

Submission

Inquiry Into Infrastructure and the Development of Australia's Regional Areas

Executive Summary

The NSW Farmers' Association takes the view that it is important for Australia, as a nation, to maintain healthy rural and regional communities. Employment generation is essential to this outcome and in most rural areas the primary employment generator, directly or indirectly, is agriculture.

Rural people expect Government to play an active role in the development of infrastructure and to take a long term strategic view about rural communities and agriculture. This may require Government to be innovative in its approach and to analyse all policy decisions, such as the application of competition policy, in terms of their impact on rural communities.

The role of infrastructure in regional areas is crucial since it underpins virtually any type of development. It is the responsibility of the Government to ensure that adequate safeguards are in place to provide access to essential infrastructure for all Australians.

Cost effective supplies of clean water, electricity and transport are three key types of infrastructure required for the development of communities. However, there are other aspects of infrastructure, which are generally less well developed in rural and regional areas but becoming nearly as important as these, such as health, education and basic telecommunications services.

There is evidence to show that farmers and rural people more generally will take up opportunities to diversify their risk and develop their businesses and communities if Government provides access to essential infrastructure.

Governments need to take a more strategic view when deploying its resources and it may also need to invest in infrastructure in rural areas to rebuild social capital of those rural communities which have suffered an on-going decline.

Recommendations

- **The Inquiry should recommend that strong Community Service Obligations be placed upon owners and operators of infrastructure where market forces would otherwise deliver a poor outcome for rural and regional communities.**
- **The Inquiry should recommend that the Government ensure access to modern and cost-effective telecommunications and implement commitments to:**
 - **Legislate to upgrade the USO to include ISDN (64kbts data transfer rate) or equivalent, to all Australians.**
 - **Ensure that Telstra will upgrade its AMPS system to CDMA to provide ongoing mobile phone coverage when AMPS is phased out.**
 - **Allocate \$150 million over 3 years to provide untimed local calls in extended zones and \$36 million to provide local Points of Presence for all Australians.**
- **The Inquiry should recommend that State and Federal Governments take responsibility for the funding of health infrastructure and provide adequate funding for the establishment and maintenance of such infrastructure.**
- **The Inquiry should recommend that the Government investigate providing enhanced access to transport services for rural people to access health services not available locally.**
- **The Inquiry should recommend that, in terms of the Youth Allowance asset test, the Federal Government implement a 100 per cent discount for farm business related assets.**
- **The Inquiry should seek to ensure that the long term strategic needs of the rural sector – which provides an engine of economic growth – are met.**
- **The Inquiry should recommend that fuel taxes be removed and replaced with a road user charge.**
- **The Inquiry should recommend that Governments, at all levels, take a planned integrated approach to transport problems, taking into account road, rail, air and sea systems together and that the Inquiry investigate ways of ensuring that this occurs.**
- **The Inquiry should recommend that the Government encourage the development of inland-based transport systems to enable Australia to competitively market goods internationally.**
- **The Inquiry should recommend that, as a community service obligation, the Federal Government assist communities to maintain regional airports.**
- **The Inquiry should recommend that charges associated with bulk surface water reflect accurately apportioned infrastructure and resource management costs attributable to the efficient delivery of bulk water for production purposes.**

Introduction

As an organisation which actively represents the interests of farmers, the NSW Farmers' Association has a keen interest in the provision of infrastructure and regional development. The Association takes the view that it is important to Australia as a nation to maintain healthy rural and regional communities.

Employment generation can be seen as the key to this outcome for without employment opportunities it is extremely difficult to have viable rural community. In most rural areas the primary employment generator is agriculture either directly or indirectly through processing, transport, rural based businesses and services required by farm families etc. To a large degree, support goods and services will develop in areas where there are employment opportunities.

There is obviously a limit to Government resources and it is not reasonable to expect it to provide a full complement of services in some very remote areas. However, it is reasonable to expect Government to play an active role in the development of infrastructure and to take a long term strategic view about rural communities and agriculture. This may require Government to be innovative in its approach and to analyse all policy decisions, such as the application of competition policy, in terms of their impact on rural communities.

Role of Infrastructure

The role of infrastructure in regional areas is crucial since it underpins virtually any type of development. Cost effective clean water, electricity and roads are three key types of infrastructure generally understood to be required for the development of communities. However, there are other aspects of infrastructure, which are generally less well developed in rural and regional areas but are becoming nearly as important as these. On equity grounds rural Australians deserve to be able to access certain goods and services, over and above those mentioned above, regardless of where they live. These include health, education and basic telecommunications services.

The cost of providing infrastructure is such that it is beyond the resources of individuals. Therefore, there is a role for Government, often in partnership with private industry and communities, to ensure that there is sufficient infrastructure and services to warrant the establishment of new employment generating activities. The delivery and maintenance of infrastructure should be done in the most effective way and at least cost to the community. Government involvement in this process may vary, according to the nature of the infrastructure, from direct provision to the enforcement of Community Service Obligations.

The Association believes that the ownership of infrastructure is less important than the service and price standards which are guaranteed to the customer. There is a need for very strong guarantees of service for rural people who live in areas which may not be adequately serviced if market forces were to prevail. Examples include the Universal Service Obligations which are a part of Telstra's telecommunication carrier licence and the Community Service Obligation which applies to Australian postal services.

The Inquiry should recommend that strong Community Service Obligations be placed upon owners and operators of infrastructure where market forces would otherwise deliver a poor outcome for rural and regional communities.

Telecommunications

Modern telecommunications systems will be essential for rural communities and farmers to prosper in the future. On an individual basis farmers will increasingly need to access to information on markets, new production and conservation techniques, banking services, the ability to purchase inputs and sell produce etc to be able to maintain profitability. It has been predicted that access to information via a relatively cheap distribution channel like the Internet will revolutionise the way we do business, this includes farming.

Telecommunications also has the ability to provide significant opportunities in terms of the creation of jobs in rural areas. This may be directly through the establishment of call centres and other information technology based industry or through other businesses setting up in rural areas where they have access to a good telecommunication networks. This could extend to individuals in rural towns and on farms being able to tele commute, that is be employed by corporations or small businesses and work from a home office. This type of work could include telephone operation, professional services, secretarial services, journalism, design or information technology.

Such opportunities provide greater ability for rural areas to support employment and for family farms that wish or need to source off farm income to do so. Policy makers should not see data transmission capacity at urban speeds and costs as being some sort of “luxury” for which people in country areas should wait hopefully for the market to deliver. This approach is short sighted and ignores the potentially huge opportunities of modern telecommunications services for rural areas.

The provision of a high quality cost effective telecommunications service, giving access at reasonable speeds is critical for the continued sustainability of rural industries and communities. Data services such as the Internet can provide access to market and technical information; banking and advisory services; new employment opportunities; education and training; specialist services via tele-medicine; access to Government and other services; and social contact with family and friends.

The most effective means of guaranteeing enhanced access to digital data services is to upgrade the Universal Service Obligation (USO), as defined in the Telecommunications Act 1997, to include sufficient bandwidth for data transfer at current speeds as well as telephony services.

The Inquiry should recommend that the Government ensure access to modern and cost-effective telecommunications and implement commitments to:

- ◆ **Legislate to upgrade the USO to include ISDN (64kbts data transfer rate) or equivalent, to all Australians.**
- ◆ **Ensure that Telstra will upgrade its AMPS system to CDMA to provide ongoing mobile phone coverage when AMPS is phased out.**
- ◆ **Allocate \$150 million over 3 years to provide untimed local calls in extended zones**
- ◆ **Allocate \$36 million to provide local Points of Presence (Internet access at local call rate) for all Australians.**

The proposed introduction of competition in the delivery of the national USO has the potential to significantly reduce the cost of services and is supported by the Association. With competitors vying for the opportunity to be the USO provider, the carriers are likely to try to find cheaper ways of delivering the equivalent service.

Health

Rural health incorporates a wide range of issues, however the Association has concentrated in the first instance on the lack of sufficient General Practitioners in many rural communities. It is generally felt that once a community has secured the services of sufficient GPs to properly service the population then other allied health services tend to follow. However, without access to adequate infrastructure, it will be impossible to recruit and retain the services of medical professionals.

It is particularly difficult to attract doctors to practice in communities with a population of up to 5,000. The Australian Medical Workforce Advisory Committee and the Australian Institute of Health and Welfare report estimated that there was an under supply of 163 GPs in rural NSW in 1994. This situation has deteriorated since that time with estimates in the vicinity of 750 to 1000 nation wide.

The NSW Rural Workforce Strategy has identified a number of factors contributing to the rural general practitioner shortage. These factors include inability to access hospitals, the financial cost of relocating from the city, lack of professional and personal support, lack of sufficient allied health services, lack of employment opportunities for partners and wider level of overall skills required.

It is recognised that access to adequate hospital services are a vital factor in determining whether a doctor will choose to practice in a particular country area. The Government, at both State and Federal levels, has a responsibility to ensure that adequate health infrastructure is provided to deliver basic health care. In some cases this may involve a partnership between one or more levels of Government, including Local Government, medical professionals and the community.

Access to other infrastructure, particularly educational, will of course play a role in influencing the decisions of medical and other professionals about moving to a country town. Transport infrastructure has a role to play in ensuring access to medical services. For those people who do not live close to major medical centres access to adequate roads or public transport impacts significantly on their ability to access primary, specialist and acute health care.

The Inquiry should recommend that State and Federal Governments take responsibility for the funding of health infrastructure and provide adequate funding for the establishment and maintenance of such infrastructure.

The Inquiry should recommend that the Government investigate providing enhanced access to transport services for rural people to access health services not available locally.

Education

Access to high quality primary, secondary and tertiary education and training is a basic need of rural people. Geographic isolation means that people in rural areas have less physical access to education facilities and increased costs in accessing education. We recognise that it

may not be possible for Government to provide the physical infrastructure required for the education needs of rural and remote Australians to be met where they live. However it does have a responsibility to ensure access to education.

Statistics show that the retention rates for rural and isolated equity groups are significantly below parity with the general population. The Human Rights Commission recently found that only 16% of rural children entered tertiary education in 1997, an estimated 36% drop over an 8 year period.

Both State and Federal Governments have a responsibility in terms of ensuring equity in the provision of education. Equality in access to education must include the provision of high quality education facilities, teaching staff and resources in rural areas and support for both government and private educational institutions. Telecommunication infrastructure is very important to the provision of education through such mediums as Internet and Open Learning, school of the air etc.

Assistance to ensure that school children and tertiary students can access the education which best suits their needs and circumstances is essential. Adequate funding must be maintained to ensure that education allowances such as Youth Allowance, Assistance for Isolated Children (AIC) and the NSW Secondary Living Away from Home Allowance can provide equity between families in rural and urban areas.

The means testing arrangement for these programs should not discriminate against farm families by including farm business assets in any such test. The Federal Government made a commitment, which has yet to be implemented, to provide a 75 per cent discount for farm business related assets. It has been estimated that an extra 2,500 farm families would be able to access Youth Allowance if this discount was implemented.

Adequate road infrastructure is also important to ensure that children are able to access school in inclement weather. In NSW last year numerous families were unable to access schools because of severe flooding which made roads impassable for months.

The Inquiry should recommend that, in terms of the Youth Allowance asset test, the Federal Government implement a 75 per cent discount for farm business related assets.

Energy

Services, such as energy and water, are an integral part of production and cost structures of most industries today. Access to clean and reliable electricity and water supplies are fundamental to production activities in today's world. Most urban businesses do not even consider the possibility that such access would not be available.

The cost and quality of these services is fundamentally important to an individual business' ability to compete – and will therefore have a significant influence on regional competitiveness and so on development. Without these services, which are reliant on the underlying infrastructure, a region will struggle to sustain a network of viable competitive businesses. Conversely the provision of economic infrastructure – such as energy and transport – can and does stimulate secondary effects through associated investments and regional activity. These are likely to flow-on through to demographic changes that would lead to growth in social infrastructure (such as schools, clinics, etc.)

Whilst there is little economic consensus about what type of investment is most important in leading growth, the provision of infrastructure such as transport and energy can be a catalyst

for development and regional adjustment. Certainly the absence of well-maintained and reasonable cost infrastructure services can exacerbate the decline of small communities.

It is worth noting that the small communities in NSW that have grown by more than 10 per cent in the past ten years are those fuelled by emerging industries (e.g. tourism and wine) (ABS 1998, p.11). They are also close to reasonable infrastructure – e.g. along the Hume Highway and in the Hunter Valley, providing quick, easy access to major cities.

Electricity

The traditional concerns of agriculture with regards to infrastructure issues apply particularly to electricity services.

Key issues are:

- access to and cost of the service
- adequacy of infrastructure and service.

Infrastructure has been a central part of the National Competition Policy reform process. In New South Wales, electricity reforms have delivered cuts in retail prices of around 30 per cent to businesses eligible to participate in the contestable markets. However, the majority of those who have benefited are concentrated in metropolitan areas. This may be argued to be the result of the staged program necessary to the reform process and the nature of rural business (more likely to be small to medium enterprises not yet eligible to contest the market).

Small to medium enterprises are unlikely to have significant bargaining power and the position of the remote enterprise forced to rely on the supplier of last resort is not adequately secured. In addition, as the reforms proceed the likelihood of rising network access charges outweighing any potential drop in retail prices for rural consumers increases. This is unacceptable where these access charges are based on inflated asset values or do not reflect attempts to shift the onus for maintaining the infrastructure to the consumer.

Consumer groups – especially rural groups – are seldom adequately resourced to participate in the numerous reviews that form part of the reform process and determine the regulated asset values, rates of return and charges. The Government should seek to redress this imbalance in negotiating power by ensuring that such groups are adequately resourced to participate in balanced debate.

Association members perceive that the quality of service has fallen since the re-structuring of the NSW electricity providers. Response times are perceived to have slowed – particularly in restoring power after a cut.

Pricing and quality of supply is vital for farmers – most particularly for those who irrigate and for those in more intensive industries (such as poultry and pig farming) where the welfare of their stock can be compromised by long power failures.

Of equal significance is the concern that the focus on financial outcomes imposed by the competition policy reforms combined with dividend requirements will ensure that long term investment is neglected to the detriment of rural communities and the wider economy.

It is imperative that the Inquiry examine the impacts of competition policy reforms on natural monopolies (such as electricity distribution) for rural and remote Australians – with a view to ensuring that the Government holds to its long standing obligation to ensure that all Australians have equivalent access to essential services regardless of location.. Farmers should not be required to pay again (in high access fees) for infrastructure to whose establishment costs they have already contributed.

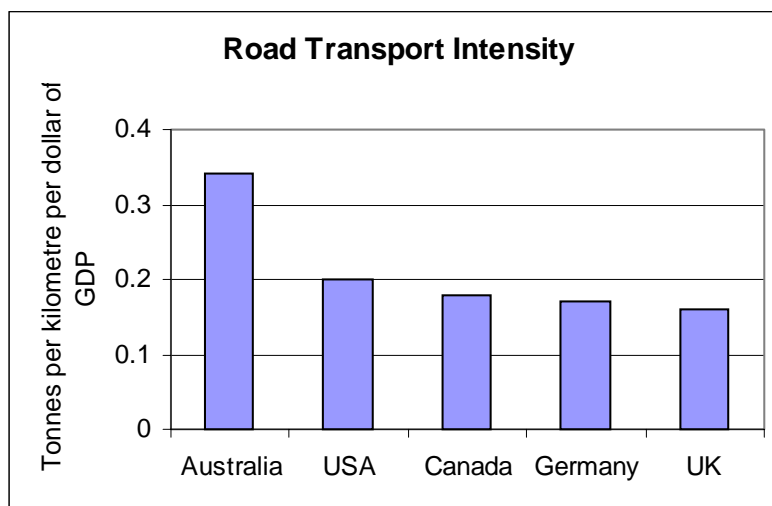
Farmers and country people deserve the same standard of electricity service as city people despite the vast distances that need to be covered. If country people are left without power for long periods, or their electricity service is not upgraded as technology changes, then they will be left even further behind than at present.

The Inquiry should seek to ensure that the long term strategic needs of the rural sector – which provides an engine of economic growth – are met.

Transport

Given that Australian farmers as a whole earn more than 80 per cent of their income on export markets, cost effective and efficient transport is a key to profitability. Distance is Australia’s significant competitive disadvantage. Compared to other OECD countries, many of whom are Australia’s competitors for market share in international food markets, Australia uses significantly more fuel.

The following graph illustrates the road transport intensity in a number of different OECD countries. In a relative economic sense (i.e. per dollar of GDP) Australian road transport carries significantly more cargo for greater distances than other identified OECD countries.



Source: NFF 1998

The high level of taxes on fuel exacerbates the competitive disadvantage and is an important element of tax reform. **The Inquiry should recommend that fuel taxes be removed and replaced with a road user charge.**

One of the major constraints for people living in regional NSW is the distance they and/or their produce must travel before reaching the market or the desired destination. This adds both time and transport costs to the selling of agricultural products and to many aspects of life – from collecting welfare benefits to a dental check-up. A well-maintained, high quality integrated transport infrastructure would help reduce the cost of travelling (through improved

efficiency and reduced wear on vehicles or by reducing the time required to cover the distance).

In many instances, produce moves across a number of different modes (e.g. grain is typically trucked to silos, railed to port and shipped to export destinations). The more efficient the inter-modal designs the less time and handling attach to the produce the better the quality and lower the cost in achieving sales. For industries such as horticulture and dairying, which are rapidly expanding their export markets, and for whom delays in transit can mean significant decreases in product quality, these issues are particularly important.

The regionalisation of many services and government administration, such as health, land and council administration, increases the need for improved transport networks. As regional centres develop, farmers and other rural residents will have to travel greater distances to access basic services. This is of particular concern with an ageing population. The aged generally have less access to private forms of transport and those in rural centres have little or no access to public transport. Improved transport facilities are required to enable the rural aged to access the same basic services provided to other people in NSW.

The Inquiry should recommend that Governments, at all levels, take a planned integrated approach to transport problems, taking into account both road, rail, air and sea systems together and that the Inquiry investigate ways of ensuring that this occurs.

The Inquiry should recommend that the Government encourage the development of inland-based transport systems to enable Australia to competitively market goods internationally.

Road

Road transport plays an integral role in the relocation of agricultural products from the farm to the point of consumption. While the ABS (1995) estimates that only 30% of Australia's food and live animals use road transport, the majority of those products described as using other modes of transport would require some form of road transport to deliver the product to its final destination. Improving the current condition of regional roads and upgrading where necessary to provide a more direct and efficient route would enable transport companies to reduce the time and cost of moving goods - a saving likely to improve the competitiveness of Australian exports.

A study conducted by Stayner and Sandall (1998) showed that 67 per cent of people surveyed in two regions (Northern Statistical Division of NSW and the Goulburn Valley in Victoria) thought their access to adequate roads was about the same or worse than 5 years earlier.

Rail

Given the large amount of produce that must travel long distances to reach the point of consumption, rail has the potential of being one of the most efficient forms of transport available to agricultural products. However, Australia's rail services have not been established effectively. There is no standard gauge throughout Australia, inhibiting the flow of goods between States. The majority of rail freight travels east west with only a small proportion able to flow north south. Despite the agreement reached some years ago, an integrated network is a long way off.

In NSW, Countrylink rail services are based on a network which focuses on the Sydney region as the key destination, restricting the flow of goods and individuals between regional centres. It is to improve these efficiencies that inland rail proposals should be seriously examined and where cost effective be supported.

Although National Competition Policy reforms have resulted in some reductions to freight charges (e.g. reduction in Western Australia's grain freight rates) progress has been slow. The lack of competitive neutrality between rail and road remains a serious impediment to the establishment of a world class transport network. This must be addressed. One step in this direction would be to exempt diesel used in rail freight from the fuel excise.

Air

As with rail, the air services in NSW are based on a network with the Sydney region as the key destination, limiting the flow of intra-state travel. This is further restricted by a licensing system which restricts competition in intra-state air routes. Increased competition should see the development of services at a level and frequency desired by the communities.

The intra-state air routes should be deregulated. But this deregulation should go hand in hand with the review and overhaul of regulation and air traffic management and rescheduling at Kingsford Smith Airport. Regional communities should not be denied access to inter-state connections and to the State's capital. Reduced access (for example preventing a same day return trip) would add to the costs of regional business and limit regional tourism opportunities therefore inhibiting development potential.

In order to foster this competitive environment for regional air services, it is necessary to ensure access to both the central airport and to quality regional infrastructure.

The Inquiry should recommend that, as a community service obligation, the Federal Government should assist regional communities to maintain regional airports to ensure that the infrastructure exists. This should take the form of funds for major repairs and maintenance projects to selected regional airports, such as resealing runways, the cost of which is beyond the means of smaller communities and the aviation industry.

In the short term, improved transport infrastructure will help to ensure the sustainability and competitiveness of rural NSW, however, development and employment opportunities would be expected to be minimal. In the longer term it would provide development opportunities by reducing distance barriers and improving access to resources. Improved transport services and the related infrastructure will enable a more efficient and increased flow of people and products between rural centres, and between the major cities and rural centres. Together with telecommunications it will enable regional Australia to become "closer" to the major cities and to major export opportunities.

Improved transport services also have the ability to improve the tourism industry within NSW, by providing tourists with greater access to regional areas. Tourism can lead to the creation of new jobs and opportunities, bringing new life to regional communities. The ABS (1998) stated that the population increases in a number of inland towns were mostly affected by the growth of particular industries such as tourism.

Water

Access to cost effective, clean and reliable water supplies is important for regional communities and industry, particularly agriculture. The wider community benefits significantly from enterprises such as irrigated agriculture. The costs associated with the provision of water infrastructure are such that it is necessary for Government to bear the cost of supplying and maintaining this infrastructure.

Many of the industries upon which growing rural communities are based rely heavily upon access to reliable water supplies. Environmental costs should be borne by the entire community and paid for by the Government as a community service obligation.

The Inquiry should recommend that charges associated with bulk surface water reflect accurately apportioned infrastructure and resource management costs attributable to the efficient delivery of bulk water for production purposes.

Type of development

When considering the development or renewal of a rural community it is important to view that community as a group of people including farmers and town dwellers as well as any other rural industry such as mining. Usually a downturn in the agricultural outlook for an area has flow through effects to the rest of the community with less rural business being done, less time available for volunteer work, less time for social interaction etc. The financial effect is felt by farm and other business in a reduction in employment opportunities, reduced profits etc. In turn these can lead to social problems within the community and an exodus of young people from the area to those places with better opportunities.

Given the poor commodity prices and other constraints currently facing some sections of agriculture there is an increasing need for greater diversification of risk both for individual farmers and for rural communities as a whole. The role of off farm income has increased significantly with a study by R A Stayner, showing that in 1994, 41 per cent of survey respondents said that at least one member of the family had worked off farm over the past three years. A follow up survey in 1995 showed similar results.

Communities are recognising the need for the development of employment opportunities, which then can underpin development of other aspects of the community. Often people in these progressive areas are looking for and finding innovative industries and employment generating enterprises to establish in their area. These can often be agriculturally based but can also be based on tourism, manufacturing, telecommunications, education and telecommuting. Such variety is likely to be vital to ensure that rural communities can thrive in the future.

These challenges influence communities in different ways with many communities drawing together to look for new ways to move forward. There are many examples of places where this has achieved impressive results. Communities such as Cooma where there are plans to build a call centre employing 300 people or Balranald which have diversified agricultural production to include grapes, and garlic growing and processing.

The town of Hillston has recently experienced strong growth due to the use of irrigation which has allowed the production of crops which have previously not been grown. Access to

reliable water supplies for irrigation was a pre-requisite for such a marked increase in development and investment in the area.

Case Study - Hillston

Hillston, situated in the south west of NSW on the Lachlan River and the Kidman Way, is useful case study to illustrate how access to appropriate infrastructure can lead to the re-generation of a whole community based on agriculture enterprise. The area is one which has moved from being an area declining in growth and reliant on wheat, sheep and cattle to one which has diversified significantly and is booming.

Over the past three years diversification has occurred so that crops such as rockmelons, lettuce, onions, potatoes, oranges, cherries, grapes, cotton, ti-tree and rice are grown. This has led to increased employment opportunities and cash flow within the community. 1998/99 summer season saw an estimated increase of 18-20% in trade over the previous year for many small businesses in the town.

The influencing factors identified by investors in the new enterprises cited access to good land and reliable water supplies. Access to transport infrastructure is also vital to such development, particularly given the perishable nature of many of these commodities. Access to export markets such as Asia is important for many of these industries so quick and efficient transport is essential for their success in these markets.

It has been noted that there is a generally more positive attitude within the community and that people in this community have seen and acted upon, emerging business opportunities. For instance building accommodation for seasonal workers, extensions to business, establishment of a coin operated laundrette, beautifying the town to attract tourism etc. It would appear that local communities will seize opportunity if basic infrastructure is sufficient to allow development to occur in the first place.

Towns such as these need to be able to make the most of such opportunities by attracting a skilled workforce which requires access to a certain level of basic infrastructure. It is important that there is sufficient flexibility for government and private enterprise to work together to provide infrastructure and services. Such an example may be seen near Griffith in southern NSW where Australian Meat Holdings and Lachlan Shire, have jointly funded a road upgrade.

As well as this there are many individuals or families who have been able to build a new enterprise or market their existing products more effectively. For example a young country music performer and grazier in far western NSW has recently begun marketing her own CD as far afield as the US via the Internet. Farmers are increasingly taking greater control of their marketing decisions, aided by access to world market information via the Internet.

Another source of development for rural communities, could be a population shift from built up urban areas to the country, as a result of professionals wishing to take advantage of a rural lifestyle and now being able to work from home. There is now the ability for many professionals to work remotely from their employer; for example the editor of a publication

for a large Sydney based company carries out her role from her home in northern NSW. This capability will increase with developments in communication infrastructure.

The current regionalisation of State and Federal Government agencies means that offices and groups such as maintenance crews etc are located in major centres, where they were formerly based in small towns. This reduces job opportunities and commercial activities in smaller communities. Governments should take a more strategic view when deploying offices, staff and other resources to ensure that, whilst maintaining an acceptable level of efficiency, they have a positive impact on rural and regional communities.

Infrastructure Needs

As can be seen from the examples discussed above, there are some common needs in terms of infrastructure. Essential to most development is access to a skilled workforce. Infrastructure is required both to support an acceptable standard of living for people within rural communities and to support the industries which seek to thrive in the area.

Government may need to invest in infrastructure in rural areas to rebuild social capital of those rural communities which have suffered an on-going decline. It has been stated that

“There is a belief (Disney 1992) that the existing distribution of population, economic activity and services is not the result of “unalloyed market forces, natural selection, or free choice” but is at least partly the unintended result of distortions in government policies on matters such as taxation, transport and communication. (The Role of the Regional Economy in Farm Adjustment, RIRDC, p26)

The provision of such infrastructure has the ability address current distortions and to facilitate the growth of employment opportunities within agriculture and within other related and unrelated industries. Whilst it is difficult to quantify the potential for growth, it is clear that rural communities are looking for new opportunities and ways of producing and marketing their assets and that they are generally adept at taking advantage of opportunity. The long term benefits of providing employment and other opportunities to rural communities through the provision of infrastructure are likely to far exceed the cost.