



Australian Citizens Party

Craig Isherwood, National Secretary

PO Box 376, COBURG, VIC 3058

Phone: 1800 636 432 **Email:** info@citizensparty.org.au **Web:** citizensparty.org.au

MEDIA RELEASE

22 May 2020

How a CEFC national development bank can save local communities

This release was originally an article under the same title by Robert Barwick published in the 20 May 2020 Australian Alert Service.

Shires and municipalities across Australia are struggling economically. Drought and bushfires smashed many, and now the coronavirus shutdown has choked off the tourism many regional communities overly depend on, having lost many of the industries on which they were originally built. Some councils don't see how they can survive financially, raising the prospect of more forced amalgamations that further removes local government from local democratic accountability.

The Citizens Party's proposal to expand the only existing public credit institution in Australia, the Clean Energy Finance Corporation, into an emergency national development bank, for which Bob Katter is planning legislation to introduce into Parliament, could be the saviour of Australia's local communities. It could extend low-interest credit to local councils to build new infrastructure projects, and upgrade and do maintenance on existing infrastructure, using local suppliers and labour as much as possible. It could invest in the many local farming and engineering businesses with ideas for innovations and new inventions that need capital to take to production, which would be another driver for local employment and income. And it could provide the crucial investment that makes it possible for Australia to embark on long-overdue nation-building infrastructure projects, such as a high-speed train, initially between Melbourne, Canberra, Sydney and Brisbane, which would drive decentralisation from the major cities that feeds the growth of regional communities.

The People's Bank

The history of how the original Commonwealth Bank, dubbed the People's Bank, from its inception financed crucial infrastructure projects by local councils, shows what could be done today to revive local communities. Author C.C. Faulkner provided details in the first official history of the bank, *The Commonwealth Bank of Australia*, in 1923. By that year, the Commonwealth Bank since its commencement in 1912 had advanced £9.36 million to local councils all over Australia for:

- roads, bridges, drainage and other permanent improvements (£2.83 million);
- gas and electric light (£1.26 million);
- tramways (£400,000);
- council chambers, town halls, etc. (£280,000);
- sanitation (£360,000);
- harbour improvements (£800,000);
- other miscellaneous (£3.43 million).

In that first decade of operations, the Commonwealth Bank made loans to more than 60 regional councils for developments including electrification that enabled the establishment of butter factories, flour mills, saw mills and similar industries processing local production. C.C. Faulkner explained its guiding policy: "Primary products are the main source of Australia's wealth and the Bank, realising that to ensure the proper development of the country, assistance must be given to those who are winning the wealth of the soil, has sympathetically considered applications from local governing bodies for loans to improve the conditions of the primary producer."

Projects funded by the Commonwealth Bank in its first decade included:

- the electrification of the St George district of NSW;
- a hydroelectric scheme on the Nymboida River, a tributary of the Clarence River in northern NSW, to power Grafton and the Clarence Valley;
- road construction in the Merredin Shire in the WA wheat belt to facilitate wheat production on soldier-settler farms;
- a new, larger Moorabool bridge between Bannockburn and Maude in Victoria;
- road upgrades in Tintenbar Shire, NSW, to facilitate dairy production;
- new concrete roads in North Sydney, Brisbane and Townsville;
- the expansion of Newcastle's electric power plant to supply the increasing production from BHP's Newcastle steel mill and the growing population of the city, as well as a municipal abattoir for the city;

- hydroelectricity projects in Tasmania;
- sewerage in Ballarat, Bendigo and Geelong; improved drainage in Rainbow and Jeparit in Victoria;
- fire-fighting facilities in WA;
- a new electric plant and electrification of street lighting in Perth; and much more.

The Commonwealth Bank's record shows what a public investment bank could do today. The benefit of a public bank is that it isn't motivated by profit—although invariably it always makes a profit—so it can charge less interest than commercial banks, and be more accommodating of fluctuating economic circumstances. This enables the bank to make loans that commercial banks wouldn't touch, and in doing so actually assist communities and businesses and industries through hard times and in making the investments in local infrastructure and industries that set them up for future prosperity.

A CEFC national development bank could invest in reviving the local industries that Australia's regions were originally built on, making them less dependent on international tourism. Combined with visionary projects like the Very Fast Train as conceived by CSIRO Chairman Paul Wild and the TNT-Kumagai-Elders-BHP joint venture (Almanac)—which was originally intended to go from Sydney to Canberra and then around the coast through Cooma, Orbost and Bairnsdale to Melbourne to open up southern NSW and Gippsland in Victoria to regional development—it would reverse the depopulation of regional Australia (and take pressure off the overcrowded cities) and once again anchor Australia's national and local prosperity in productive industries.

Instead of local councils trying to survive by begging for state and federal grants, they should all get behind the CEFC national development bank proposal, and insist Parliament pass Bob Katter's bill.

What you can do

- Join the campaign to get Parliament to pass Bob Katter's CEFC Amendment bill by sending this release to all of the local councillors in your area, and as many other community leaders you can think of, such as members of local chambers of commerce, and tell them to contact state and federal MP about this proposal.
- Contact your federal MP and Senators directly to tell them to support Katter's bill. [Click here for the campaign page with contact details.](#)

[Click here to sign the petition: *Fast-track Australia to economic recovery and prosperity—expand the CEFC into a national development bank!*](#)