

**Submission  
No 18**

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

**Organisation:** Cobar Shire Council

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*"Regional Centre in Western NSW"*

AS: D2-1

19 August 2011

Mr Rick Colless MLC  
Committee Chairman  
Standing Committee on Senate Development  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

### **Inquiry into Economic and Social Development in Central Western NSW**

Dear Rick

Firstly let me convey my appreciation for your recent visit to Cobar to see first hand some of the issues that affect our Shire, some of which I will be commenting on further in our submission. I also congratulate you on this inquiry and trust some real outcomes will be achieved by further highlighting the issues that limit social and economic development in our wonderful region, which is the power house of NSW in these times of strong mining activity. It is important that some of the wealth that is being removed from our region is returned through improved infrastructure and service provision to reduce the level of inequity our residents face, compared to those in larger regional towns and the cities of NSW.

#### **(a) the provision of health, education and cultural facilities**

Cobar Shire Council allocates significant amounts of general rate revenue (we only collect around \$3m annually in rates) to the provision of health infrastructure and services. We currently are responsible for over \$8.25m worth of health infrastructure, the majority of which is for our aged persons home. Council is also responsible for the provision of a medical centre, a separate doctors surgery, dental clinic and housing for medical staff. Furthermore, Council is losing over \$365,000 annually on the operation of these services – principally through the high cost of running an aged persons home compared to the revenue it generates.

Councils in larger centres do not have to provide any of this infrastructure and certainly would not cover the cost of a loss making enterprise (such as our aged care home). Cobar Shire Council does invest in these activities as the community demands we do so because no other level of government – who should be providing the funding – will do so.

This money could be far better used to provide other services to the residents of Cobar Shire, such as youth services, economic development, road maintenance and more.

A further example of the cost of providing these services is given with the medical centre Council built. Council secured a grant to cover half the construction costs, however once built, there was no assistance in running the building. Council is not an experienced body in recruiting and retaining doctors or being practice managers. It was difficult to get doctors to work together and Council was spending over \$20,000 annually in doctor recruitment costs – which should not be a council responsibility.

Council has since formed a partnership with the Outback Division of General Practise who now runs the medical centre. This arrangement has been very beneficial for Cobar with a wide range of other services now operating out of the centre and the centre having around 3 full time doctors operating out it. The facility is no longer costing Council money and in fact Council is now able to receive rent income from the building. A good health outcome and a good financial outcome for Council.

There is a lack of equity in health service provision in our region. There is a severe lack in the provision of a number of allied health services, despite a demonstrated demand for such services. For instance, the schools have all identified their biggest need is not around education services, but the provision of occupational therapy and speech therapy services. These are currently limited, if provided at all (on an ad hoc basis). The same story would affect neighbouring towns. There is sufficient work for full time service providers in Cobar.

Currently, parents are being asked to drive over 600km (round trip) to access regular early intervention services. This is a significant drain on time and financial resources for families, not to mention the time lost for the children who should be attending school. The long term cost (financial and lower educational outcomes with the associated flow-on affects) of not providing the services far outweighs the significant short term cost of providing such services.

In addition, there is currently no physiotherapy services available in Cobar. This is a mining town with three operational mines and three mines expected to commence production in the next three years and yet there are no physiotherapy services available. Funding is required to encourage allied health professionals to come out to our towns. As the mining booms strengthens, we will once again face a housing shortage – another impediment to attracting quality health professionals to our town.

The strength of the mining industry has resulted in more children leaving school early to work in the mines, earning relatively high incomes. These children are obtaining a lower level of education for short term financial gain. Not all are gaining trades, many are leaving school to become operators. Once the mining boom ends they are likely to find it difficult to access employment.

With fewer students staying on to complete year 12, there are fewer subject choices available to students at the high school. Education results at the high school are poor, based on the myschool website. For Year 7 Cobar students, numeracy and literacy skills are either below average or substantially below average. This improves slightly in Year 9 to be close to average or below average.

These factors lead many parents to decide to send their children away to school. This creates a vicious cycle at the school which desperately needs more resources so the standard of education can be increased.

Inadequate health and education facilities are the two priority areas that affect the ability of local businesses to attract and retain staff. Without good quality facilities, families in particular, will not relocate to Cobar. Cobar is already facing a significant shortage in skilled and professional labour. This is likely to increase in coming years as more mines open in more desirable locations, such as Mudgee, Orange and the Hunter Valley.

Cobar has limited cultural facilities, but a strong desire by the community to access cultural opportunities. Funding available through Outback Arts and government departments is critical to be able to run cultural programs. Small amounts of grant funding go a long way if local artists are used in programs – for example a recent Active Ageing grant was used to run a series of very well attended workshops. It was only \$5,000 of grant funding, but great participation rates were achieved. Larger grants are essential in bringing new skills and artists out to our region. Without grant funding cultural activities are very limited.

Cobar has no town hall or similar building, however the town is graced with good facilities at the local club and school. We are fortunate to have a cinema, the only one between Dubbo and Broken Hill – a distance of nearly 800kms. It is extremely difficult to run it at anything other than a loss (a town of 5,000 people and the ease of access to movies on-line, or faster through larger centres), but through partnerships with local businesses the cinema remains open and provides a critical social and cultural facility for residents.

Larger centres do not need to use valuable Council resources to fund health and education facilities and services. We do it because our community wants us to, but at the cost of other service provision, including cultural services and youth services.

#### **(b) the reasons for population decline or growth in different areas**

Cobar's official population has remained relatively steady over the last 20 years despite increases and decreases in mining activity. This seems unrealistic. Cobar's population is very dependent on mining for employment and economic growth. At present there appears to be a shortage of suitable accommodation which will only worsen as new mining operations come on line over the next three years. We do not want a fly in fly out workforce. We want mine workers and consultants to become part of our community and contribute to it.

Water shortages affect our community and is likely to limit future growth in our Shire. Our water is brought from the Macquarie River and travels a great distance via open channel and pipeline. We experience 50% water losses. The state government is not willing to provide funding to pipe the open channel.

Cobar has a water entitlement of 1850ML and a population of around 5,000. In our neighbouring Shire of Bogan, the township of Nyngan has a population of around 2,500 and a water allocation of 2800ML. Cobar needs an increase in our water entitlement so as to attract new businesses and to adequately provide for our current residents and any future growth. State government assistance and commitment is required to make this happen.

### **(c) the adequacy of transport and road infrastructure**

Cobar Shire has an extensive road network – around 2,800km of roads. Of these, 2861km of Regional Roads are sealed, 361km of regional roads are unsealed. Of the regional roads, the Wool Track is our most strategic link road that requires sealing. The Wool Track is critical to Cobar Shire and the region as it connects the Sunraysia area of Victoria with South East Queensland. It provides a shorter route than other highway and passes through few towns. Council has undertaken consultancies to cost out the benefits of the project, which are shown to significantly outweigh the costs. Sealing the Wool Track will increase business and tourism opportunities for Cobar and the western area. Government funding is required to see this project to fruition.

In addition to regional roads, Cobar also has 137km of sealed Shire Roads, 1493km of unsealed Shire Roads, 61km of sealed town streets and 1.5km of unsealed town streets. There has been a lack of funding for both shire roads and regional roads over the years. This has resulted in the gravel completely disappearing in many areas and the earthworks and reformations of unsealed roads are now below the natural surface level. This has proven to be particularly problematic (and expensive!) in the recent wet years. Council is facing an annual deficit of around \$7m to bring the road network up to standard.

The road network has had to be closed on a number of occasions (over 80 times on many roads in one year!). This has meant that primary producers are unable to get stock and produce in and out of their properties, are unable to access services and have limited social opportunities.

Western councils have received insufficient financial assistance from other levels of government to maintain their vast road network. Cobar has one of the lowest levels of funding per kilometre for regional roads under the financial assistance grants in NSW.

**(d) ways to encourage development of local enterprises and the potential of the region overall.**

Cobar is serviced by the Cobar Enterprise Facilitation (CEF) project which has proven to be highly successful. Over the last two and a half years, more than 30 new businesses have been established through the project, with around 100 locals accessing the service. This project has also strengthened existing businesses with a number accessing the project to address shortcomings in the areas of human resources, understanding regulations and changes in legislation, finance and marketing support.

Stronger businesses are more resilient to changes in the economic climate and owners are also more likely to be able to sell the business when the time comes – something that often does not happen in this region. Often businesses just close up and the town is left without the products or service. The CEF project can assist with succession planning and ensuring Cobar retains strong retail, manufacturing and tourism sectors.

Importantly, through the project, 12 people did not go ahead with their ventures after working with CEF. They did not go ahead in establishing their business idea as it was not deemed to be a viable business. The main reasons for abandonment were that the idea was not well thought out, the risk was too high, or too much capital was required up front.

Whilst the project is totally dependent on community funding, some partnering dollars from the government would increase its sustainability and let the management team concentrate on managing the project and getting businesses established, rather than fundraising to keep it going. Government assistance would be invaluable and it would be a small investment that achieves large outcomes. The CEF project is a great model for other communities to look at – but it must be community owned and driven.

Business incentives are critical to encouraging local enterprise. These can range from those already used, such as tax relief, to practical support. Access to small grants for workshops and presentations allows local governments and small chambers of commerce to support their small business sector. Access to information workshops on legislative changes and government requirements is also required, such as the changes to OH&S laws that come into being on 1 January 2012. A travelling expert who can run workshops in each town to assist businesses is required.

**(e) the comparative level of govt business activity located within the regions**

Cobar is the largest regional town in the area and yet we are lacking government service providers operating out of Cobar. Whilst there are many agencies in Dubbo, some of these positions could be moved out further to the western area. Cobar has 10 Sydney direct airline flights a week, so is very accessible for government officers. Cobar is very lucky to have such air services, something the other towns in Western NSW are lacking.

Councils are one-stop shops for government business activities, such as Centrelink and RTA shopfronts. The funding that Councils receive for these activities needs to accurately reflect the cost of providing the service, it should not be up to the rate payer to subsidise it.

Council provides a great deal of community services, such as youth and children's services, library services, all of which are inadequately funded and are therefore once again left to the rate payer to fund. Another example is the Cobar Interagency. The NSW government promotes the idea of each town having an interagency, with the idea of improving efficiencies in service provision – something that Council supports. However, it has fallen onto Council to push the interagency which is another job to do that takes limited staff resources. They are mostly government agencies sitting around the table, but few are willing to put their hand up to progress issues.

**(f) methodologies for local government to collectively cooperate to achieve increased infrastructure funding and economic growth.**

Cobar Shire Council already cooperates with other councils in a number of areas which are all working very well. We participate in OROC (11 Councils) and OROC is now establishing a number of subcommittees to progress issues in areas such as human resources, engineering services and more. OROC could be used to access road funding for the Wool Track as it supports the region.

Council is also a member of the Lower Macquarie Water Users Alliance (8 Councils) where we have been able to share resources to address our water issues. This group aims to achieve 100% best practice in the area of water use and also provides an avenue for Council professional and technical officers to exchange information, provide peer review of performance and mentoring. This group can be used to secure funding to secure our water supply.

Council cooperates with other councils as a member of tourism groups, such as the Kidman Way Committee which aims to increase economic growth through tourism and the Macquarie Valley Weeds Advisory group which aims to reduce economic and environmental losses through weed infestations. Cobar is an active member of the Western Division of Councils under the LGSA. Council officers are members of professional organisations and networks, such as the economic development officers in the Orana area, procurement groups and human resources networks.

**(g) any other factors restricting economic and social development in central western NSW.**

All levels of government should be aware of the resources that Councils are committing to trying to access limited grant funding to assist with infrastructure provision and to drive economic growth. Councils spend a relatively large amount of very limited rate funds on having consultancy reports prepared to get projects to a 'shovel ready' stage. Councils then commit an excessive amount of time to put in quality grant submissions.

While officers are preparing these applications, other works are not being undertaken. Councils are being asked to commit quite high amounts of funds to the proposed project (the time and money already spent is not considered). It is very frustrating when often there is an unlikely chance of the grant being successful (limited amount of funds available, high demands for council contributions etc) It may be better to use the Regional Development Australia bodies to 'short list' within the region and provide good feedback on a 'short form' of the grant submission to determine if a full application is required. This would save time and resources.

Please accept our submission and I wish you all the best with your inquiry.

Yours sincerely

**Gary Woodman**  
**General Manager**