

Ref:
AVB.jcl

11 July 2008

The Secretary
Standing Committee on Infrastructure, Transport,
Regional Development and Local Government
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

I refer to your request for submissions into the Inquiry into a new regional development program.

Regional coastal councils are experiencing dramatic change caused through the migration of retirees from large metropolitan cities to coastal lifestyle destinations. During the past ten years one and a quarter million people have undertaken this migration putting pressure on present and future Local Government resources provision.

Coastal councils such as Kempsey Shire Council are unable to plan properly for this influx nor are they able to meet the increasing demand for community infrastructure or catch up with the significant backlog of demand for these facilities.

The pressure to provide facilities to these coastal communities will continue as it is estimated that approximately one million more retirees will move out of large urban areas and settle in regional coastal locations as the baby boomers reach retirement around 2010.

It is recognised that a lot of service provision such as water and sewerage, roads, kerb and gutter etc is provided by developers as new subdivisions are created. However, Local Government is responsible for financing many of the planning studies and environmental investigations that need to be undertaken to create that subdivision in the first instance. Once the new residents arrive the Local Council is responsible for the maintenance of those assets and the provision of additional infrastructure such as Library services, community facilities, recreation facilities, sporting facilities, economic development programs and community services for the aged, children, youth and for health.

Retirees by their very nature are in the older aged group and their requirements are far more demanding than other sectors of the population with the need to provide aged care facilities, home care and support, nursing homes, support groups, respite care, retirement accommodation, medical facilities, learning and education services and transport needs. In New South Wales, Local Government in conjunction with the State Government give rate rebates to pensioners which effectively reduces the amount of income that a Council can collect to pay for additional infrastructure and to maintain existing infrastructure.

Another major impact on regional coastal councils is tourism. The influx of tourists, particularly during peak seasons, can more than triple the population of coastal towns. This has a dramatic impact on infrastructure as these tourists use roads, recreation areas, beaches, water and sewerage, waste collection etc and add to the demands for better facilities and services. Tourism, of course, is of substantial benefit to the business community, creates employment opportunities and is financially lucrative to both Federal and State Governments who receive increased income through Income Tax, GST, Capital Gains Tax, Stamp Duty etc. Local Government, on the other hand, have little opportunity to receive additional income through tourism as rates are levied on the value of land rather than the value of improvements.

Local Government is severely restricted in its ability to raise revenue as it is largely dependent on Land Rates as an avenue to raise income. In New South Wales this ability to raise rate revenue is restricted by the State Government's rate pegging policy. Local Government is largely dependent on both the Commonwealth and State Government assistance to fulfil its infrastructure provision needs.

Local Government and in particular coastal Local Government needs access to Federal funding to be able to provide the infrastructure needs created by the migration from the cities to the coast. The proposed Regional Development Fund could serve this purpose. The Commonwealth is already providing direct funding to Local Government for roads through the Roads to Recovery Program. This is recognised by both Federal and Local Government as a huge success. The Regional Development Fund needs to be distributed to Local Government as a direct payment and needs to take into account the development pressures placed on councils caused by the influx of new arrivals and tourists.

Yours faithfully



A V Burgess
General Manager