

Summary of verbal submission to House of Representatives Committee

Angus Witherby, Director, Centre for Local Government,
University of New England, Armidale, NSW.

awitherb@metz.une.edu.au

Ph: 02 6773 2821

Fax: 02 6773 3030

Key Points:

The Context:

- We need to make policy for “three Australias” – Metropolitan; regional growth (mostly coastal) and regions in decline.
- The real challenge in areas west of the divide in NSW is “planning for decline” given long-term trends in agriculture and settlement patterns.
- Current macro state/federal policy settings are inimical to maintenance of services and infrastructure west of the divide.

The Nature of Infrastructure:

- Traditional approaches to infrastructure have viewed it as large-scale “built” infrastructure, such as roads, railways, dams and the like. The base of this infrastructure is generally adequate, although it is declining with insufficient investment in maintenance.
- Built infrastructure is still important. We need, however, to break away from traditional “big ticket” infrastructure items as a “fix” for regional economic problems.
- Today, other forms of physical infrastructure such as telecommunications are the real challenge, in terms of developing new infrastructure capacity to slow decline and to support growth in rural and regional areas.
- Physical infrastructure – of whatever type - will not work unless there are fundamental growth “drivers”. New infrastructure provision should be targeted at the needs of those “drivers”. These drivers are a combination of physical attributes of an area, together with the level of human and financial capital available.
- We also therefore need to consider social infrastructure and human capital. These are often over-looked essential components of infrastructure.
- Human capital refers to the influx of ideas, and drive associated with the delivery of traditional and new physical infrastructure, together with the provision of social infrastructure and services in rural and regional communities.
- There is a strong, but not usually understood relationship between local/regional economic development and the human capital associated with in-region provision and maintenance/development of social and physical infrastructure. Strip out the

human capital and regional areas lose the ability and flexibility to respond to challenges and also lose a critical services base to support new initiative and enterprise.

Current Challenges and Policy Initiatives:

- Current federal/state policy focused on National Competition Policy is stripping out human capital, together with social infrastructure and the capacity to maintain and develop physical infrastructure from rural areas. Unless these policies are changed, additional infrastructure monies directed to non-metropolitan areas will not assist in the maintenance of viable regional communities. In this respect the major reviews of National Competition Policy currently underway are essential, as its effect in many rural areas is to raise prices and reduce competition.
- Whilst responding to “shopping lists” creates a certain degree of “feel good”, more subtle approaches to macro economic policy development are required to recognise the “three Australias”. This makes good economic sense, as the long term social costs of declining viability of non-metropolitan communities, particularly west of the divide, will be massive.
- There is a major challenge ahead in determining what is a “fair and reasonable” provision of services (however delivered) to persons outside metropolitan and growth areas. A new approach to “community service obligations” is required.

Future Research and the Contribution of UNE

- A particular strength of UNE is the development and critique of policy, and the working through of policy as it affects non-metropolitan Australia.
- UNE is well positioned to assist in the process of sensitive policy formulation and testing prior to implementation (“social impact assessment”).
- UNE is in a strong position to develop competitive bids for research needs identified through this current process, in particular as it brings a multi-sectorial/disciplinary approach drawing on a wide range of areas of core expertise.
- The Centre for Local Government at UNE has particular expertise in examining the internal and external impacts of reform processes on local government, synthesising both economic and social science analyses.