

**INQUIRY INTO THE CLOSURE OR DOWNSIZING OF
CORRECTIVE SERVICES NSW FACILITIES**

Organisation: Grafton Chamber of Commerce and Industry

Name: Mr James Patterson

Date received: 9/11/2012



Grafton Chamber of Commerce and Industry

ABN: 18 643 177 015

PO Box 502 Grafton NSW 2460

P (02) 6642 6183 F (02) 6642 1272

E office@GraftonChamber.org.au

www.graftonchamber.org.au

Grafton's Great!

The Grafton Chamber of Commerce and Industry appreciates the opportunity to make this representation on behalf of our 150 members and the wider business community in the Grafton and South Grafton region.

Why is Grafton Gaol important to the community of Grafton?

The closure of the prison and loss of 100 jobs follows on top of the Telstra call centre closure (100 jobs) and South Grafton Abattoirs closure. Grafton region has almost 50% of our local residents on Government Benefits, Income Support, Pensioners or Retirees on fixed incomes and a large part time and casual employment base. With a population and earnings of the local region heavily skewed to the lower income end, these 100 professional, \$40-60K per annum Prison jobs are removed from our limited middle income residents who have sufficient affluence to regularly spend.

In response to the GFC, and Telstra and abattoir closures, most of our local small businesses had dramatically trimmed fat, re-thought stock management, trimmed staff hours, and examined and reduced overheads. Over the last two years, most of the retail small businesses have reported business down 50-70% on two years ago. Many businesses in the CBD have reported a 30 per cent increase in business electricity costs in the last 18 months. We have also faced two major floods in the last 18 months, both affecting peak tourism seasons.

Another key sector – the timber industry - has been affected by the weather and Government (State and Federal) legislation. These details have been brought to the attention of the relevant ministers. Grafton has had a major employment industry unable to get into the “field” to work due to wet conditions for over five months since Nov 2011, and the local timber mills have had little access to wood supplies managed by Government. This industry “stand down” has seen part time employees stood down, four day working weeks implemented, staff involved in transport, sawyers, mills and manufacture with reduced hours or without work. At the same time; Workcover, electricity charges and regulations have increased the cost of doing business by substantial amounts.

Each job loss – whether a Telstra call centre worker, a mill operator or a Prison clerk - has a knock on effect. It is established thinking that every job directly sustains three other jobs. Service industries like hair dressers or insurance, trades like painting and repairs, manufacturing like industry suppliers and wood products, retail areas like clothes and home furnishing have all reported substantial losses of business.

Apart from the loss of employees, Grafton Gaol was also a business needing supplies. In one case a \$3,000 per week contract was lost to one small business, and this situation has been repeated in many other businesses.

Staff and inmates also have families – some who visit, others who resided close by. If we guess-timate that 200 households exist because of the prison – this translates into children in schools, attending local sports clubs, household spends and part time jobs. Removing these families means local primary schools loose a couple of kids per class, local sports teams loose a couple of people or a couple of coaches. Local volunteer groups, RFS groups, local employers have lost members of their team due to enforced relocation, loss of jobs or loss of time available to pursue volunteer activities. Partners of prison staff (nurses, teachers) may have to relocate too.

Grafton Gaol was intricately tied to the life flow of the town. Its loss has been felt across the community in many ways – financial, employment, lifestyle, a sense of self sufficiency - and comes on top of successive blows to the community from other sources. This was why the major thrust of the town campaign was to stop and assess the impact before the actions were taken.

How will the closure or downsizing of Grafton Gaol affect local business, employment opportunities and the local economy of Grafton?

We have already seen working hours reduced and cut in every business. Small business owners have increased the hours they spend on the shop floor or in the office to cover staff cuts. One woman works three part time retail jobs in various CBD retail businesses to cover the hours cut at her old job. A Telstra worker took her redundancy package and used it to retain and open a hair dressers business – but it has taken 18 months to make this happen. At present there is no retailer, manufacturer or trade who is expecting to employ staff members – most report being hopeful not to cut hours further.

In addition this years Racing Carnival reported across the board poorer attendance and spend. Spend is down in most industries, and lower price items are in demand. Tourism is spending less, with few people travelling or using cheaper options such as campervans.

We have seen about a dozen businesses in this year close. Five closed business completely at the end of June. A further four have taken their business to home/office and internet based operations to reduce overheads and staff. The others have closed and moved from town. There are another six businesses that are trading month to month at present – one of these recently closed. Some took the decision because the Gaol closing offered no hope, or as a result of the subsequent impact.

A large number of businesses are currently on the market for sale – with owners seeking retirement, relocating for family purposes, or just wanting to move on. I know of two businesses that were deep in negotiations to sell their business, however the buyers walked away when the Prison closure was

announced. A couple of these businesses have recently shut the doors without sales due to the length of time looking for a buyer.

There has been little employment opportunities advertised outside government and contracted services in the local papers for many months. The closure has added to the number of people seeking basic and middle admin and management jobs of which we have an oversupply – but few opportunities.

Every year sees about 75% of our youth population move out of town to attend university, tertiary education or seek employment. The opportunities do not exist here in town, for those employment opportunities that do exist are held by long term employees feeding families and with no intention to change jobs. It is very rare that a young person can progress through a business into a management role, as usually the person in that senior role has to retire to create the vacancy.

This Gaol closure was effectively kicking a town while it was struggling to get up on its feet.

What next for Grafton?

Nearly 98% of the local businesses in the Northern Rivers region are small business. A small economy within a regional community depends mainly upon its self to ensure money moves around it system. Tourism, Government spending and similar introduces new money in the system, which off sets the spending on importing resources such as food necessary to sustain a community.

With decrease in manufacturing, political policies and weather events affecting local industries like timber, seafood and agriculture, the Grafton and Clarence Valley community relies on stability provided by Government offices and sectors to keep some base investment during fluctuations in the local economy due to season or weather.

Red tape, increased costs and regulations has made it more costly for small business to operate (without necessarily providing any cost benefit/value for spend in return) the small business sector is unable to respond and sustain when faced waves of job losses, financial cuts, crises and loss of hours.

Smaller economies can and have sustained themselves. Grafton used to be one that was seen as reasonably stable. Policy decisions by national and government business sectors have undermined this and will result in collapse and increased burden if they continue in this direction.

At least 50 percent of the businesses closed their doors to attend the rallies. The reason the community stood on picket lines with the Goal staff is that the community knows that each job loss affected everyone in the community. It was felt at schools and clubs, in local shops, at petrol stations and cigarette kiosks, in hair dressers and coffee shops, by travel agents and car yards. Houses that have not sold for the last two years were going to be joined by more houses on the market. School friends and families were placed under stress with an uncertain future.

Grafton is a wonderful community to raise children in. It is relatively safe, has excellent education, afterschool, sport and cultural facilities and people dedicated to positive lifestyle and community spirit. A vast number of families have moved to or returned to Grafton to embrace that lifestyle. And as a town we work hard together to sustain it. It was obvious to us people were not going to leave it easily.

What next for Grafton – the community will continue to struggle to sustain the quality of life it enjoys, continue to see loss of jobs and industry in the region and mass migration of youth to city areas without investment, positive political and policy support and encouragement from private and public decision makers who underestimate the effects on paper decisions have on the ground.

Yours sincerely

James Patterson

Executive Officer

On behalf the Grafton Chamber of Commerce and Industry