

**Submission
No 26**

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

Organisation: Wellington Shire Council

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Submission of Wellington Council

**Inquiry into Economic and Social Development in Central
Western New South Wales**

*This submission must not be released publicly without the consent of the Standing Committee
on State Development*

The Terms of Reference addressed in this submission

1. In this submission we specifically address a range of factors restricting economic and social development in central western New South Wales, and in particular:
 - a) the provision of health, education and cultural facilities
 - b) the reasons for population decline or growth in different areas
 - c) the adequacy of transport and road infrastructure
 - d) ways to encourage development of local enterprises and the potential of the region overall
 - e) the comparative level of government business activity located within the region
 - f) methodologies for local government to collectively cooperate to achieve increased infrastructure funding and economic growth
 - g) any other factors restricting economic and social development in central western New South Wales

Deficiency in Terms of Reference

2. It is respectfully submitted that the Terms of Reference are deficient, and reinforce the concept of regionalism as a tool for understanding and addressing the various issues experienced by the different communities comprising central western New South Wales. Unfortunately “regionalism” has become little more than a rural form of “centralism”, with the location of core government and non-government services in larger “regional cities” at the expense of the smaller communities.
3. This submission relates to local issues. We urge government to redefine the regional approach to working with communities and implement strategies in partnership with local communities to address local issues. We make this submission on the basis that the needs of a community are best met by the provision of local solutions, rather than regional solutions which strengthen opportunity and advantage in larger regional centres (the “new cities”).
4. Continued government investment in larger centres including the centralisation of critical education, health, community and employment opportunities is detrimental to the outcomes experienced by smaller surrounding communities, and a significant contributor of population and economic decline in smaller centres.

The unfair burden

5. Governments continue to place an unfair burden on people living in rural and remote areas. In particular this unfair burden results from the imposition of taxes and levies which disproportionately affect those living great distances from markets. For example, the cost of GST for the transporting goods to local markets is ultimately borne by the consumer. This consumer has an additional cost in excess of those closer to suppliers. Similarly, increases to fuel excise or the imposition of a carbon tax on transporting goods to market would again be disproportionately borne by people in rural and remote areas.
6. The irony of such costs is that some products which are grown locally are processed externally before being returned from some far away processing plant as a consumable product. This exports wealth from the community.
7. Despite disproportionately paying these taxes and levies, there is significant underinvestment in communities in rural and remote areas.
8. Indeed, government intervention has increased the cost burden of distance.

Underinvestment in Communities

9. Tabulated below is a comparative analysis of employment in industries derived from 2006 census statistics.

	Australia	% total population	Wellington	% total population
Accommodation and Food Services	547,730	2.76	191	2.35
Transport, Postal and Warehousing	406,179	2.05	55	0.68
Information, media and Telecommunications	172,822	0.87	12	0.15
Finance and Insurance	342,354	1.72	12	0.15
Rental, Hiring and Real Estate	150,982	0.76	21	0.26
Professional, scientific and technical services	590,788	2.98	72	0.89
Administration and Support Services	272,782	1.37	33	0.41
Public Administration and Safety	594,676	3.00	180	2.22
Education and Training	682,340	3.44	223	2.75
Agriculture, Forestry & Fishing	270,220	1.36	541	6.66
Mining	101,596	0.51	8	0.10
Manufacturing	913,175	4.60	105	1.29
Electricity, Gas, Water & Waste Services	87,120	0.44	28	0.34
Construction	661,892	3.33	128	1.58
Wholesale Trade	385,087	1.94	41	0.50
Retail Trade	997,421	5.02	186	2.29
Health Care and Social Assistance	926,462	4.67	251	3.09
Arts and Recreational Services	122,894	0.62	24	0.30
Other Services	185,487	0.93	72	0.89
Inadequately described	60,685	0.31	14	0.17
Not Stated	6,074	0.03	13	0.16
	8,478,766	42.70	2,210	27.22

10. Interestingly the three areas which are highlighted substantially represent government investment in jobs in Wellington. Wellington Development Inc. (local business association) has been active in highlighting the underinvestment by government in local jobs. These statistics certainly add weight to their argument, particularly when one considers:
 - a) Wellington is ranked in the top ten on the SEIFA index of disadvantage, and given this it would be anticipated that above average investment would be made in areas such as crime prevention, health and community services
 - b) The population in Wellington is significantly older, and it would be anticipated that investment in health and aged care would reflect this
 - c) The proportion of the population who identify as Aboriginal in Wellington is approximately eight times that of the proportion that identifies Australia wide. If governments are serious about addressing issues and 'closing the gap' in areas such as health, education and employment outcomes significant investment on a "per head" basis in areas such as health, education and employment services would be expected.
11. There is clear underinvestment being made by government in relation to the delivery of public services and the funding of not for profits in the LGA. Across the three highlighted areas there is a deficiency in excess of 270 local jobs even assuming the average level of investment, with a conservative underinvestment value of \$13.5m¹
12. Indeed, given the relative socio-economic indicators government investment in Wellington should be higher than in other less disadvantaged communities. That is, it is clear that the amount of underinvestment in the community exceeds this estimate².
13. It is respectfully submitted that the Committee would be well advised to consider the economic outcomes which could be supported by the direct investment of \$13.5m in local jobs. It is suggested that these outcomes would far exceed the outcomes which will be obtained from the current \$7,000 relocation incentive. Furthermore, this investment would potentially make a significant impact on a range of social issues within the community, and contribute to the development of a sustainable population.
14. This underinvestment further contributes to the unfair burden which governments place on communities.

¹ Calculated at a modest \$50,000 per job

² The underinvestment exceeds \$1500 per head of population

The relocation incentive

15. The current relocation incentive of some \$7,000 to sell a house in the city and move to a regional area is undoubtedly a worthwhile initiative for some LGA's.
16. Whilst this is the case, the approach fails to address the issue of employment creation. It is submitted that employment opportunities are required for sustainable movement of population, and there is a danger that the incentive will further strengthen the position of low unemployment LGA's.
17. It may be worthwhile for the Committee to consider the importance of creating local employment opportunities in areas of high unemployment before encouraging greater competition for existing jobs.
18. It is submitted that the greatest impact which government can have in terms of supporting local employment opportunities (and encouraging people to relocate from densely populated areas) is to:
 - a) Invest in local jobs, particularly in terms of public sector employment
 - b) Provide substantial and targeted incentives to encourage local employers to provide employment opportunities
 - c) Improve the preconditions of investment in local areas

Unemployment in the LGA

19. As at December 2010, Wellington had an unemployment rate of 8.7%. This compares most unfavourably with average unemployment rates across Australia (5.2%), New South Wales (5.3%) and the Orana ESA (5.3%)³
20. A lack of employment opportunities within the LGA contributes to the outward migration of residents, and limits opportunities for inward migration. Indeed, the rate of unemployment is some 3.5% greater than the Australian average.
21. The addition of 'government jobs' through some equity in government allocation models would significantly reduce this discrepancy and inject more than \$13.5m into the local economy.

Education Outcomes

22. Recent analysis⁴ indicates that:
 - a) 39% of Year 9 government school students in Wellington did not meet the minimum standard for reading in Australia in 2010 (8% Australia wide)
 - b) 21% of Year 9 government school students in Wellington did not meet the minimum standard for numeracy in Australia in 2010 (5% Australia wide)

³ DEEWR Small Area Labour Markets, December 2010, ABS Labour Force, December 2010

⁴ Overview of the Orana ESA Labour Market, Ian Neville DEEWR 2010

23. These outcomes are unacceptable, and reflect a range of issues within the community including a loss of direction stemming from intergenerational unemployment and social issues.
24. These underlying issues must be addressed, thus enabling the community to achieve better social and economic outcomes.

The Preconditions of Investment

25. One of the primary objectives of government is to attract and retain desirable firms⁵.
26. Relocation of a firm to a particular region increases demands for that region's resources and generates demand from other local producers. The effects of new investment in a community may be significant, and have a multiplier effect which influences other businesses⁶. Outward migration of firms may result in a loss of capital and may have a negative multiplier effect⁷
27. Factors which impact on business investment decisions may be grouped into three categories: firm internal, firm external and location⁸. Firm internal factors include matters such as the management and employment structure. Firm external factors include government policy and regional economic infrastructure. Location factors include specific factors such as market size and distance measures.
28. Despite the commonly held view that tax breaks and other financial incentive programs are a major fact in businesses decisions to relocate, various studies have found evidence to the contrary⁹. Indeed, at best there is mixed evidence of the effects of tax breaks on relocation decisions¹⁰.
29. Economic infrastructure is a fundamental element in investment decision making on two levels. First, infrastructure can contribute significantly to perceptions regarding a particular place. Tired infrastructure may send a message that a place lacks investment or more seriously is dying. Second, if critical infrastructure required by industry is not in place or substandard then they simply will move to somewhere that has the required infrastructure.
30. Key Wellington community infrastructure, which is of potential significance to investors includes:
 - a) Roads, particularly connecting roads which provide access to markets. While there has been a significant improvement in regional road access to Wellington the following shortcomings need to be addressed:-

⁵ Van Dijk, Jouke and Piet H Pellenbarg (2000) "Firm Relocation Decisions in the Netherlands: An Ordered Logit Approach", Papers in Regional Science 79 191-219

⁶ Harris, T, Shonkwiler, G, Ebai, G & Janson, P(2000) "Application of BEA Economic Areas in the Development of the Great Basin Fiscal Impact Model" Journal of Regional Analysis and Policy, 30, 77-94

⁷ Skiba, A (2006) "Immigration, Firm Relocation and Welfare of Domestic Workers" 6th Annual Missouri Economics Conference Selected Papers, 2006 Columbia, MS

⁸ Van Dijk, Jouke and Piet H Pellenbarg (2000) "Firm Relocation Decisions in the Netherlands: An Ordered Logit Approach", Papers in Regional Science 79 191-219

⁹ for example, refer Guimaraes, P, Rolfe, R & Woodward, D(1998) "Regional Incentives and Industrial Location in Puerto Rico" International Regional Science Review, 21, 119; Fisher, P and Peters, A (1998) "Industrial Incentives: Competition Among American States and Cities" W.E. Upjohn Institute: Michigan

¹⁰ Wohlgemuth, D & Kilkenny, M (1998) "Firm Relocation Threats and Copy Cat Costs" International Regional Science Review, 21, 139-162

- i) MR 353 which is an important regional link north of Wellington still requires 7.5 kms to be sealed.
 - ii) MR 233 which is the access to the south via Parkes is not open to B-double trucks near Wellington.
 - iii) There is still no B-double access across the Great Dividing Range on the Great Western Highway. Furthermore, the eventual construction of a dual lane freeway across the mountains is vital for the Central West.
 - iv) There is still a substantial underinvestment in local road infrastructure in order to improve access for local agricultural producers. This has been well documented in several infrastructure reports to Government.
 - v) Generally lack of funding to adequately maintain road infrastructure.
 - vi) Provision of funds to replace timber bridges on local roads.
- b) Rail, and its potential for providing access to markets
 - c) Water, particularly our high level of water security
 - d) Waste services, particularly the availability of solid waste disposal
 - e) Access to energy sources, including gas and electricity
 - f) Access to high speed internet and reliable telecommunications services
 - g) Access to rivers and streams
31. Government may play an important role in influencing the preconditions of investment by:
- a) Implementing and maintaining effective infrastructure which both responds to industry needs and creates a perception consistent with investor expectation
 - b) Supporting the development of an appropriately skilled workforce
 - c) Encouraging innovation through developing and maintaining strong links between research, industry and learning institutions
32. Infrastructure is critical to business success, and there is a need for all levels of government to identify and prioritise preconditions to substantially improve the attractiveness of regional and rural areas for new investment
33. One of the critical preconditions of investment is a community which has crime and anti-social conduct under control.

Crime

34. Existing business operators within Wellington's central business district continually raise crime as having a significant negative impact upon their businesses. Anecdotally, business operators expressed significant concern in

relation to damage to property and anti-social conduct. Young people, in particular, were identified as the perpetrators¹¹.

35. Estimating the actual cost of crime to business operators is difficult; however the financial consequences are significant for businesses and their customers¹².
36. Tabulated below are the latest crime rankings. The information in this table is derived by calculating the number of offences per 100,000 population to arrive at a rate of crime. This allows for comparison between Local Government Areas.

Crime Rankings¹³

Offence	Ranking in NSW
Top 5 Ranking	
Malicious damage to property	4 th
Sexual Offences	4 th
Top 10 Ranking	
Assault – non domestic violence related	6 th
Assault – domestic violence related	7 th
Break and Enter – Dwelling	7 th
Top 20 Ranking	
Breach AVO	11 th
Arson	13 th
Prohibited and regulated weapons offences	14 th
Top 30 Ranking	
Motor Vehicle Theft	23 rd
Steal from a dwelling	24 th

37. Despite these statistics the NSW Government does not currently fund any form of crime prevention or deterrence program within the LGA
38. Indeed, the LGA is not only without a 24 hour police presence, but the local station has a long history of understaffing. Responses to critical incidents after hours occur from Dubbo, which is more than 50km away.
39. Current arrangements are not only inappropriate in terms of community safety but are also significant in terms of attracting and maintaining investment and population. Indeed crime within the LGA represents the most significant deterrence for the establishment or expansion of a business, and the retention or attraction of population.

Local Population Issues - Background

40. During the period 1976 to 2006 population within the Local Government Area (LGA) declined from just under 9,500 residents to 8,120¹⁴.

¹¹ Refer Wellington Business Retention and Expansion Business Survey (2011)

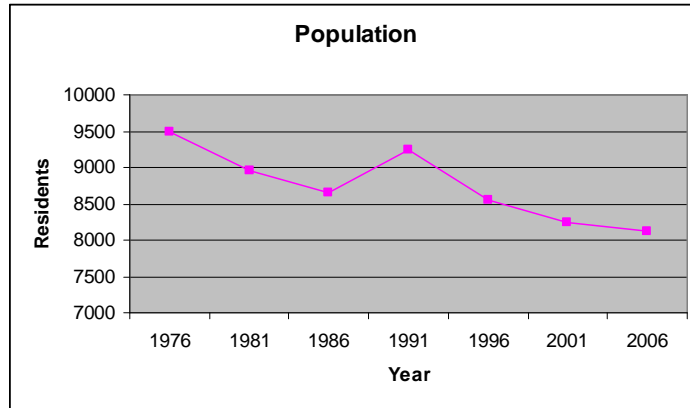
¹² Refer Taylor & Mayhew *Financial and Psychological Costs of Crime for Small Business Retailers* (2002)

¹³ Bureau of Crime Statistics and Research

¹⁴ Population data within this section is sourced from the Australian Bureau of Statistics, unless otherwise noted.

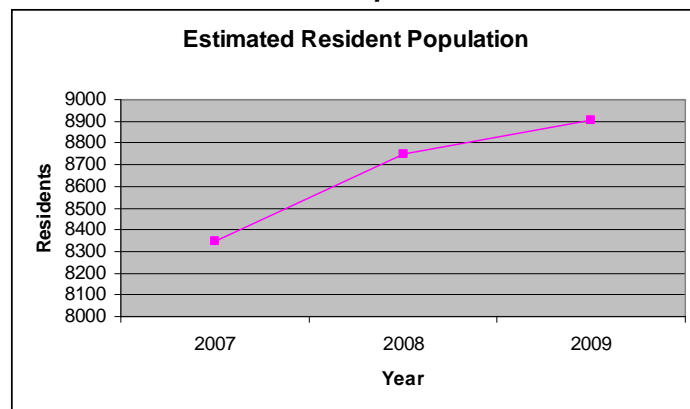
41. This decline, which is demonstrated below, is consistent with the population pressures experienced by other small regional and rural towns. The fact is that rural Australia is in slow population decline. Indeed over 40% of towns in New South Wales are in decline, and these towns are generally inland, in wheat – sheep belts or in dry land grazing areas¹⁵.

Population Decline 1976 - 2006



42. During the period 2007 to 2009 estimated resident population (ERP)¹⁶ within the LGA increased from 8,345 to 8,904 residents. This estimated growth in population is presented below.

Estimated Resident Population 2007 - 2009



43. The estimated resident population for the 2008 and 2009 years includes the Correctional Centre population¹⁷, although the proportion of this population included in the total resident population is unknown. It would reasonably be anticipated that between 70% and 100% of the 600 inmates held at the Correctional Centre are included in the overall estimated resident population¹⁸. Estimated population growth (or decline) for the two year period ended 2009 is tabulated below.

¹⁵ "Rural Australia and the Need for Reform"

¹⁶ Estimated Resident Population is drawn from the National Regional Profile series prepared by the ABS. The series presents population estimates.

¹⁷ The Wellington Correctional Centre was commissioned in 2007

¹⁸ Refer NSW Inmate Census 2009, Corporate Research, Evaluation and Statistics – Corrective Services NSW which reports that 30% of all inmates across all correctional centres have an earliest release date of less than 6 months. ERP only includes those residents who will reside in the LGA for more than 6 months.

Estimated Population Growth (Decline)

	2008		2009	
	Worst Case	Average Case	Worst Case	Average Case
Reported ABS ERP 2007	8345	8345	8711	8711
Natural Increase (Decrease)	31	31	0	0
Total Prison Population	442	310	200	140
<i>Subtotal</i>	<i>8818</i>	<i>8686</i>	<i>8911</i>	<i>8851</i>
Reported ABS ERP 2008	8711	8711	8904	8904
Population increase (decline)	-107	25	-7	53

44. To 2006, population declined on average at a rate of -0.48% each year. The 2008 and 2009 annual growth rates are tabulated below.

Table 2: Annual Percentage Growth (Decline)

	2008		2009	
	Worst Case	Average Case	Worst Case	Average Case
Population increase (decline) %	-1.3	0.3	-0.1	0.6
Worst Case average			-0.7	
Average Case average			0.4	

45. It is clear that despite the employment and other opportunities stemming from the commissioning of the Wellington Correctional Centre there has been minimal impact on arresting population decline. It may be said however that:

- a) Population decline appears to have stalled following commissioning of the Correctional Centre (refer worst case scenario 2009)
- b) It is reasonably anticipated that in 2009 the non correctional centre population increased for the first time since the period leading to the population boom of 1991
- c) The Correctional Centre has increased employment opportunities within the LGA, and has achieved some intensive economic development outcomes for existing residents

46. Indeed the impact of the Wellington Correctional Centre remains largely unknown in terms of the data. Some impact may be seen in the 2011 Census data, although it would be anticipated that population gains made as a result of the Correction Centre would over time be eroded through the loss of other residents in accordance with historical trends. That is, to address historical trends of decline strategies need to be implemented which address the factors contributing to a resident's decision to leave the LGA.

Population Projections

47. The most recent population projections which are available assume that Wellington's population will decline to 7,100 in 2036¹⁹. Indeed, population predications indicate significant decline across the Orana RDA area, as indicated below.

Projected Populations 2036

Local Government Area	2010 Estimated Population	2036 Projected Population	% change
Bogan	3,003	1,900	-36.72
Bourke	3,070	2,400	-21.82
Brewarrina	1,910	1,300	-31.93
Cobar	5,178	3,800	-26.61
Coonamble	4,314	2,700	-37.41
Dubbo	41,763	45,600	9.18
Gilgandra	4,700	3,600	-23.40
Mid Western Regional	22,860	21,600	-5.51
Narromine	6,841	4,700	-31.29
Walgett	7,235	5,800	-19.83
Warren	2,845	1,800	-36.73
Warrumbungles	10,330	7,900	-23.25
Wellington	8,875	7,100	-20.00

(Source: Department of Planning)

48. It is clear that despite a stabilisation in recent population data, the threat of population decline is significant across all rural and regional communities.

Understanding Outward Migration

49. An understanding of outward migration trends within Wellington LGA is significant in determining the nature and extent of population decline.

50. Presented below is a time series showing population movement by age at each census for the fifteen year period ending 2006. The data clearly highlights that movement through particular life stages contributes significantly to outward migration. In particular, a significant portion of young people leave the community as they transition to the 15 – 19 year and 20 – 24 year age cohorts

Outward Migration Time Series

1991		1996		Movement 91 - 96	2001		Movement 96 - 01	2006		Movement 01 - 06
Maximum Age at 1991	Number of Residents	Maximum Age at 1996	Number of Residents		Maximum Age at 2001	Number of Residents		Maximum Age at 2006	Number of Residents	
								4	562	562
					4	617	617	9	644	27
		4	707	707	9	697	-10	14	776	79
4	824	9	740	-84	14	678	-62	19	513	-165

¹⁹ Planning NSW – cited in Country & Regional Living Expo – ABS Population Analysis

9	763	14	776	13	19	533	-243	24	347	-186
14	756	19	492	-264	24	306	-186	29	334	28
19	587	24	396	-191	29	387	-9	34	415	28
24	530	29	444	-86	34	423	-21	39	430	7
29	583	34	542	-41	39	528	-14	44	521	-7
34	657	39	613	-44	44	578	-35	49	567	-11
39	597	44	571	-26	49	546	-25	54	533	-13
44	580	49	580	0	54	538	-42	59	544	6
49	546	54	509	-37	59	494	-15	64	471	-23
54	505	59	503	-2	64	506	3	69	457	-49
59	500	64	484	-16	69	438	-46	74	378	-60
64	523	69	452	-71	74	408	-44	79	339	-69
69	395	74	309	-86	79	274	-35	84	189	-85
74	292	79	224	-68	84	151	-73	85+	137	-14
79	250	84	178	-72	85+	126	-52			
84	187	85+	127	-60						
85+	101									

51. It is apparent that:

- a) Of the 824 residents aged 0 - 4 years in 1991, outward migration resulted in a total population of 513 aged 15 – 19 years in 2006. This is a net loss of 38% of this group.
- b) Of the 763 residents aged 5 – 9 years in 1991, outward migration resulted in a total population of 347 aged 20 – 24 years in 2006. This is a net loss of 55% of this group.
- c) Of the 756 residents aged 10-14 years in 1991, outward migration resulted in a total population of 334 aged 25 – 29 years in 2006. This is a net loss of 56% of this group.
- d) Of the 587 residents aged 15 – 19 years in 1991, outward migration resulted in a total population of 415 aged 30 – 34 years in 2006. This is a net loss of 29% of this group.

The challenge of arresting population decline

52. For each resident who leaves the LGA, one new resident (either through natural increase or inward migration) is required to sustain nil population growth. When on average approximately 80 young people aged 14 – 24 years leave the LGA each year it is clear that arresting population decline will present a significant challenge until such time as strategies are implemented to promote retention of young people within the community.

53. The loss of young people is not just an economic problem. It contributes to a change in the social fabric of a community, and flows through to areas such as recreation and social opportunities for those who remain.

54. Added to this challenge are issues arising from the ageing population. It would be anticipated that as the population ages, birth rates will decrease whilst death rates increase. To date, the LGA has enjoyed the benefits of natural increase (birth rates exceeding death rates), which has contributed to mitigating some of

the effects of outward migration among the population generally. It is likely, given current trends that a point of natural decrease will be reached, placing added downward pressure on population.

55. It is also apparent from the statistical analysis undertaken that once young people leave the community there does not appear to be any evidence of their return in significant numbers.

An Introduction to Youth Retention

56. The experiences of young people in rural communities have been highlighted in various reports and studies. For example, the *Rural and Regional Services and Development Committee*²⁰ provides a useful analysis of the factors impacting on young people’s decision to leave or stay in particular communities. These factors are tabulated below.

Factors impacting on young people’s decision to stay or leave a community

PUSH FACTORS	PULL FACTORS
<p><u>Education and Training</u></p> <p>The availability of a specialized field of study not available locally. Even where a field of study is available locally individuals may choose to leave the community to gain a broader range of opportunities and experiences</p>	<p><u>Education and Training</u></p> <p>The availability of education and training opportunities relevant to the young persons interests may encourage young people to stay in a community</p>
<p><u>Employment & Career Progression</u></p> <p>The availability of employment opportunities, including changes in the nature of employment such as a decline in demand for semi and unskilled labour and an increase in skilled labour requirements</p>	<p><u>Employment</u></p> <p>Employment opportunities which reflect the interests of young people</p>
PUSH FACTORS	PULL FACTORS
<p><u>Experience and Entertainment</u></p> <p>Including the notion that it is important for young people to broaden their experiences. Furthermore, young people may seek better recreational and social opportunities</p>	<p><u>Social Opportunities</u></p> <p>Available social and recreational opportunities may encourage young people to remain in a community</p>
<p><u>Social Exclusion and Independence</u></p> <p>Young people may leave because of real or perceived social exclusion and prejudice. In particular significant issues of personal acceptance and perceptions of physical safety have been expressed by indigenous people; homosexual; bisexual and same sex attracted young people, immigrants, and people with obvious physical differences</p>	<p><u>Succession</u></p> <p>Young people may stay in a community due to opportunities for succession in a family business</p>

²⁰ Inquiry into Retaining Young People in Rural Towns and Communities, Rural & Regional Services and Development Committee (2006) pp39-55

<p><u>Social Expectations</u></p> <p>Including the perception that young people need to leave their community to realize their full potential. This may be a belief held by the young person or as an acceptable "rite of passage" promoted in the community</p>	<p><u>Inclusiveness</u></p> <p>The level of inclusiveness of a community may motivate retention</p>
<p><u>Other Reasons for Outward Migration</u></p> <p>Other reasons for outward migration may include:</p> <ul style="list-style-type: none"> - a lack of suitable housing options - drought and its impact on farm production and a limited sense of viability - limited access to transport - access to specialized health services - isolation - family conflict 	<p><u>Personal Relationships / Connections</u></p> <p>One of the main reasons young people may remain in a community is due to key relationships with family, friends and partners</p>

57. Broadly these factors may be summarised as relating to:

- a) Community infrastructure, including investment in the education sector and recreation opportunities
- b) Economic factors including the nature and extent of the workforce together with the mix of industries and economic relationships between them
- c) Social capital, including the development of young people within the context of their families and communities, together with the subsequent engagement of those young people by the community (and government).

58. The capacity of communities to develop responses to these issues has been the subject of some debate. Indeed the phenomenon of young people migrating to cities is not a recent one, but rather a long standing historical trend²¹. Despite this, limited research is available in terms of the impact of programs and strategies targeted to addressing this phenomenon.

59. It is widely assumed that young people leave communities to seek employment or to access educational opportunities not available in their local area. Indeed one study of young people's perceptions has found that between 70 and 95 percent of young people planned to leave their communities²². Whilst this is the case, the chances of leaving a community decrease dramatically over time, particularly where a young person has remained in the community for more than five years post school²³.

60. It is also the case that young people will leave their local community even where employment or study options meeting the young people's needs are available. It is suggested that such an outcome is related to a young person's desire to assert their independence and enjoy experiences which are not available in their local

²¹ refer for example, Hillman K & Rothman S (2007) *Movement of Non-metropolitan Youth towards the Cities* Australian Council for Educational Research, Camberwell

²² Alston M & Kent J (2001) *Generation X-pendable: Young, Rural and Looking for Work* available at www.csu.edu.au/research/csr/about/GenX.pdf

²³ Dupuy R, Mayer F, Morissette R (2000) *Rural Youth: stayers, leavers and return migrants* Statistics Canada, Ottawa

community²⁴. It may also be the case that such migration is a result of a negative perception regarding their community, which is quite often reinforced through community expectation and opinion.

Supporting Population Growth

61. The creation of local employment, education, recreational and social opportunities are significant in attracting and retaining population
62. Government's may support these outcomes by:
 - a) locating government services locally (thus increasing local employment opportunities)
 - b) investing in programs which contribute to the establishment of industry in smaller communities
 - c) focussing on critical transition points, including the movement from school to further education and developing local opportunities and options
 - d) strengthening local learning communities to support young people transition from school and to promote learning and employment opportunities within the community²⁵
 - e) investing in jobs in local communities (addressing the underinvestment issue)
 - f) investing in local infrastructure projects which improve connectivity and create larger markets
 - g) working with Councils to develop, resource and implement local plans to address local issues
 - h) investing in local health infrastructure, eg, Wellington has a huge need for speech therapists, however, there are no such services locally

Communities can make a difference

63. A range of strategies have been adopted in other rural towns to promote economic development outcomes. They demonstrate that when communities are properly resourced significant outcomes can be achieved.
64. The material presented in the table is drawn from "Small Towns Big Ideas – Case Studies in Small Town Community Economic Development"²⁶. The towns identified below share the following characteristics:

²⁴ James R, Wyn J, Baldwin G, Hepworth G, McInnis, C & Stephanou A (1999) *Rural and isolated school students and their higher education choices* Higher Education Council, Canberra

²⁵ The Wellington Learning Community involves education providers, Council and other stakeholders and promotes the development of opportunity for young people within the LGA. The Community is currently unfunded.

²⁶ Lambe N.C. Rural Economic Development Center 2008

- a) small towns which are recreation or retirement destinations or adjacent to an abundance of natural assets; and / or
- b) small towns with historic downtowns or prominent cultural or heritage assets; and / or
- c) small towns adjacent to a metropolitan area or an interstate highway

Project	Key Issues	Strategies	Outcomes	Critical Success Factors
<p>Bakersville & Hayesville, North Carolina</p>	<p>Loss of manufacturing jobs</p> <p>Main street 40% vacant</p> <p>Relocation of highway with lost retail businesses as a result</p>	<p>Downtown revitalisation strategy</p> <p>Building infrastructure and capacity</p> <p>Tourism through events and festivals</p>	<p><u>Bakersville</u> (population 357)</p> <p>10 vacant downtown buildings occupied</p> <p>4 new businesses and nine new jobs created as a result of tourist walk</p> <p>Major festival attracts 3,000 visitors</p> <p><u>Hayesville</u> (population 297)</p> <p>New butcher shop, bookstore, coffee shop and several new service businesses have moved into downtown square</p> <p>Two old auto service stations at town entrance have been renovated and remodelled into a restaurant and furniture retailer,</p>	<p>Capitalising on Assets – the location and attractions create a natural draw for tourists</p> <p>Deep sense of heritage and culture, resulting in residents working together in a meaningful long lasting manner</p> <p>Community ownership and initiative</p> <p>Integration of newcomers with new ideas</p>

			improving community's gateway	
Chimney Rock, North Carolina	Economy reliant on tourism, however has historically struggled to capture market	<p>Improve the appearance of buildings and outdoor spaces</p> <p>Create a 'draw' to attract tourists and increase their stay</p> <p>Created a tourism theme "nature based tourism", and constructed a river walk that linked with the downtown area. The river was an excellent fishing destination but had significant access issues</p>	<p>17 new businesses in town</p> <p>7 business expansions</p> <p>Increased tourism market</p> <p>100 jobs created</p> <p>17 business facades updated</p>	<p>Define economic development assets broadly</p> <p>Build institutional capacity (in this case through the creation of a community development association)</p> <p>Look to local service and resource providers</p>
Ord, Nebraska	Population decline – 10% over ten years	<p>Focussed on four key areas: youth outreach, entrepreneurship, leadership development and philanthropy</p> <p>Partnership between Chamber of Commerce and Councils</p> <p>Residents passed a \$0.01 local sales tax for economic development.</p> <p>Strategy begins in schools with a focus on entrepreneurship and business development</p>	<p>Retail sales increased 20%, compared with 16% state wide</p> <p>Personal income increased by 21%, compared with 11% state wide</p> <p>Per capita income increased by 22%, compared with 9% state wide</p> <p>17 new and expanding businesses</p> <p>Survey indicated \$4M in new investment,</p>	<p>The shifting farm economy – diversification</p> <p>Willingness and ability to build community consensus around strategy</p> <p>Self-perpetuating financial structure</p> <p>Professional and paid staff lead the charge</p> <p>Substantive partnerships and a collaborative</p>

		Strategy includes nine month leadership development program	25,000 square feet of expansion Attracted \$75M dry mill ethanol plant, with 35 new jobs Secured approximately \$7M in gifts from local residents	approach to development
Farmville, North Carolina	Once the centre of tobacco production the town was faced with loss of industry and population	Supporting existing business through a range of programs, small business incubators Residential construction incentives to attract residents (refund of 40% of the total development contributions made by developer over time on a house built basis) Brand creation and marketing based on liveability Incentive program focussed on employing businesses and medical services and retail, and incentives for their staff to live locally	64 new businesses, creating 380 new jobs in five year period to 2003 In 2005, six new businesses (with 20 jobs) to main street Population increased by 3.8% in three years to 2003 In 2005, major business relocated bringing 450 manufacturing jobs and 200 in sales / logistics Since 1998, local incentives for residential development have resulted in more than 350 new homes	Foresighted and ongoing diversification of the local economy Strong local leadership with a global perspective Integration of new residents into the town's civic and social infrastructure

65. In addition to these international projects, a range of economic development strategies have been applied domestically to improve economic and community outcomes within communities. Tabulated below are some examples of the impact of domestic economic development strategies.

Project	Key Issues	Strategies	Outcomes	Critical Success Factors
Coolah	Creation of a National Park resulting in closure of timber mill	Focus on, and continual upgrade of main street Establish a local telecentre providing low cost internet access and technology based opportunities Creation of mobile phone coverage for the Shire	3 new businesses, providing a total of 16 jobs \$1.6M of outside investment secured in three years for community projects Locals quote the following positives – unemployment rates have dropped, no empty	Attracting outside investment Addressing infrastructure deficits Focus on community, particularly youth participation Multi focussed
Coolah (cont)		Established youth council Strategies to identify and minimise economic leakage	shops, new businesses established, no houses for sale, almost impossible to rent	
Deloraine, Tasmania	Highway bypass resulting in loss of 12 businesses Conflict within community (loggers vs 'the alternatives') Rural recession	Development of Craft Fair Projects focussed on signage and improving town entrances Community beautification and park projects Created a recycling and	In 1981 fair had 30 stall holders – now involves 200 stall holders across 15 venues and attracts 30,000 people. Contributes over \$1M into local economy with profit of \$100,000 10 jobs created	Strong focus on young people Belief, expectation and optimism Strong networks

		landfill site	at recycling and landfill site	
Donald, Victoria	Loss of railway jobs, closure of meatworks, withdrawal of government services	Opening a housing estate (\$2,000 prize for first home to be built) Upgrading Aerodrome Commencement of Industrial Estate Attraction of enterprise Supporting local shopping Promotion campaign targeted to skilled tradespeople New construction incentive (up to three years rates free)	1985 – 1995 population loss reversed, 23 new businesses established involving 100 jobs 20 business sites at industrial estate occupied in 10 years \$14M in retail sales in three month period 400 enquiries from skilled tradespeople. In first two months, 34 people moved to Donald, five new businesses opened, and primary school numbers increased by 6	Local investment Identifying and responding to gaps and opportunities Facilitative role of local government rather than regulative Strong housing development policy Media support

66. Consistent themes emerge from these case studies:

- a) amenity is a significant factor in successful attraction programs
- b) infrastructure and location advantages can be combined to form powerful attraction synergies
- c) investment, strategic planning and long term commitment are required for successful economic development
- d) processes which engage young people and build community capacity are legitimate economic development strategies
- e) a broad view of economic development assets is required and economic development can occur in many forms

- f) the most successful projects are undertaken in partnership with key stakeholders and the community generally
- g) government investment is significant, but projects can succeed on the basis of community ingenuity and investment
- h) economic development can include taking risks, for example by investing in infrastructure and creating attractive business conditions as tools for attraction
- i) in some instances, incentives are important in supporting investment – particularly where the market has failed and the investment is job creating or results in critical community services
- j) in most instances, the attention is focussed on opportunities, and addressing the preconditions of investment to support economic growth and factors which have held back investment
- k) recruitment of new industry or expansion is an active process, and can be supported by a range of skilled community members
- l) significant outcomes can be achieved from small community projects which contribute to community objectives

67. Communities are unique, with discrete issues and particular opportunities. It is important to recognise this uniqueness, and to craft strategies which respond to local issues or capitalise on local opportunities. Equally important is to recognise successful strategies for engaging with industry and the community generally.

Summary: A renewed focus on local outcomes

68. It is submitted that a renewed focus on local outcomes is required. In particular projects should be considered in the context of the contribution which they make to a local community in the context of the region in which it exists, rather than the contribution which they make to the region. For example, in terms of the delivery of health services governments should focus on strengthening existing resources within the community. Such an approach delivers cost efficiencies and social equities in other ways – by creating local employment opportunities, by maintaining access to services in local communities, by engaging local communities in the institutions which service it, and by reducing transport costs.

69. This focus on local outcomes should be supported by engagement with local council's in the development of local plans designed to inform government investment and interventions in particular local government areas. Indeed, local council's should be more adequately resourced to deliver some of the functions which the State Government has abandoned in small communities, such as crime prevention.

70. Investment in or the establishment of local chambers of commerce is critical to the development of local economies. The significant impact that a business chamber can have by harnessing community assets is clearly demonstrated in the case studies identified above.

71. It is important that a resource allocation model be developed which responds to the needs of individual communities. Such an allocation model should reflect the resourcing priorities identified in local plans. The current model of “picking winners” fails to address the disadvantage of small communities with limited resources. For example, out of round funding provided for the EvoCities campaign provides an example of government “picking the winners” (LGA’s which meet a minimum population number and growth rate) to further disadvantage other communities (who also compete in the population market). The relocation grant of \$7,000 similarly skews the uneven playing field towards communities with low unemployment. Many of these communities are doing quite well without this incentive.