

**Submission
No 39**

**INQUIRY INTO ECONOMIC AND SOCIAL DEVELOPMENT
IN CENTRAL WESTERN NEW SOUTH WALES**

Organisation: Gilgandra Shire Council

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GilgandraShireCouncil
meeting community needs

PO Box 23
Gilgandra NSW 2827

Tel: (02) 6817 8800
Fax: (02) 6847 2521

Email: council@gilgandra.nsw.gov.au
Visit: www.gilgandra.nsw.gov.au

The Director
Standing Committee on State Development
Parliament House
Macquarie St
Sydney NSW 2000

Economic and social development in central western New South Wales
(Inquiry)

I make the following submission to the Inquiry into economic and social development in central western New South Wales on behalf of the Gilgandra Shire Council.

This submission has not addressed all terms of reference but provides comments on several of the terms of reference.

B) The reasons for population decline

Based on assessment of population trends in the Gilgandra Shire, the number one factor for the decline in population is the reduction in employment in the Agricultural sector.

Between the 2001 and 2006 census, in the Gilgandra Shire, total employment grew by 59 jobs; however total employment in the agricultural sector decreased by 79. This should be viewed as a positive that our community was able to transition into new industries to cater for the decline in agriculture jobs. However the growth was in the following industry areas:

Government and Administration – Increased 48
Health and Community Services – Increased 44
Education – Increased 23
Cultural and Recreational Services – Increased 12
Personal and Other Services – Increased 10

The issue with this situation is traditional make up of the communities is changing. Young males had career opportunities in agriculture and were able to stay in the community. They then got married and had kids and this created a much more stable population. Now, many of these males leave the community to pursue employment in either industries like mining or move to regional or city locations to pursue opportunities not available in our communities. It is often said rural NSW best export is its young people.

This situation is leading to an aging of the population about state and national averages. Gilgandra Local Government area is a full two years older on average than the rest of NSW. The aging of the rural population of NSW will only increase each census period and with it, an increased need for medical, aged care services and other support services that are stretched or just not available in these communities.

Obviously the diversification of the economy is a way to address that and in Gilgandra this has happened to a small degree with the Council developing Gilgandra as an Aged Care and Disability Service Hub.

d) ways to encourage development of local enterprises and the potential of the region

Industry attraction and establishment

With land one thing most Central West communities have a good supply of it could be assumed that developing land and attracting new industry is a logical idea to diversify the economy and increase employment opportunities.

Outside major centres such as Dubbo, Orange and Bathurst, the Council is the only real developer of industrial land and as a result is often slow to react because of the conservative nature of Local Government and often a lack of capital to do these larger picture developments

Previous State Governments have offered grants to assist the development of industrial land based on figures of immediate jobs created. In a town like Gilgandra it is difficult to support these criteria as the last industrial subdivision took close to 20 years to sell. That precinct employs approximately 40 people but there is no way when council developed it, there was an idea how long it was going to take and what type of industry would be attracted. It is worth noting nearly all these 40 jobs did not exist prior to the industrial subdivision being developed.

At the moment Gilgandra Shire Council is developing a greenfield site for industrial land. Council purchased the 7.2 ha at a cost of \$260,000. The estimate to develop the site is just over \$1 million. Some of the infrastructure such as power, water and sewer and some civil construction has to be developed upfront for the whole site, other infrastructure can be developed as block sell. The issue is the development cost are the same in Gilgandra as they are in Orange but the current price for industrial land in Orange is \$80m² and Gilgandra Shire Council has put our industrial land on the market at \$11m².

Smaller towns are forced to sell industrial land at cost price to attract industry. The regional cities sell it at a profit enabling them to develop more land. This enables them to continue to develop while small communities hold the development cost for years restricting their ability to fund other projects for the community.

In addition, private developers are far more active in the larger regional communities where as in the small communities the Council is the developer. This hampers development as local Councils make political based decisions on community priorities. When it can take many years to fill a industrial land development councillors and communities feel that these projects should take a back seat as the return to the community is not immediate and often not fully measurable apart from taking in job numbers.

Assisting Existing Business

Many of the existing small retail businesses are struggling to keep pace in a extremely fluid retail sector. There are international forces at play along with state and local economic forces impacting on local consumer confidence and spending.

It is much easier to grow an existing business than attract a new one. In a community where the population is fairly stagnate if not slowly declining how does a small business grow? Its ok if you are in a large city there are new and emerging opportunities. Where the closest major population centre is 70km away it is very difficult to build new markets.

One solution is decentralising purchasing of State and federal governments. The local hospital purchases off there local supermarket and butcher is a simple example. This would provide a base contract for local businesses that provides stable cash flow.

Although larger retail stores are often seen as competition, in the Gilgandra experience they have become an anchor attracting additional customers and new investment. Stores such as Target Country, Supa IGA, Landmark all attract people to shop in Gilgandra from further afield than prior to their presence in Gilgandra.

Randall Medd
Economic Development Manager
Gilgandra Shire Council