

## Project 1.6: Future-proofing a small local government authority against the impacts of the mining boom and bust cycle



### INTRODUCTION

The Shire of Coolgardie in the Western Australian Goldfields was the location of the first gold rush in 1892 and since then has experienced the highs and lows of the mining lifecycle. The Shire is taking steps to future-proof itself against the impacts of the mining lifecycle, shoring up its viability through a self-directed future.

It has taken advantage of economic opportunities to build a corpus of funds to ride out the inevitable boom and bust sequences of mining and fluctuations of government funding regimes. The suite of strategies includes initiatives that diversify away from mining using redundant mine assets. The initiatives are encouraging development of sustainable post-mine options.

### THE CHALLENGE

Local government is a relatively weak tier of government, unrecognised in the Australian Constitution. The host state allocates funds to the local government sector at their discretion with limited other opportunities for revenue raising beyond municipal rates, fees and charges.

Local government is therefore used by the other tiers of government as a convenient agency for local service delivery with structural constraints on revenue raising.

Constituents expect the same level of service from their local government regardless of their location. Small, remote local government authorities such as the Shire of Coolgardie are especially constrained by small populations, spread across two towns with expensive infrastructure to maintain in both locations.

### KEY FINDINGS

- **Local government can have an important role in the development of sustainable post-closure options by building local community capacity and diversification.**
- **By taking advantage of location, economic opportunities and assets, local government can adopt a pro-active role in re-orienting a future that is less dependent on mining.**
- **Prescient and effective leadership which encourages robust executive discussion and guidance from expert services to test validity of entrepreneurial initiatives, regulatory compliance and fiscal rectitude can result in successful future revenue streams which leverage investments in municipal services and infrastructure.**

Elected members often stand on narrow platforms with little understanding of the legislative parameters of local government or the sector's community obligations.

Leadership skills are tested, managing diverse local agendas with limited capital budgets within the legislative constraints.

The vagaries of the mine lifecycle apply considerable pressure on local government, whether it is the growth phase during a boom or managing dwindling populations and reduced incomes during a downturn. Seeking own-source revenue to provide some autonomy is therefore a desired outcome.



*Shire of Coolgardie owned and developed transit worker accommodation, photograph courtesy of the Shire of Coolgardie*



*Upgraded Kambalda aerodrome, photograph courtesy of the Shire of Coolgardie*

## THE OPPORTUNITY

Despite multiple boom and bust phases in mining over the last 130 years, mining continues to underpin the local economy.

The Shire of Coolgardie developed a suite of strategic projects that addressed the issues of mining industry dependency while also diversifying future revenue streams by leveraging investments in municipal infrastructure and generating revenue from these economic activities.

Revenue was then applied to improving municipal services, the sustainability of infrastructure in the Shire and the provision of other services to the community.

The development of own-source revenue streams generated through supplying services and infrastructure to both mining and non-mining sectors is an opportunity:

- Construction by the Shire of 320 bed transit worker accommodation on serviced, shire-owned, unencumbered land, under five-year contract to an established local mining company. Costs were recouped after two years.
- Sophisticated waste management facility (class III) utilising an abandoned void, licensed to take mining waste, including vehicle tyres. Waste is accepted from local mining companies and other local government authorities, under long-term contracts. Its strategic proximity to the transnational railway line and major arterial roads greatly enhanced the attractiveness of this facility for clients.
- Facilities and infrastructure previously 'gifted' from redundant mining operations, including an airport, are expensive assets to maintain for current compliance. However, market demand from the mining industry and services such as the Royal Flying Doctor Service for proximate airport facilities gave impetus to the Shire to upgrade the aerodrome. A closer airport enables mining companies to demonstrate reduced greenhouse gas emissions and shorter travel time for employees, enhancing employee welfare/fatigue management and ESG reporting. The upgraded aerodrome has encouraged other services to the Goldfields.

- The Shire has facilitated other small businesses such as the Kurrawang Aboriginal Christian Community, to broker advantageous arrangements with mining companies and support services, enabling them to upgrade their own infrastructure and housing and remain viable.

## RISKS

The success of these initiatives is contingent upon strong and consistent leadership and the local confidence invested in the Shire to pursue the entrepreneurial activities.

Balancing robust debate within council and achieving commitment to the investment strategies is often difficult to achieve in local government. A thorough orientation and training of elected members regarding the purpose and operationalisation of the own-source revenue strategy has been critical at the Shire of Coolgardie.

Regular communication with the community about the purpose and the strategies has been important, with regular updates through local media and online channels. Local community acceptance of the strategies and investment is essential.

Mining companies and support services, which while reticent at first, now trust the Shire of Coolgardie and have shown a willingness to contract forward, thus providing security for both sides.

These commitments gave banks and government agencies confidence in the Shire of Coolgardie and its strategies to deliver on their own-source revenue ventures.

The Shire of Coolgardie will not necessarily accept 'gifted' assets without careful assessment of the costs and benefits for the ongoing maintenance and operation of those assets for the Shire.



Class III waste facility, photograph courtesy of the Shire of Coolgardie

## OUTCOMES

The Shire of Coolgardie has developed assets from current mining activity to shore up a corpus of funds that will assist the Shire to ride out the inevitable boom and bust sequences of mining communities and diversify their income bases for what will eventually be a post-mine future.

A crucial feature of their success has been the ability to secure contractual commitments from clients to underwrite their upfront investment.

The investments are not limited to servicing the needs of the mining sector. A legacy void was re-purposed to be an income-generating waste receival asset. By utilising their location and the proximity to major transport networks, the Shire has successfully contracted to take waste from other local government areas, including a city-based authority.

The Shire, using specific topic experts to assist in the assessment of business venture viability, will be more cautious in accepting redundant or legacy mining assets such as airports. Taking expert advice and securing contracts for ongoing utilisation of assets has been a key learning from their strategic projects' development.

## PROJECT PARTNERS

The University of Western Australia; the Shire of Coolgardie; Australia Venture Consultants.

## PROJECT PUBLICATIONS

Haslam McKenzie, F. and Eyles, S. (2023). 'Future proofing a small local government authority against the impacts of the mining boom and bust cycle.' Geographical Research. (Under review).

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