical of the response from many local governments. While happy to have already received some stimulus spending, they now want more.

Part of the Regional Development Committee's brief is to find out how the Commonwealth government could ensure that regional Australia is best equipped to respond to the global financial crisis, with particular focus on:

- the encouragement of economic development and employment; and
- the development of sustainable essential services and social infrastructure designed to enhance the liveability of regional Australia.

But it seems that there are no blanket solutions to these issues. For the Shire of Yilgarn in Western Australia it's about fixing access to high speed internet and mobile phone coverage. In the Upper Lachlan region of NSW, upgrading regional roads is the main priority. While in Shellharbour NSW, it's ensuring that a \$1.5 billion residential/boatharbour project goes ahead as planned.

City of Mandurah chief executive officer Mark Newman summed it up as follows: "Whilst the current economic downturn has been portrayed by many as a 'crisis', it could perhaps be better termed a 'crisis of confidence'.

"Although it would be easy to subscribe to the 'endless doom and gloom' scenario currently being portrayed by the mainstream media, it will be of greater benefit to our community for the City of Mandurah to instead subscribe to the theory that it is always 'darkest before the dawn'.

**POSITIVE FUTURE:** *All must play their part in recovery and renewal.*

**"Yesterday's solutions will not address the issues we now face and will continue to face in the future."**

"The role of local government is not only to acknowledge reality, but also to portray—and deliver where possible—a positive future for its community.

"With ongoing state and Australian government assistance—and less regulation—Mandurah and other local governments across the nation will be able to play their part in ensuring the recovery and renewal of their constituent areas."

Indeed, this note of optimism and several innovative ideas contained in submissions, should give the Regional Development Committee plenty of food for thought as it prepares to deliver its report to parliament later this year. •

For more information on the inquiry into the impact of the global financial crisis on regional Australia, visit [www.aph.gov.au/itrdlg](http://www.aph.gov.au/itrdlg) or email [itrdlg.reps@aph.gov.au](mailto:itrdlg.reps@aph.gov.au) or phone (02) 6277 2352.