

**Submission
No 10**

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

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STANDING COMMITTEE ON STATE DEVELOPMENT

Inquiry into economic and social development in central western New South Wales

**Submission by
Mid-Western Regional Council**



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EXECUTIVE SUMMARY

The Mid Western Regional Council area is experiencing some of the most significant growth of any region in New South Wales. We have an opportunity at both a State and Local Government level to develop this region in line with that expected growth that has the potential to create communities that will benefit from that growth. But that will only happen if we work together as the Governments, the developers and the communities.

This inquiry by this standing committee is an important opportunity for everyone to understand the impacts of growth that looks at all services needed in this community. It is essential that State Government accepts its responsibility to deliver services in line with the State Government approvals of large scale developments that are creating substantial population increases and demands on services. We look forward to the State Government addressing the issues in this submission.

Council wishes to be heard in support of this submission.

Please find set out below a map of this region.



BACKGROUND ON THE MID-WESTERN REGION

At present, the major impact on the Mid-Western Region is the extensive expansion of the mining industry. It is recognized that the experience of Mid-Western may be different to other areas throughout central western New South Wales. However, it is believed that managing the growth that is happening here can have significant flow on benefits for the entire central west.

As background to this mining growth experience and some of the concerns coming from this development, the Mid-Western Region can be seen as an opportunity to learn from some of the mistakes of the past both for this region and regions that will experience future growth.

In 2006, there were just two coal mines in the Mid-Western Region producing around 5 million tonnes of coal per annum and employing less than 300 people. In the next 3-5 years, within a 60km radius of Mudgee (the largest town in the region), there will be at least nine coal mines producing up to 80 million tonnes of coal per annum and employing more than 3,000 people.

As the local labour force will not be able to accommodate all new employment opportunities, the majority of these positions will be filled by new residents which will ultimately lead to a significant population increase (up to 25% or 5,700 new residents based on permanent operational positions alone).

The investment by the major mining companies in capital infrastructure and employment in the region is huge and has the potential to create significant economic benefits in the future.

However, Council has become increasingly concerned that the rapid rate of expansion has not been thoughtfully planned nor have the cumulative impacts of these activities been factored into a long term cost-benefit analysis for the local or regional community. Council is fully aware that the activities that will take place in the next 3-5 years will play a significant role in shaping the long term future of this community and wants to maintain a proactive approach to addressing these challenges.

There is currently a significant focus on the growth of the coal industry in the Gunnedah and Liverpool Plains area. Whilst Council recognizes that these areas will experience considerable expansion in coal mining activities in the future, a review of information available suggests that actual increases in coal production (i.e. million tonnes of coal per annum) will be much greater in the Muswellbrook and Mid-Western regions. As the production of coal is also undertaken in a significantly more concentrated area, the

impacts are magnified for the respective Councils (i.e. Mid-Western and Muswellbrook) and the local communities. For example, the labour force and population impacts are felt within one major town and business area (as opposed to being shared across a number of major towns and business districts).

Mine creep is also a major concern for Council. Three of the existing mines in the Mid-Western region are undergoing expansions to existing mining activities which will effectively double coal output. While this will have considerable community impacts, the expansion of activities tends to 'fly under the radar' because these mines already exist. It is critical that each expansion is considered with the same degree of rigour as a new mining project and that the overall cumulative impact is taken into account.

Overall, the Mid-Western Region, with a current population of approximately 23,000 covering an area of 9,000 square kilometers, has a reasonably strong and diverse economic base that provides great potential to maximize growth and sustainable development opportunities in the future. Apart from the mining industry, there are a number of major economic sectors in the region including agriculture, viticulture, tourism, retail and event hosting.

Ensuring the sustainability of the local community; the quality of life for existing community members; maintaining economic diversity; and protecting the natural and environmental attributes that this region is well recognized for must not be overlooked in the face of the rapidly changing face mining sector. The big picture must be taken into consideration by all community stakeholders, the mines and all levels of government.

The provision of health, education and cultural facilities

There are significant issues with health, education and cultural infrastructure across the Mid-Western Region. The inability of population centres throughout New South Wales to be able to attract doctors and other health professionals is well documented. The flow-on effect of this is the resistance from some to relocate families and businesses if they feel that access to quality health and education is compromised.

In the Mid-Western Region, there are often occasions where access to medical services is inadequate. While not a unique experience across rural and regional areas, it is the case that it can take weeks to secure an appointment with a doctor. There are severe limitations on the level of services for early intervention, speech pathology and occupational therapy. The inability to provide these services has a direct and significant impact on affected children. The longer it takes for problems to be assessed, the less likely it is that therapy services can help or can help to the extent required.

A feasibility study into medical services across the region was completed in 2006 and highlighted critical shortages in a number of areas, particularly in relation to the number of medical practitioners in Mudgee, Gulgong and the Rylstone region. Little has changed over the intervening period of time and with the closure of Gulgong Hospital it is arguably more difficult to recruit doctors to the region without the additional incentive of Visiting Medical Officer rights to this facility. While the development of the Health One facility is a step in the right direction, the proposed Multi-Purpose Service for Gulgong is a minimum requirement to restoring appropriate medical facilities in the Gulgong area.

This Multi-Purpose Service would also provide some small respite for the waiting lists for places in nursing homes in the Region. With an average population age that is currently significantly above the State and national averages, there is significant need for additional places to be provided.

Education is also a concern. At present, Mudgee has a government high school with over 1100 students. The school has reached capacity in terms of the student and staff numbers that it can manage on this site. Alternative strategies are required to cope with the additional student numbers expected in future years. There is only one non-government school in Mudgee and, at present, this school is still only offering curriculum until Year 10. There are already limited vacancies at child care facilities and long waiting list of 6 months or more to access pre-schools.

With the projected growth in the mining and mining related industries in the immediate future, the impact of skill shortages means that it is imperative that higher education opportunities are provided for the region. It makes sense for the growth in mining related activities to be mirrored by growth in the education sector that is needed to educate and skill the local community to undertake the work required.

Finally, the provision of cultural facilities is important as an inclusion in the aspects of life that attract individuals to an area to live. In the Mid-Western Region there is a significant need for cinema, performing arts and gallery options for both the local and visitor populations. These are significant infrastructure and operational projects and the competing demands on the finances of local government make these difficult areas to develop.

The reasons for population decline or growth in different areas

Up until the recent boom in mining, the population increase in the region has been approximately 1% per annum. It seems clear that some levels of government are basing future projected growth on a continuation of this 1% growth pattern. An analysis of the

population impact of increases in production from existing, new and proposed mines tells a very different story.

The estimates indicate that over 2,000 construction jobs will be created during the set up of the different mines and over 3,000 ongoing operational positions will also be created. 3,000 new jobs created in the next 3-5 years represent a 30% increase in the size of the current labour force. There are a range of estimates on the multiplier effects of this that will create additional indirect employment. Even at the lower end of these estimates, the additional population will be in the thousands.

Overall, population growth could be as high as 25%. An additional 5,700 people would increase the population of the region to above 28,000 people in the next 3-5 years. Estimates indicate that this could represent:

- 250-500 additional children requiring access to early childcare and pre-school services
- 700-1200 additional school age children requiring access to schools, sporting facilities and family services
- 500-900 additional youth requiring access to tertiary education opportunities, employment and career opportunities
- 1500-3000 additional adults requiring housing and access to retail and business services

Ultimately all of these additional people will need access to medical and health services, library and cultural services and entertainment opportunities to support a reasonable quality of life within a community that they can belong to and where they want to be involved.

From a Council perspective, it is imperative that there is access to the resources to allow this influx of people to be sustainably supported in the community. A 25% increase in population in 3-5 years will have a significant and long-standing impact on every area of Council service delivery.

Again, the experience in Mid-Western may be different to other areas that may be experiencing population decline or stagnant growth. However, it would be hoped that a holistic approach to the growth in the Mid-Western region and the provision of adequate infrastructure across a full range of areas could also have a positive impact further west and services and resources would be brought closer to these centres as well.

The adequacy of transport and road infrastructure

One example of the current state of infrastructure that needs significant consideration is the transport sector. While there is some focus on the Bells Expressway, there are a range of other aspects to these issues and the Mid-Western Region can be seen as an area where immediate funds are needed to support the local infrastructure straining under the introduction of the new mining developments.

The majority of the roads in the region are not of an adequate standard to meet the demands of local mining traffic. Under current planning legislation Council's have the ability to enter into Voluntary Planning Agreements (VPAs) which give Council inadequate opportunity and funding to be able to cope with the substantial increased demand on its services. For example we have one road in the Mid-Western region between Mudgee and the Ulan Coal mines that in 1985 had traffic movements of 800 vehicles per day. That road now has in excess of 8,000 vehicle movements per day for part of it (a greater number than the Newell Highway), reducing to 3,500 vehicle movements per day closer to the mines. The cost to Council to upgrade this road to a standard that is able to cope with this volume of traffic is \$32 million.

Another road which runs off Ulan Road and traverses to Bylong, where two of the new mines are proposed, is approximately 65kms long including 17kms of gravel road. We are expecting with the two new mines being proposed that traffic on this road could increase by up to 1,000 vehicle movements per day. The nature of the road being very windy and in parts gravel simply will not be safe for such a volume of traffic. We would conservatively estimate the upgrading of this 65kms of road to be in the vicinity of \$45 million. The upgrades on these two roads mentioned are not to expressway standards but just to a nine metre wide seal with safe traffic treatment measures at intersections that will ensure safety for road users.

As new developments are proposed and come on line, it is important that roads are reclassified as necessary to State roads so that appropriate and immediate levels of funding can be provided. This should be part of the process of approvals and determinations so that it is not always a situation where infrastructure needs to be resourced with a "catch-up" methodology.

The Mid-Western experience with air travel is also worth considering. When the airline operator decided to give up the Mudgee to Sydney route, it was left to Council to research, encourage and provide incentives to a new airline. The route is now continuing to experience growth and is secure for the future. However, during the period of time that there was no air service, it became clear that the impact of this was severe.

As an example, medical specialists who had previously flown in to Mudgee for the day were now not able to do so, resulting in local residents needing to travel to Dubbo, Orange or Sydney for specialists' consultations. This particular issue has still not fully recovered, increasing pressure on the community and on specific services such as Community Transport.

Freight rail transport is also of significant concern. Some rail lines are currently not operational and it is many years since passenger trains have been in service. However, there have been some indications that the transportation of coal trains through towns such as Mudgee is being considered. This has never happen before and would have a dramatic impact on the quality of life in the town. There are significant housing developments close to the (non-operational) railway line and inadequate crossing options through the region to cope with coal trains of a size of any significance. The health considerations of coal dust and the direct problems related to the inability of the community and emergency services to traverse the town while coal trains are running through are real issues for the community.

There is little public transport available in the Mid-Western Region. While the CountryLink bus service does deliver passengers to the train station in Lithgow, there is no public transport access to other regional centres such as Dubbo, Bathurst or Orange. As such, it is vital that significant local community infrastructure, including sporting, cultural and entertainment opportunities are developed and supported in this region. It is clear that Mid-Western is a region of its own and it is appropriate that funding from Federal and State governments is available to support the region and the influx of population from the increase in mining activity.

Ways to encourage development of local enterprises and the potential of the region overall

On top of the roads opportunities there are a number of infrastructural growth needs in our region. For example we are at this time needing to increase the size of our library network at a cost of \$4 million, upgrading our three swimming pools to meet extra demand costing \$4.8 million and we have also just developed new regional sporting facilities at a cost of \$11 million. The VPAs received from the mining developments approved to date fall well short of these costs.

Of course there are other community infrastructures that are under enormous pressure from the development of coal mining in our region. These include, but are not limited to,

preschools, child care facilities, schools, hospitals, doctors, medical services and police services.

Council would like to commence discussion with the State Government that looks at increasing royalties for coal mining output by some 50 cents per tonne. 25 cents of that would go to local government for its infrastructure (both capital development and maintenance) and the balance of 25 cents to stay with the State Government but used for infrastructural upgrading of state government services in those local government regions affected by mining.

There are other developments in the region that we are currently experiencing which include a new power station and two large wind farms, one consisting of 120 towers and the other 400 towers. Some form of structure needs to be put in place to ensure local government and communities are adequately compensated for the effect those developments and the people they employ have on our region. We should review how Councils are funded through a fairer and more balanced methodology, VPAs simply don't work and the local communities who are affected by the mines are the losers.

Adequate funding though the methods proposed would provide a range of encouragements to develop local enterprises and allow the potential of the region to be met. This applies to both the Mid-Western Region and the central western area of New South Wales as a whole. By embracing these opportunities we have the capacity to develop a sustainable quality of life that will encourage people to be a part of our region and enjoy the benefits of living in a strong and vibrant community.

It is clear that opportunities for training and education are paramount, both for the success of business and investment, but also for the retention of young people from the community. There are significant areas where investment in tertiary education makes sense. It would provide avenues for young people to explore training and learning in areas that are needed to support the developing industries in the area. Exploration of appropriate university education involved in schools and faculties related to mining related activities and associated industries makes good economic sense as a driver to both deliver the secure, trained labour force that is needed and provide a fuller range of opportunities for those people in our community who want the chance to stay. Ultimately, with increased population and a wide arrange of services required to service this population, university and tertiary education options are required across all potential sectors.

One avenue to unlocking this potential would be to establish the Mid-Western Region as a Regional Development Committee in its own right. The growth of the region is comparatively significant and it is clear that the challenges facing Mid-Western contrast

with those facing other areas, such as the Orana region, where the Mid-Western Regional Council area is currently placed. The unique set of circumstances that Mid-Western is facing indicates that it would benefit from having a Committee that is focused on this region and on maximizing the community and business opportunities that are being developed. Council would ask this inquiry to support this proposal for a stand-alone Regional Development Committee for the Mid-Western Regional area.

The social and community challenges that we are facing are considerable. There are real issues now about the affordability of housing. Stock of available rental properties is chronically short of demand. The prices on these have risen significantly over the past 12 months as mining companies and workers have secured the stock available and this is having an impact on those sections of the community that are unable to sustain this cost of living without the wages that are associated with mining employment.

There are concerns that without adequate housing supply, fly-in, fly-out arrangements will be encouraged. This does little for the local economy if up to 80% of wages are then spent outside the region. The potential for social issues focused on young workers and alcohol related behavior places additional strains on the understaffed local police contingent and has an impact on the quality of life for the local community. There is potential for conflict between mining workers and non-mining workers if there are perceptions of a lack of care for the community or a sense of injustice over income inequity.

The sudden burst of growth in mining in the Region also has a potential negative impact on other established sectors. What is the impact on tourism in the region? Will developments impact on particular areas of natural beauty or make them more difficult to access? Will the tourism experience and perceptions of the region change if visitors are required to drive through areas of intensive mining to arrive at towns and destinations throughout the region? What will be the impact on the agricultural sector? Will rich and productive land be taken out of the agricultural industry? What are the bushfire risks or noxious weeds risks of having swathes of vacant areas throughout the area? These questions need to be addressed in examining the impact of the economic development in this region and beyond.

Questions regarding agricultural production are significant for this region. While mining companies may state that rehabilitation of areas will occur at the end of the life of a mine, the land can never be used for farming again. The impact on the water table is considerable and the quality soils are lost forever. The need for land for food production needs to be including in the strategic planning process for the entire region and as part of the determination processes for each development.

As each new mining development comes on board, Council also faces the impact of the loss of ratable land. In our local experience, the offsets required of mining companies mean that another 10 hectares are needed for tree plantings for every hectare of land needed for mining; ultimately resulting in a loss of potential income for Council as tree planted areas are provided to National Parks.

The loss of agricultural land is also demonstrated in other ways that will continue to have an impact into the future. To date, there has been a 14% decline in stock numbers through our saleyards as a result of the loss of land from the sector to mining developments. While this represents a small financial impact directly, it still adds to this cumulative effect of the loss of agriculture and income from our community.

For the future of the community, our heritage and our sense of place and belonging, it is vital that we encourage involvement in the community as much as possible. This means that we need to develop not just the infrastructure needed for work and home but the infrastructure that is needed for all aspects of life. There needs to be adequate schooling and education so that mining workers are encouraged to bring their families and settle here. There needs to be proper medical and health services so that people do not need to wait unacceptable times for care. Ancillary health needs to be considered, planned for and delivered so that there are an adequate number of dentists, speech pathologists, physiotherapists, occupational therapists, and teachers. There needs to be cultural options available with movie theatres, performing arts spaces, galleries, activities and events to keep people entertained. Essentially, it is about ensuring that growth considers all of these quality of life aspects that also create and drive investment, business opportunities and a sense of pride in the place where we live.

The comparative level of government business activity within the region

There are significant opportunities for government to increase its level of activity within the region. The Mid-Western region is experiencing growth that is arguably the most noteworthy level in the State. At this point in time there is no government business activity or an entity of any significance located within the Mid-Western boundary.

Some examples of areas that may consider it appropriate to either locate or increase presence in the Mid-Western Region are, firstly, the Department of Planning and Infrastructure. This Department lists its priorities as Sustainable growth in the right locations; Improved investor and community confidence; Effective management of natural, environmental and cultural resources and values; Diverse, equitable and pleasant neighbourhoods which reflect community needs and aspirations; and Integrated delivery of regional infrastructure and government activities. All of these are

issues for the Mid-Western region; all of these factors are issues for our community. Yet, despite having an unprecedented level of growth, our regional office is in Dubbo, an area that has vastly different issues and priorities.

Dubbo is also the regional office for the entire Western Region, everything west of Wagga Wagga, the Blue Mountains, Muswellbrook and Narrabri and covers communities such as Mudgee, Lithgow, Bathurst, Orange, Dubbo and Broken Hill that have differing priorities and issues. There is a real opportunity to reconsider how the Department of Planning interacts with both the Mid-Western Region and the central western region as a whole.

The Department of Trade & Investment would also be a logical government entity that could increase its involvement with the Mid-Western Region. Again, given the significant increase in mining related activity, there are numerous business opportunities across a number of areas that could have a direct benefit to the community and the local economy. The Head Office for Trade & Investment is in Orange.

The Office of Environment and Heritage, Communities NSW, Office of Water and Transport NSW are examples of other government agencies where there could be considerable benefits to the Mid-Western Region through their increased direct involvement.

Methodologies for local government to collectively cooperate to achieve increased infrastructure funding and economic growth

Across central western New South Wales, there will be opportunities for local governments to work together to increase business and investment and drive economic growth. Infrastructure funding is a vital component to this, given its central place in the ability to enable businesses to develop. Perhaps, even more importantly, are the barriers that are evident when infrastructure is not adequate. Telecommunications is one area where there are disadvantages in regional and rural New South Wales and where increasing investment in this infrastructure is vital for local investment to be able to compete in the marketplace.

There is, however, difference between regional and rural Councils and metropolitan Councils that need to be considered and these differences can make cooperation more difficult and less likely to provide a measurable return on any resourcing investment. Importantly, there is the question of the vast distances that need to be taken into account within regional and rural Councils. At 9,000 square kilometers, Mid-Western regional Council is a considerable size but by no means the largest Council area in the State. Yet, our region still encompasses variances in population demographics, in the

environment and even in climate. This tyranny of distance can make it more difficult to work with other areas and regions and less likely that there will be a full range of common interests that can be catered for in determining how to work together.

The significant growth in mining related industries in the Mid-Western Region may indicate that this Council area is facing different challenges to other areas within central western New South Wales. For Mid-Western, the questions relate to ensuring the integrity of the community in the face of this growth and ensuring that the infrastructure is available to make the most of the economic opportunities that are becoming evident.

Fundamentally, if these issues are dealt with correctly, there are opportunities for many other areas to piggyback on the success of the growth in the Mid-Western Region. There will firstly be many lessons to learn about how growth and quickly changing demographics should be managed and how questions related to transport, health, education and local infrastructure are answered. The need for skilled labour within the central west and the potential for the improvement of tertiary education choices provide employment and learning opportunities closer to home. Many of the developing industries will also need to be serviced from outside the region and there will be options for this to happen from other areas throughout the central west.

Any other factors restricting economic and social development in central western New South Wales

There are also environmental factors that need to be considered and one issue of significant concern is water security. It is vital that the use of water by mining related industries is examined closely to determine the potential impacts on the local community. Ensuring diversity within the local economy will be a tangible driver in ensuring the long term viability of the region, beyond the time when the mining boom has finished.

The Region's water resources are highly valuable and well utilized in productive agricultural activities, but vast quantities of water are required for the mining of coal and other minerals.. The importance to the agriculture sector of the security of water cannot be overestimated. The impact of mining on rivers, catchments and water tables is considerable and places increased risks on the security of long term water supply for this community.