

INFRASTRUCTURE SUBMISSION

Introduction

Eyre Peninsula is a large diverse region, stretching from Ceduna in the west, the towns of Kimba and Wudinna in the north, down to the regional centre of Port Lincoln in the south.

As a land mass the Eyre Region is easily recognisable because of its distinct triangular shape, the south eastern and south western boundaries being sea with the northern boundary being the picturesque Gawler Ranges.

The ten Local Government bodies that comprise the Eyre Peninsula consist of nine District Councils and one City Corporation. These are the District Councils of Cleve, Elliston, Franklin Harbour, Kimba, Le Hunte, Lower Eyre Peninsula, Ceduna, Streaky Bay, Tumby Bay and the City of Port Lincoln. Between them these Councils service a population of 33,000 and cover an area of 55,000 square kilometres.

The Eyre Region is highly productive: despite having just over 2% of the State's population, it produces (in an average year) 33% of South Australia's grain harvest and 65% of its seafood harvest. With a mild climate, beautiful swimming and surfing beaches, coastal scenery, great fishing and boating opportunities and whale watching, the Region is a popular tourist destination, attracting more visitors than any other tourist area in the State.

Huge opportunities lie ahead for the Eyre Region in the areas of aquaculture, mining, food processing and new tourism markets.

The region's main industries inject more than half a billion dollars into the South Australian economy each year – much derived from valuable exports.

However, over the past decades Eyre Peninsula has observed a contraction in the number of people working and living in rural areas.

Across Eyre Peninsula our brightest young people are completing their secondary education, then leaving the region to pursue tertiary studies and their chosen careers. A large number never return, due to the lack of appropriate job opportunities.

Compounding this fact, there has been a reduction in services and businesses because of *economic rationalism, privatisation, competitive pricing*, electronic trading, down sizing etc. Decline of small rural communities should not be dismissed as an inevitable consequence of economic restructuring.

There are many practical examples where the lack of appropriate infrastructure is impeding development in our region in the areas of information technology, power, roads, aquaculture etc.

But primarily Regional Development is about people, employment opportunities and growth for the future.

Regional communities are very much at an historic turning point in Australia. The heavy impact of recent micro-economic reforms on regional and rural communities is a policy issue of fundamental importance to the Nation's future. Government can no longer deal with regions as an extension of a city based State Development Plan. We must avoid the "attitude of inevitability" about rural decline as a result of rural and regional restructuring. This attitude is serving to increase the sense of pessimism amongst country people, lowering morale and reinforcing the sense of cynicism towards the Government as not caring about regional communities.

Areas of our region are really feeling the impact from restructuring associated with de-regulation, economic rationalism, privatisations, compulsory competitive tendering, etc. It is a struggle convincing our rural and regional communities that there is some "greater good" from all the pain and dislocation they are experiencing.

Confidence and certainty are going to be key factors in any Regional Rejuvenation and Development Program. Meaningful development will rely on attention to special problems, needs and opportunities of local people and local areas. Local people in turn, will need to work with Government to

identify their needs and find constructive ways to deal with them. This means individuals, businesses and industries must take more responsibility for the issues that affect them and the future of their local region.

Terms of Reference

1. Deficiencies in infrastructure which currently impede development in Australia's regional areas:

Appropriate infrastructure has been identified as one of the major factors affecting development in regional areas.

Much of the current infrastructure is ageing and often inappropriate in meeting the needs of new development opportunities. For example, the growth sectors in our region are aquaculture, mining, food processing and tourism.

Infrastructure is also essential for population retention and attraction of new investment. The requirements for the region can be broken into three key areas:

- Improved communications
- Improved transportation
- Improved energy and resource facilities

Telecommunications

Analysing the benefits provided by an improved information technology and telecommunication service gets to the very heart of sustainable regional development. The Eyre Peninsula was selected by the South Australian Government to trial the Regional Communications Initiative methodology

developed by the Centre for International Research on Communications and Information Technologies. A regional Working Group was set up to implement a community driven process to raise awareness of telecommunication issues and to identify the regional communications needs of various sectors within the area.

The rationale behind the project is four fold:

1. To see that the Eyre Peninsula region is enhanced and developed both economically and socially by increasing the usage of electronic service delivery and advanced communications.
2. To provide a means to educate and train more people within this region, with a view to maintaining our population, services and employment base.
3. To provide opportunities for new and alternative businesses to diversify the region's current economic base.
4. To provide technologies for professionals, educators, business, corporate entities, private individuals and their children to benefit by improved access to information and services through advanced technologies.

The cost of access, particularly of bulk or broad band services is currently held at a high cost, because the Intrastate infrastructure is still predominantly controlled by Telstra. It is important to encourage competition in this part of the communications infrastructure sector. Regions need to increase demand (by education of users about new services) to aggregate traffic, so they acquire some growing buying power and to work with other large users of telecommunications – especially the State Government.

Regional South Australia has the opportunity to encourage the development of alternative local infrastructure. In larger centres this may be broad band cable providing a wide range of services. In rural centres this may be a combination of cable in a township and wireless access to customers out of town.

What has happened is that regions, because of the frustration and isolation in this area, have advanced their strategic position far quicker than the State. The analogy of information technology and telecommunications being the

water pipeline of the future is a fact we cannot lose sight of. In the past water to our regions allowed us to establish our towns, develop new industries and sustain the people. The future demands will see information technology and telecommunications being our pipeline in times to come.

Power

Reliable and economic 3 phase electricity supply of adequate capacity is critical for development in regional and rural areas. The Eyre Regional Development Board has been actively trying to develop a cluster of world class aquaculture centres to capitalise on the pristine oceanic waters of the region. However a common impediment to establishing such centres is the cost of delivering 3 phase power. It is common practice for these types of developments to be facing power connection costs in excess of \$400,000.

Further to this is the inadequacy of existing electricity supply in some areas; some parts of Eyre Peninsula experience severe difficulty with demand supply during peak usage time, such as harvest and summer tourist seasons. This results in an unreliable supply, with end consumers facing costly stock losses and repairs as a consequence of interrupted supply and surges when supply is restored.

The whole of Eyre Peninsula relies on one transmission line from Whyalla to Cleve; should this line fail, delays of up to 48 hours could be experienced before electricity supply is restored. It is therefore imperative that sufficient resources are available to carry out emergency repairs.

Roads

The physical, economic and social constraints imposed by the vast size and remoteness of Eyre Peninsula are considerable.

The distance from Port Lincoln to Border Village equates to travelling from Melbourne to Sydney via the Hume Highway.

A sample of Eyre Peninsula travel times operating ex Port Lincoln (within the legal speed limit) is as follows:-

- Ceduna – 4.0 hours
- Wudinna – 2.5 hours
- Tumby Bay – 0.5 hours
- Kimba – 3.0 hours
- Cummins – 0.7 hours
- Elliston – 2.0 hours

- Minnipa – 2.8 hours
- Streaky Bay – 3.0 hours
- Nundroo – 6.0 hours
- Whyalla – 2.7 hours
- Cowell/Cleve – 1.8 hours
- Border Village – 10.0 hours

Location and size affects everything from travel costs, communication charges, reaction times to emergencies, to the cost of imported/exported goods and services.

For a community so dependent on a safe road network it is interesting to note the following statistics which demonstrate some of the inequities.

- (a) The average size of an Eyre Peninsula Council is 4000 sq km, compared with the State average of 2170 sq km.
- (b) Eyre Peninsula has 17.4% of South Australia's local road network, yet only 3.8% of the State's population.
- (c) Eyre Peninsula's local roads total 12741 km in length, at an average of 240 km per city and 1362 km per district council. This compares with the State average of 1032 km. Less than 5% of Eyre Peninsula's local roads are sealed, compared with the State average of 20%.
- (d) The average total revenue received by an Eyre Peninsula council equated to \$4 million per annum, compared with a State average of \$11.6 million.

Three key arterial roads on Eyre Peninsula are still to be sealed, namely Cleve to Kimba, Lock to Elliston and Cummins to Mount Hope.

The Eyre Highway between Port Augusta and Ceduna is currently being upgraded, but still needs Federal capital funding to complete this section of Australian National Highway. Likewise, the maintenance of the Lincoln, Flinders and Tod Highways will require regular and ongoing support from State and Federal governments.

In addition, several local roads that are in need of upgrades were identified in December 1998. These roads were considered to have one or more of the following attributes:-

- The road provides for extraordinarily high seasonal traffic.
- The road facilitates development of a particular industry, trade and /or commerce.
- The road provides a significant link in the local road network, facilitating access to other local roads and therefore is of some regional rather than purely local importance.

These roads, in order of priority, were Pygery/Port Kenny, Cummins/Mount Hope, Kimba/Cowell, Ceduna/Davenport Creak, Balumbah/Kinnaid, Lipson/Ungarra and Kyancutta/Mount Wedge.

Rail

The Eyre Regional Development Board supports the development of an integrated national transport strategic plan, addressing the adequacy of the existing rail network, however the Eyre Peninsula will not benefit from any work done on the standard gauge rail network as it is currently serviced by a broad gauge network.

Water

Eyre Peninsula's water supply would benefit by an investigation into, and implementation of, a total water cycle management plan. The equitable allocation and use of all water resources is paramount to the future sustainable development of the region's horticultural ventures in areas such as:-

- Premium wine grape growing
- Olives

- Pulses
- Floriculture
- Bush Tucker

Local surface and groundwaters are variable in terms of yield and quality, with salinity levels high in outlying areas. Alternative sourcing and desalination plants have been investigated for the Eyre Peninsula, however substantial capital investment is required.

To maximise water use opportunities, the Eyre Peninsula needs to address the sustainable yield and quality variability of existing supplies and consider all options for future resources.

2. *Factors that would enhance development in these areas, including the provision of infrastructure such as energy, transport, telecommunications, water supplies and facilities that deliver educational, health and financial services.*

Infrastructure is critical to business location decisions. Soft infrastructure plays an important role in attracting population to a region or district. The challenge for regions is to provide an attractive environment with diverse entertainment and cultural options covering education, health care and sport and recreation, etc.

Comprehension of the challenges facing regional Australia requires understanding the ongoing changes and diversity that shape communities and people. There is no single recipe for success. However, key policy drivers that would seek to reduce the disparities and advance regions are focussed on:

Comprehending the nexus between building economic prosperity and equitable access to basic services in regional areas.

Improving transport and telecommunications connections between urban-regional and then rural-remote communities and areas through a commitment to increased investment in up-grading existing services and appropriate allocation of funds for new services.

Intervening to counter high costs of providing quality water and power services to small-scale, low-density settlement areas.

An Economic Development Authority (EDA) review of the South Australian Government's regional development policy and programs in 1997 identified the need for infrastructure funding support and encouragement for reinvestment in country areas. As a consequence, an Infrastructure Development Fund was established for the purpose of facilitating infrastructure upgrades such as power, water, sewer, information technology and roads, in support of strategic business expansions in regional areas.

As you would expect, we as a Regional Development Board were overwhelmed with the demand. The recent South Australian Regional Development Taskforce (April 1999) recommendations include a re-introduction of such a fund to accelerate high priority infrastructure needs in regional South Australia.

The previous high demand on an infrastructure fund highlights the desperate need for infrastructure funding to act as a stimulus to regional investment. It further supports the view that Government support and assistance programs should be unbundled and the regions be given the final say as to which sector is likely to show the best return on the use of public sector investment.

This example is at the core of the problem facing regional development initiatives:-

- Insufficient resources to regions.
- Rigid and inflexible guidelines retarding appropriate use of funds.
- Lack of understanding and appreciation of the special differences in regional areas.

Requirements of infrastructure in regional areas will not always fit the policy structure of one agency. It must be made available on an equitable basis across the various industry sectors, leading the economic growth of that region.

The challenge is to develop a widely accepted model, coordinating responsibility to ensure proper interface with the Federal Government on all

regional development matters. There is an immediate need to revise the current process to ensure that the priorities for infrastructure funding be decided upon after consultation with the appropriate Regional Development Organisation in each State.

In South Australia there has been extensive planning and consultation in regard to the infrastructure needs of regional areas... *now is the time for action*. Regional Development Boards in South Australia provide a direct and positive link between the private sector, Government and the community and we would encourage the Federal Government to build and develop those relationships.

3. *The potential for development in regional areas:*

The Eyre Peninsula region's main industries inject more than a half a billion dollars into the South Australian economy each year – much of it derived from exports. With a mild climate, beautiful swimming beaches and coastal scenery, great fishing and boating opportunities and whale watching, the Eyre Region is a popular tourist destination, attracting more visitors than another country tourist region in the State.

However, there is desperate need to upgrade visitor access to many of the coastal areas, provide adequate boating facilities and to have enough resources to seal a number of priority tourist roads. The spin-off which would flow from a few strategic infrastructure projects in the tourist sector would be significant, both from increased investment and employment.

New mining opportunities have been identified following a recent aeromagnetic survey initiated by the State Government. The development of oil, gas, copper and gold resources is expected to make mining an exceptional growth industry. Aquaculture is set to rival the region's massive fishing sector as one of the major contributors to its economy. The aquaculture industry, like any of the nation's traditional primary industries requires infrastructure. Where our wheat and wool industries needed jetties and ports and rail facilities constructed at the turn of the century, to allow them to be competitive, so does the emerging aquaculture industry need infrastructure, ie:-

- Roads
- Power

- Loading and service wharfs
- Breakwater and groynes
- Boat ramps

It is expected that by the year 2005 the aquaculture sector on Eyre Peninsula will be directly employing well in excess of 2,000 people, but it will need the infrastructure support to be competitive. It would be folly to assume that this infrastructure will come exclusively from the private sector, it must be a mutual responsibility.

4. *The extent to which infrastructure development would generate employment in regional Australia.*

There are numerous examples where the provision of appropriate infrastructure has led to the creation of jobs in this region. Back in the 1980's the State Government injected approximately \$12 million into the Lincoln Cove Marina development to provide a commercial marina to service the region's fishing fleet. The growth of this region's Tuna farming industry would not have been possible without such a facility.

In the early 1990's the Federal Government were part of the development of the Lincoln Marine Science Centre. A joint project with Flinders University, industry, the community and TAFE, this centre has been instrumental in the development of the region's abalone, oyster, scallop and mussel farming sectors by attracting qualified people to work in the region.

The recent upgrade of two of the region's airports has meant that there can now be an increase in airfreight shipments, as well as allowing an improvement to passenger services.

The provision of appropriate infrastructure gives the confidence and certainty necessary to attract investment to regional areas and to witness the corresponding flow-on of jobs. This has been evident with the recent

upgrade of two of Eyre Peninsula's regional airports and the development of Port Lincoln's Marine Science Centre.

When looking at employment growth and the correlation between infrastructure and job opportunities, we must not lose sight of the fact that the same applies to our existing industries and their need to have competitive infrastructure (eg affordable, reliable power supplies to aquaculture and other developments).

5. *The role of the different levels of Government and the private sector in providing infrastructure.*

Working in Regional Development we often hear about the proposed move towards a coordinated whole of Government approach to Regional Development, involving interaction between the community, industry and some sections of Government. All spheres of Government have shown themselves to be actively interested and involved with economic development at a regional scale in recent times. However, the ways in which individual or shared responsibility has translated into a decision-making authority and resourcing to regions of public funds has often been less than successful.

General infrastructure for the public benefit, or where it is difficult to identify a clear income stream, or where the substantial benefit is to a broad sector, must surely remain a responsibility of Government. The obvious question then is *which level of Government and do they have the necessary reserves to finance the priority projects?*

This is especially important in rural and regional areas where community service obligation should ensure that country residents are not disadvantaged in comparison with their metropolitan counterparts. All this becomes academic in the absence of a strong and integrated Regional Development Policy coordinated at a Federal level.

6. *Planning, coordination and cooperation in the provision of infrastructure in regional areas.*

Regional Development has, for too long, been swapped with strategic planning and investigation into ways to improve coordination, etc. It is now

time to act, and considering we are about to enter the next millenium, the challenge is before all of us to find the solution.

Through the Eyre Regional Development Board, Eyre Peninsula Regional Strategy Committee, Eyre Peninsula Local Government Association and various industry groups, the people of Eyre Peninsula have demonstrated to Government their willingness to accept and take responsibility for the fundamental economic, social and environmental issues that characterise the region today, and with the right support, will determine its future.

Now is the time to make some fundamental changes between State/Federal policies looking at Regional Development.

The principles required in any new Regional Development Policy would be:

- Confidence and certainty of the Program.
- Strong commitment to Regional Development Policy issues at the highest level of Government.
- Industry synergies identified and acted upon (avoid duplication of effort etc).
- Unbundle assistance and development programs.
- Agreed formula for divesting funds to regions for development initiatives in consideration of their special differences.
- Greater autonomy and clout for a peak Regional Board or Authority to determine public spending.
- Improved authority and legitimacy for Regional Development Boards – so a Regional position is reinforced (drawing with it regional support).

South Australia's model for economic development, including 14 Regional Development Boards, is an ideal mechanism to assist with strategic planning and coordination of infrastructure provision. This process would result in a more coordinated use of funds, with local priorities able to be addressed in the planning process.

Regional Development needs a mandate ensuring a Regional Board or Authority does not become a tool for parochial interests of individual communities. A critical factor for the success of Regional Development initiatives in this State is for the Federal Government to recognise State structures and delivery of complementary programs and policies.

We would urge the Committee to consider the importance infrastructure is going have in building the capacities of regional communities to be anticipatory, to be able to adapt to change and to determine priorities and initiatives that demonstrate time and again that the development of regional, and rural areas **is an investment – not a cost.**

7. The benefit to the National economy of developing regional infrastructure.

I believe throughout this submission we have identified the benefits to the Nation's economy, through the provision of appropriate infrastructure. There have also been many reports on Regional Development in Australia that have concluded with out any doubt, the relationship between adequate infrastructure and economic growth. Two such reports being the *1993 Kelty Report* and the work by *McKinsey & Company* which considers the factors that influence business location and investment decisions.

In closing, we would be more than prepared to address the Committee or provide further evidence of specific economic development activity that results from the investment in regional infrastructure.

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