

Our response to the Global Financial Crises
Panellist Presentation by Cr Ruth McGowan, Mayor of the Baw Baw Shire
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Baw Baw Shire is about 1 hour east of Melbourne in the West of Gippsland. Our main towns are Warragul and Drouin with a population close to 40,000 people and an area of approximately 4000 square kilometres. With a strong rural character and good access to Melbourne, our shire is very liveable and is growing at the rate of 2.9% compared to a state average of 1.5%. Like many councils our first response to the looming financial crises is to first attempt to quantify the extent of the impact of the GFC on our residents and then put in place specific actions at a business, council and community level to reduce the impact.

At a business and industry level, we are currently keeping a watching brief on a number of indicators such as job advertisement stats and property market sales. We are working with service providers and assisting businesses where we can, such as running a 'by-local' promotion and providing advice and support to attend trade fairs and set up export markets.

We are better off than some shires and it appears that the GFC is having a mixed impact to date – certainly not as dramatic so far as the impact on Manningham as previously discussed. The crises is starting to have a trickle-down effect, though the biggest impact is likely to be on the local dairy industry where it is estimated that up to 70% of dairy farmers in Gippsland will be struggling in the next financial year as the reality of the lower milk prices starts to hit. Luckily most of our dairying is in the high rainfall area so our farmers are less exposed than others, but with milk prices affected by decreasing global demand for dairy products, Victorian dairy farmers will be the most affected as we are the biggest exporter of dairy products in Australia. Milk is currently 46c/lit. When it drops to the estimated 26- 32c/lit it falls below the break-even price for a lot of dairy farmers. With a major milk manufacturer in the shire, this business could also be affected by loss of supply as many farmers either cut back on herd size or get out of dairying all together.

We are also assisting several local businesses with exports to the Middle East and have several local businesses exporting to Saudi Arabia (e.g. one catering for the Hajj and one increasing organic exports to SA). Our economic development staff provide advice on Grants, especially federal government export grants. Also we are helping to facilitate discussions with new suppliers for businesses, such as sponsoring the Thorpdale Potato Growers stand at the popular upcoming Harvest of Gippsland event and we are also working with the State Government to promote tourism in the area. Given our proximity to Melbourne, the GFC may even make our shire a more attractive place to visit for short trips for those that can't afford to travel to further interstate or overseas. So in that way, the GFC could benefit our local tourism.

From within our council we are looking to see where cuts can be made across the board as part of our current budget preparations. We understand that many people may find it difficult to pay their rates this year and we have put in place processes for people to go on periodic pay arrangements interest free until the next financial year. We will be bringing in direct debit for rates from July as well.

As far as the community impact goes, we are running a watching brief on the issue and will continue to engage with the community to see what we can do and seek suggestions for how we can assist. As a small rural community we are a remarkably

resilient and innovative council; you have to be on a total budget of only \$52 million a year. Our finances are in good shape but we do have challenges such as the growing infrastructure gap. In the end, we are tough and we aim to survive the GFC with a 'hopeful not helpless' attitude.