

EVIDENCE TAKEN BEFORE

STANDING COMMITTEE ON STATE DEVELOPMENT

**INQUIRY INTO OPPORTUNITIES FOR STRENGTHENING
RURAL TOWNS IN NEW SOUTH WALES**

At Queanbeyan on Monday, 26 June 2000

The Committee met at 2.45 p.m.

PRESENT

The Hon. A. B. Kelly (Chair)

The Hon. I. Cohen

The Hon. J. R. Johnson

The Hon. I. M. Macdonald

Transcript produced by
C.A.T. Reporting Services Pty Limited

NICHOLAS JOHN MACHAN, General Manager, Caveat Street, Bombala, and

HARVEY ROSS McKINNEY, General Manager, Snowy River Shire Council, 9 Happyjacks Road, Eucumbene Cove, affirmed and examined:

CHAIR: Mr Machan, did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr MACHAN: I certainly did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Mr MACHAN: Yes.

CHAIR: Mr McKinney, did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr McKINNEY: I did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Mr McKINNEY: I am.

CHAIR: If either of you should consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will usually accede to your request and resolve into private session. But I should warn you that the Parliament may override that decision at any time and may make your evidence public. Perhaps either or both of you would like to give us a short statement first and then we will ask you some questions.

Mr McKINNEY: Briefly, I would like to give a very quick overview and background to our recommendations of our report and then looking at these recommendations to give you some ideas as to how we feel.

Our submission actually is a regional approach and it takes in those parts of the Snowy River Shire, Cooma-Monaro Shire and Bombala Shire down to the Victorian New South Wales border and west to the catchment and the Great Dividing Range and north to Lake Tantangara.

The terms of reference obtained from the nominated website were addressed by a group comprising councillors and staff of the Snowy River Shire and our initial submission would be fairly succinct. We took the region as being different from the regional centres and small towns. So in that respect our regional centres as we see them are Jindabyne, Bombala and Cooma, with small towns being Berridale, Dalgety, Adaminaby, Nimmitabel, Delegate and Numeralla.

Generally the region relies on three main industry segments, being agricultural, tourism and servicing. There is an extremely alarming rate of youth exodus from our region due to the declining job market and any previous incentives being replaced with disincentives to deliver government policy formation and implementation without due assessment of the social impacts.

Our rural commodity price downturn, coupled with increasing government legislation, leaves little alternative than to split family work units in an effort to gain meaningful employment in the centralised urban environments.

A recent publication called Regional Employment Profiles for South-east New South Wales commissioned by the South-east New South Wales Consultative Committee provides an excellent factual portrayal of the current and future outlook for this region, and we commend that publication to this Committee.

We looked at the criteria as stated by the standing committee and we began in this group to look at what we considered to be the assessment of constraints and then we thought we would deal with it from those constraints into our recommendations from there.

The constraints include a continuing, seemingly, centralisation policy of government. Some examples, if you like, are the closure of the Cooma gaol and the closure of inland fishing offices. The centralisation of the New South Wales National Parks and Wildlife Service management from Jindabyne back to Queanbeyan and Sydney under the guise of restructuring has had a very serious effect on reducing staff, who have relocated to metropolitan areas in an attempt to gain employment.

The loss of personnel places more responsibility on council resources to manage particularly fire and fire suppression in our area. As you know, a major part of the Snowy River shire is in the largest contiguous natural land unit, being Kosciuszko National Park in New South Wales, of some 700,000 hectares.

The Rural Fire Service centralisation of equipment and tanker construction through the proposed introduction of a city-based preferred contractor precludes many local machinery businesses from successfully tendering, resulting in a loss of contracts and jobs.

CHAIR: We might have fixed that last week.

Mr McKINNEY: And this week we now have our fire management staff being removed from local government and being placed directly under Commissioner Koperberg.

The Hon. J. R. JOHNSON: But still resident in the area.

Mr McKINNEY: They will still be resident in the area as we know it today, although I saw some papers this morning before I came down which, in my opinion, would place some doubt on that. In the restructuring that I believe Mr Koperberg is now about to commence there will be a zoning, and under a zoning principle, for instance, there would be no need, as we see it, to have three fire control officers, three deputy fire control officers, et cetera. Therefore, that zoning principle will result, in our opinion, in people losing jobs. You can combine those.

The restructuring of the electricity distribution industry, including the centralisation of Great Southern Energy Services administration, based in Queanbeyan, resulting in an exodus of families from the region and the subsequent flow-on effect to other services and the population base as a whole.

The continued draw of population away from the country to the city, or, in some cases, to the largest of the regional cities, can be halted only with direct intervention, we believe, by government policy. It will only be achieved by the reversal of a centralisation policy to provide incentives for rural growth.

Minister Scully's recent reversal of the proposal for the compulsory competitive tendering of major maintenance and project works for the Roads and Traffic Authority is an excellent example of the change in policy needed for the strengthening of rural towns. Had that policy been put into place, there are many rural and regional centres which would have been facing a very large loss of jobs.

It is our recommendation to the Standing Committee that the Committee recommend to the State Government that a review of the decentralisation policy be undertaken with a view to the reversal of this policy in order to stop the erosion of government-provided services and to provide incentive for the strengthening of rural towns.

In saying that, a couple of examples which we looked at would be, for instance, to establish the inland freshwater fishing administration where the inland fishing is. That would be of great advantage. If you also established inland freshwater fishing research facilities on government-owned land. For instance, in our shire, as an example, CSIRO was based there for over 20 years at Waste Point in Kosciuszko National Park.

CHAIR: The CSIRO was?

Mr McKINNEY: Yes.

CHAIR: Where have all the buildings gone?

Mr McKINNEY: They are still there. The work of Dane Wimbush and Alex Costain in the high country was probably some of the most definitive scientific data which then formed a very real basis for future natural resource and recreational planning policies as a result of that information gathered.

CHAIR: So those are the seven or eight buildings at Waste Point?

Mr McKINNEY: There are about 18 or so, and there are a couple of research cottages there where they were based, where they centred their field research, and lived.

The provision of financial incentives for the establishment of industries such as trout farming with the specific objective of obtaining an ecologically sustainable trout industry and the benefits to tourism, the local economies and the Government would be enormous under those circumstances.

With the agricultural industry restructuring, we have a poor demographic profile in the farm sector with a very rapidly ageing population of farmers. We have a lack of formal education and the lack of distance education alternatives coupled with a traditionally conservative and cautious approach to new agricultural technology by people on the land.

We have some unsustainable land practices, including weed control, a rising water table and dry land salinity, and we have non-incentive based natural resource land management.

Our recommendations to the Standing Committee are that the Standing Committee give consideration to the following issues: the improvement in the information technology infrastructure in regional areas so that information may be more readily accessed by the rural community.

Where I live, for example, I had to outlay \$1,900 in order to get ABC and SBS. I cannot get it. So I had to go to satellite and had to pay for it myself. We definitely need rural Internet training. I read a report recently that Australia has 48 per cent access of its population to Internet facilities, yet the slowest uptake in Australia is on the New South Wales properties.

The Hon. J. R. JOHNSON: New South Wales?

Mr McKINNEY: Landowners have the slowest uptake of moving into Internet technology. Things like optic fibre cable technology and satellite technology would go a very long way to assisting that set of circumstances.

A research and database facility that can be accessed to provide information on alternative agricultural products worldwide based on given soil and climatic conditions. For example, I recently did a project for a group of farmers in our area who were interested in viticulture. I went to the University of New South Wales Orange campus and did a viticultural course. During my studies there and doing a practical example on the land I found out that soil mapping does not exist on a large part of our area, so we did not even know what our soil types were. So that is basic data if we want to move forward. Certainly that has to be done.

We can develop a partnership. We have looked at the Australian National University and Canberra University. The models can be developed and are being progressively developed. For instance, if you put in soil types and develop climatic data, then computer models are able to show you what sorts of things are being grown in other parts of the world with those parameters, which could then provide some incentives as to just what alternatives could be to the current practices now being taken up on the land.

One of the biggest threats to our area is noxious weeds. In particular, serrated tussock and love grass have millions of dollars of negative impact on agricultural production. We believe that appropriate funding of research into the biovectors for the control of noxious weeds and pests and specifically the control of weeds will help reverse this situation. There is some work being done currently.

We have one of the top research organisations in the world in CSIRO. It is doing some work on this but it really needs a boost to try to get something other than continuing every year to force property owners to spew chemicals all over their land. The long-term effects of that I do not believe are the best.

Strong leadership in the area of incentive-based natural resource land management, including such matters as carbon credit trading, tree plantations and rural restructuring, including education and financial assistance for redevelopment projects. For instance, if we look at the industries, which I am sure that Nick will touch on, we have over three million visitors a year into the snow.

If we took all the sewage effluent from those resorts and towns into one regional centre, we could then establish an agroforestry enterprise. In fact, the Public Works Department provided a report to government in the early 1990s explaining how this could be done. That would be a major incentive.

There should be other incentives for landowners. For instance, there is the perception of a disadvantage or a disincentive for landowners, who, for instance, have certain protected species on their lands, which reduce what they consider to be the potential of that land. If we considered for a moment that, say, 7 per cent of New South Wales is under protected area management, then that would suggest that 93 per cent of the species are outside those areas and are on private land.

We could give some real financial incentives for those people who are willing to continue to protect those areas. Again, the CSIRO has just provided five reports on that very subject which I would commend to the Committee. One of the recommendations is the encouragement of an incentive by setting up a fund for reimbursement to the landowners and local government for these incentives on natural resource-based management on private lands. It is a very good way of doing things.

Very simply, if you looked at what is called a DSE, or a dry sheep equivalent, if somebody has legless lizards on their land and there are two hectares of them, two hectares holds five sheep. If you gave that property owner a cheque for whatever the equivalent of five sheep were over a year on agricultural production, the farmer is happy, the legless lizards are happy and the Government has the protection of its natural resource that it wants. There are those sorts of schemes I believe that could be put in place on an incentive basis for landowners.

In terms of government and other services, one of the most significant factors that underpins the wellbeing and development of rural towns is the provision of appropriate government and other services.

The difficulty of population density required to make a service economically viable becomes a major hurdle to overcome. If you look at the fact that if you have good communications and you have good education and you have good medical services, those are the barriers which can be brought down and allow rural towns to grow.

In terms of tourism in the area which has the greatest potential for the most employment, particularly eco-based tourism and ecological sustainable-based tourism, more importantly. We see things where many small things are being done and it would be good if you had an incentive to try to tie all this together so that you get more of a pronged attack than a one development plan as opposed to all these little scattered shotgun approaches, if you like, which is the best efforts in the community.

To give you an example where we get a disincentive, there is a road up through Kosciuszko that three forty-five-seater buses travelled every day, 7 days a week and which has been closed since 1972 or somewhere around there because it was deemed to be a management trail. I have some knowledge of this, having spent 25 years with the National Parks and Wildlife Service. I know about ecologically sustainable-based tours.

There you have a perfectly good example where, under licensed conditions, you would remove the insurance requirements from the Government, place it on the operators, and provide an educational opportunity for people under a controlled set of circumstances which would be of great benefit in terms of a very simple exercise in tourism.

It would also provide a more watchful eye of operators in terms of illegal activities, fire surveillance or such matters like that. Currently the place is closed down. So there are those sorts of thing.

I guess in brief, in order to take a three-tiered government approach to this, we believe it would be possible, in fact advantageous, to set up a task force of Federal, State and local government, including Bombala, Cooma-Monaro and the Snowy River, to look at a regionally-based task force with its objectives being to

develop and co-ordinate the implementation of an integrated regional economic development plan which would take all these facets and draw them all together, and that way we can make plans together and progress together.

That, in brief, is my submission.

Mr MACHAN: The submission for Bombala Council has been done by our marketing manager who has now left the council's employment. We basically have put down where Bombala Council is at this point in time and looked at our experiences.

We have gone through a pretty rough trot in the last few years. There has been a couple of softwood developments on the horizon, both of which have fallen through, leaving the town very sceptical.

We went to the various government agencies seeking assistance which, following the announcement of the regional forest agreement where our hardwood industry was basically withdrawn from the Bombala region, saw the imminent closure of a sawmill with 27 jobs, a population of 1,500, which has had quite a high effect on what is going to happen not only in the town but also the business houses that support such a mill.

We recently had announcements of Westpac Bank closing in its present form, the Toorallie local woollen mill relocating to the ACT, all sorts of factoring on a township that is already going through hardship like many rural areas with the drought or commodity prices.

Basically, what the council has done is to go and seek government assistance and go with basic packages that we felt the Government could assist us with.

The thrust of our submission is on the basis that I think the community itself also has to help what it is going to do. It has to identify its strengths because there is no way that the Government can actually wave magic wands and create employment. We are looking at fostering ideas between local, State and Federal.

Local government on its own does not have the resources to meet the infrastructure requirements or provide incentives to some of the larger companies. The State Government and Commonwealth Government both have those resources available.

We are on the verge of a softwood mill by Softwood Development Corporation which would create in the vicinity of 100 to 130 direct jobs, looking at 200 to 300 indirect jobs. We are working closely with State government agencies to progress that and also the Commonwealth Government is now being involved.

The thrust of the submission that you do have is basically a community that needs to look into itself to determine what its future is going to be. It cannot sit back and expect things will happen. You have to make it happen.

We have looked at regional diversity in regard to agriculture. We have a group of ladies, and they would not like me calling them that, they are the Monaro Country Lavender, but they are looking at diversifying on the property there.

They are people who are basically farmers or are from the farming community and they are now establishing a business which is actually growing in Bombala. It has been done, again, with the help of agencies such as the Department of State and Regional Development.

To give it context, we are also looking at grain drying facilities, that sort of thing, so we are looking within our own community to see what we can do and expanding on existing infrastructure that we have. Really, that is probably all I can add at this point in time.

CHAIR: You touched on Toorallie. You were doing exactly that. Your community was coming behind. You knew there was a problem there. You had worked with the State Government, and you had some proposals. You did everything you possibly could, I would have thought, from the outside but it still fell through. Was that because Canberra offered more or what was it?

Mr MACHAN: It was a business decision made by the owners of the company. We had provided basically a package to them that we would offer a purpose-built facility for the company to expand. That was tied in to enable their business to expand, but it purely came down to a business decision to relocate to Canberra and a larger market. There was not much more we could have done.

CHAIR: I suppose even though it could be considered to be a failure, it is better to have those sorts of things fail than not try at all. You had a process there and structure to do it that, in a normal situation, would have won the day.

You talked about local State and Federal bodies working together. I have been involved for a long time in similar things, first as general manager of a local council, but 10 years as chairman of the State Government Regional Development Board, then Industry Development Board, and then chairman of the REDO, at the time both Federal and State bodies.

There was a problem of getting six different bodies all trying to help decentralisation and help business to create more jobs, probably doing it through slightly different ways. We could never get them to amalgamate. We could get the Federal ones to amalgamate together, triple C and REDO, but we could not get that final cross-fertilisation across from the State and Federal bodies. Any comments on that, seeing that you proposed it?

Mr McKINNEY: My comment would be that if we can get them actually regionally rurally based to actually look at what is happening, to get an agreement about where we could progress this on a three-tier government approach as opposed to saying, "Here is where it all is", and allowing, as you are suggesting, the Federal groups banding together, the State groups banding together, local groups banding together, if we had representatives of three shires, State and Federal, rurally based and looking at the whole across local government boundaries in terms of regions and regions, if you like, which could be based on catchment boundaries because that influences weather, et cetera, I think you have a better idea and a better approach to getting people to work together on that basis.

CHAIR: You do actually do that because a lot of the membership of those boards are the same people. You might actually find Paul Mann could be on the State board as well as the Federal board, so they have that cross-fertilisation. Even though they are the same people, they look --

Mr McKINNEY: Mostly from my experience of being on the development board, it came down to the person on there not having the authority to actually make decisions, always having to go back to their peak body and then come back and say, "It is not part of our policy" or something like that, which threw stumbling blocks in the way where people got frustrated, et cetera. You actually need people with power to say, "I think this will work, it makes good sense, yes, I will try to make it work."

The Hon. J. R. JOHNSON: As a young fellow on the far North Coast of New South Wales, I was having a hair cut one day and the general manager of the local bank came in and announced to those who were assembled that he had done a survey of the transfer of bank accounts from his one Commonwealth Bank to Newcastle, Sydney and Brisbane, and over two years, of the children who were banking at the Commonwealth Bank through the school banks that used to operate, almost 900 had transferred.

I just give that comment for what has been going on for 45 years. There are very few country towns that are growing. It is something that has concerned me, and I have taken a particular interest in this Committee on this.

If you have a look in this town and numerous others, you will see the disappearance of the large department stores that were a great source of employment. I can take you to towns like Manilla and Walcha, and Walcha in the central west of the State, where two stores there, one would have had almost 90 on the staff and the other would have had 60, probably have not got five in each today.

With the advancement of good roads from Manilla to Tamworth - 28 miles - good motor vehicles, the transfer of business by people who went to the doctor and also did their shopping - they did not do it locally - they wondered why jobs were not available for their children in their home town.

I am sure that you find that but there are very few places in Australia other than vast mining areas that have grown in the country.

If you read statistics, it makes one almost cry as to the loss of population from towns. Cook Town on the far north coast of Queensland had something like over 100 hotels at one time. When you drive through it now, if you blink you have missed it.

There is an area that I have spoken about on numerous occasions where many years ago a scheme was inaugurated in Spain called the Mondragon experience. Now it is a booming area with a lot of stuff on the net about it. It has large markets into Europe and it seems to work with one of the lowest unemployment rates in Europe.

I do not know of one Australian Government, State or Federal or local government, that has sent people to that area to look at what they have done, but you will find, and I am particularly critical of local government in this area that they set up these sister city relationships with towns in England or elsewhere and there appears to be no commercial advantage that comes out of them. If they cast their net a little further afield, something could come from it.

I have taken a particular interest in recent times in our State's floral emblem. I believe it is a State disgrace that the floral emblem is not promoted especially when you find that Israel, South Africa and Hawaii in the United States of America - of course not metropolitan United States America - have a \$200 million a year export market in waratahs.

CHAIR: Mondragon is in the Basque region of Spain. It has 70,000 employees. It is the biggest company in Spain.

The Hon. J. R. JOHNSON: This inquiry is looking for answers but I do not know where we get them when you find that between Newcastle and Brisbane there were probably 30 cordial manufacturers, soft drink manufacturers, at one time. How many today? Have you got answers?

Mr McKINNEY: We face factually in different scenarios what you have just outlined. I was on the North Coast for 11 years. We believe we look at what our natural attributes are and how we can go about looking at an ecologically sustainable industry.

I believe trout farming - we held the world fly fishing championships last year - is a classic example. The whole concentration, which for the most part has been in a three-month period during winter, is now turning the community around to say we need to look seriously at 12-month tourism to keep our people and employment for our youth. We are probably one of three or four fortunate shires inasmuch as we are showing a growth. Snowy River Shire is on a growth.

Mr MACHAN: We will.

Mr McKINNEY: Exactly. So will others. But we look to what our resource is that can be sustainable. Our resource sustainably comes naturally. With the advent of, for instance, the promotion of trout fishing private land owner involvement is an alternative, because the commodity prices are so bad. Many people went through the most severe drought in recorded history.

I was at a New South Wales regional farmers conference a couple of months ago and the depression was overwhelming. All of them in that room recognised that there needed to be change, but exactly as you have pointed out they kept saying, "To what?"

CHAIR: How many people came to visit the trout fishing?

Mr McKINNEY: Twenty-two countries I think were there.

CHAIR: Twenty-two countries?

Mr McKINNEY: Yes.

The Hon. I. M. MACDONALD: How many people?

Mr McKINNEY: I am sorry, I do not know. I could find out what the boost is, but if you look at that from an accommodation point of view, a servicing point of view, a petrol point of view, a guide point of view, this is your domino effect.

CHAIR: If you could give us some details on that, that would be good.

The Hon. I. COHEN: I would be interested in that one. Trout is a feral fish. So how do you work on ecologically sustainable development. I was on a fishing inquiry and we were looking at how the restocking process had to be kept up constantly. I am not disagreeing with your concept in terms of it being a clean industry and a good tourism generator, but have you looked at other areas in terms of resources in your shire, even if you are looking at other types of fishing? The native fish population has been, to an extent, wiped out.

Mr McKINNEY: I dealt with this some years ago. Trout were brought in here on horseback in the 1800s or whenever it was. I think what you need to look at and do look at and have done with is the natural boundaries. I did this previously with the Acclimatisation Society. You establish those natural boundaries and then you come to an agreement, as I did with them, there will be no stocking of those natural boundaries, none, because of the importance of native species and because of the ferociousness of the feral species called trout. No question of that.

I guess what I am saying is that I am not sure you can go back on this one. I do not think you can electrify those lakes up there and knock them all out. I do not think it is practical; I do not think it is reasonable. What I do think is that if you put in the necessary incentives for people to move into this sustainable feral put-and-take industry where people come up and take trout and you put them in, the domino effect on accommodation, fuel, guides, all that, food, clothing, sales of equipment, et cetera, has the potential to be a wonderful sustainable industry.

The Hon. I. COHEN: I guess when you are talking of country areas you have had the experience of the north of New South Wales and certainly that is a rural area where there are quite significant success stories in terms of the regeneration of the community. The society up there is not quite what a lot of the older settlers would want anyway. In your areas, and I have been down in those areas, often in less than harmonious situations of forest conflicts and such like, what can you take from, say, the northern region, where there is, to a certain extent, a tourist-based economy, not altogether by any means, but there is Cellulose Valley, and you mentioned before I think the ladies who were doing herb production?

Mr McKINNEY: Lavender.

The Hon. I. COHEN: Lavender you were talking about specifically and organic production, are there any specific avenues that either of you are looking at in terms of those types of alternative productions? It has certainly worked up the North Coast. In terms of organics, in terms of herb production, they have major industries now with a world reputation.

Mr McKINNEY: I think there is.

The Hon. I. COHEN: And where can you get your help from?

Mr McKINNEY: Where can we get our help from? As I mentioned to you before, one of the problems we face is that locally derived organic soils on the North Coast, the basalt soils, et cetera, have been studied for a very long time. Ice cores in the Antarctic have been going on at the research bases for 47 years with *Northfagus moorei* [Antarctic beech], which is the exact same species that was in Antarctica. I agree with you. The study there has related to, and back to this gentleman's comment earlier, macadamias, a native subtropical rainforest tree was taken and grown where?

The Hon. J. R. JOHNSON: Hawaii.

Mr McKINNEY: Hawaii and sold back to us. The Christmas bush it is called here. So you can look at those native things, and you are right, the native plant industry on the North Coast has been able to flourish because it had a recognition of edibility and those sorts of things. But we do not even know our soil types so how do we compare and look at alternatives? Soilcon used to do all that.

CHAIR: It still does.

Mr McKINNEY: There used to be mapping and the extension of mapping. If it is extended to our area I congratulate them, but I do not know of any.

CHAIR: They are still doing it, but I could be wrong.

The Hon. I. COHEN: Recently, I spoke at a fairly substantial course of Blue Mountains TAFE outdoor recreation students specifically for the industry. Given your experience with national parks and such like, has your area or either of your areas looked at opportunities in your local area to encourage that type of TAFE educational institution? It would have an immediate input during the education process but also the after effects would be to input into the type of ecotourism development that you would be searching out so that you could become a hub like up the North Coast, like the Tropical Fruit Institute, that type of thing. Is that the type of thing?

Mr McKINNEY: It is, and TAFE actually operates in Cooma. It has satellite classes in towns like that. It is difficult to get the expertise together, the people who wish to go into TAFE to instruct, if you like, on ecotourism businesses. I do not think they are easy to find, the people to go and instruct on it.

The Hon. I. COHEN: But the potential is there for ecotourism.

Mr McKINNEY: The potential is there. There is no question of that. We are involved with a couple of the units here in terms of their fourth year students coming into our area and working in partnership with us on a whole range of issues. I guess it really needs a partnership approach and recognition of an area. Whether you like the Snowy Mountains hydroelectric scheme or not it does not matter. The fact remains that it put the Snowy Mountains internationally on the map. There is no question about that.

The Hon. I. COHEN: You mentioned also the visitation to the Snowy area, the sewage and potential for agroforestry. Has your council contacted the office of the Minister for Forests on that matter? Has there been any reaction? Is there any potential there? And the same for the Bombala area I think.

Mr MACHAN: I could make a couple of comments specifically on ours.

Mr McKINNEY: There is potential there, yes. We have done that. We have addressed it again. The Public Works Department has a report sitting there on how this could happen. It is all good news. We are currently, for instance, looking at effluent reuse; we are looking at putting our effluent for reuse from Berridale on to an 18-hole golf course, which will help boost that town. It would be a major attraction. Golf, I read yesterday, is the highest growing sport in youth in Australia

with a 20 per cent increase in uptake last year alone, so we are looking at those sorts of things all the time.

CHAIR: And, Nick, your comments on that?

Mr MACHAN: With the Bombala project for softwood we are using 100 per cent reuse for the mill itself, the water requirements of the mill.

CHAIR: From the sewage?

Mr MACHAN: From the sewage treatment plant. We are constructing a new treatment plant. Three-quarters of the daily output will go to the mill and the balance will go on to basically either irrigation or other forms of industry. At the moment, our Delegate treatment plant actually irrigates the golf course too. So we are certainly looking at those. Our national parks are somewhat different from Kosciuszko. We have less visitor visitation from our point of view, but that does not detract away from them. We are trying to build on those.

The Hon. I. COHEN: With the Snowy, if we get our water, is that going to make a difference in your area?

Mr MACHAN: In terms of additional water?

The Hon. I. COHEN: In terms of additional tourists.

Mr MACHA: It would have some impact. I would not say it would be considerable.

The Hon. I. COHEN: I am thinking regionally there, particularly when you are looking at the various groupings of councils, be it the competitive tendering issue and getting a consortium for road building or, alternatively, looking at combining to attract tourism to the entire region.

Mr MACHAN: We have a different product for tourism than, say, the Snowy River would have because they have got the snowfields there. We just do not attract the same sort of visitation that the snowfields do.

The Hon. I. COHEN: I appreciate that, but there would be a spin-off effect there.

Mr MACHAN: Yes, that is right, and the fact that we are between the coast and the mountains itself, we sort of promote Bombala not as a destination but as a visitation, "While you are here, stop." Our concept is the platypus country. We have the highest density of platypus in New South Wales, if not Australia, and we are playing that up to a large degree.

We recognise that tourism will not be a lifesaver for Bombala. It will be a short help, but it will never replace what industry would do for it.

The Hon. I. COHEN: You spoke about the hardwood timber industry and the amount of jobs lost. I was under the impression that the softwood industry had been put in as part of the forestry restructuring process. I thought there was a resolution to a certain extent in terms of the workers in the area.

Mr MACHAN: Softwood will take its place in a bigger and larger way. I think we will employ more people in the softwood industry than we ever did in the hardwood industry.

The Hon. I. COHEN: I will use that quote.

Mr MACHAN: That is from Bombala's point of view, but if you look at Eden, they had the mill from Bombala relocate to Eden with basically 27 jobs from Bombala's region, but we have 35,000 hectares of plantation pine and that is growing through private enterprise and State Forest. What we need to do is value add that product, and that is basically to develop it in Bombala.

The Hon. I. COHEN: Are you aware of issues like the Lithgow silicon smelter? Admittedly, they are drawing timber from the North Coast for the flux, the charcoal and they wanted to get it from the inland forest, but the plantation pine thinnings and such like are a suitable resource for that. Have you looked at that at all?

Mr MACHAN: No. The issue we have is that the resource we have in Bombala needs to stay in Bombala. If you transport it out, you may as well close our doors because we need work in Bombala to keep our economy stable. As it is now, timber is being exported through Port Kembla and we are losing timber to other mills. But at the moment that is helping us manage but basically we need to value add in Bombala and get employment there.

The Hon. I. M. MACDONALD: Leaving aside tourist-related development, can you give me an example in each area of a successful, employment generating, economically valuable industry into the area brought in in the last four or five years and what do you think of the factors that were successful in attracting that industry to your area and how did you obtain that industry?

Mr MACHAN: No, there is none. I could honestly say that industry in Bombala has decreased rather than increased. Mainly that is through the hardwood demise and also the agricultural side of it. You have got people leaving the land and that sort of thing, which is inherent in Bombala for sure, but what we are seeing now, though, is hopefully that turning around with the development of the softwood industry in Bombala.

If you look at things like the defence wharf in Eden, which will be a huge bonus for not only Eden itself but across the region, and what is happening in Cooma, I think the south east region is right on the verge of a major increase. From our point of view, I could not say there has been an industry attracted to Bombala in recent times that has generated employment.

Mr McKINNEY: The only industry I can think of is, again, individual bits and pieces, and that is the wine industry. Cold weather wines are beginning to grow as an industry in our area. I think there is something like any where from planting to actual harvest would be about 16 different property owners that has some potential, but as to a single industry just moving in under a single identity, no.

CHAIR: Just in relation to the comments you made in regard to the Rural Fire Service, there was another parliamentary inquiry under the chairmanship of the Hon. R. S. L. Jones, and on Friday of last week its report was tabled. As a result of that inquiry, as well as some work in progress, the Rural Fire Service has done a lot of work in trying to make sure of local builds in country areas.

The report was officially released last week. Approvals have been given to a whole host of country businesses to build fire tankers. I think they have heeded the concerns raised in that inquiry right throughout country New South Wales, 20 or 30 builds right across the State. We will see if we can get you a copy.

Mr McKINNEY: It would be wonderful if you could.

The Hon. J. R. JOHNSON: Something I read recently in the United States up near the Canadian border, a timber town some years ago found itself in real difficulty, and it went into coffin manufacturing. It had a profound effect and they have contracts all over the world now.

Mr McKINNEY: Designer coffins.

CHAIR: That Rural Fire Service report is on the Internet.

(The witnesses withdrew)

MICHAEL PAUL BRAYBROOKS, Pharmacist and Chairman, Riverina Eastern Regional Organisation of Councils, "Jarabinda", Saltbay Road, Cootamundra,

CHRISTOPHER EDWARD ADAMS, General Manager, Tumut Shire Council, 76 Capper Street, Tumut, and

CLAIRE ISOBEL HEDGECOCK, Executive Officer, Development Corporation, Tumut Region Developing Naturally, 76 Capper Street, Tumut, sworn and examined:

CHAIR: Mr Braybrooks, did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr BRAYBROOKS: I did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Mr BRAYBROOKS: Yes, I am.

CHAIR: Mr Adams, Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr ADAMS: Yes, I did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Mr ADAMS: Yes, I am.

CHAIR: Ms Hedgecock, did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Ms HEDGECOCK: Yes, I did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Ms HEDGECOCK: Yes, I am.

CHAIR: If any of you should consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will usually accede to your request and resolve into private session. But I should warn you that Parliament may make your evidence public.

Would one or all of you like to make a short presentation and then we will go to questions.

Mr BRAYBROOKS: Thank you. Good afternoon. My name is Michael Paul Braybrooks, I am a councillor and the current mayor of Cootamundra Shire Council but I appear here as the Chairman of REROC [Riverina Eastern Regional Organisation of Councils] and I thank you for the opportunity of speaking to the REROC submission.

I would like to begin with a short explanation about REROC. We are a voluntary organisation of 13 local government areas, ranging from Bland and Temora shires in the north to Holbrook and Tumbarumba shires in the south plus we include two water county councils that service our region. This organisation includes the largest inland city of New South Wales, Wagga Wagga, as well as some of the smallest communities in our region.

As an organisation, we feel we can rightly claim to have added considerable strength to our member communities by undertaking group tenders for items such as electricity and bitumen, developing generic policy statements for items such as the handling of the GST and on-site sewage management and by lobbying both the State and Federal governments in a large number of areas, including health, telecommunications, road funding and regional and economic development.

We all see this as a way to gaining benefits of size without the loss of independence and the identity of each individual community. Without doubt, the attitude of both State and Federal governments towards non-metropolitan areas and their future has changed in recent times. I am certainly pleased that our problems and limitations are now being recognised.

However, the financing of non-metropolitan areas is still having major impediments to our future. Existing programs and organisations, such as development boards and BECs [business enterprise centres] have an important part to play, for sometimes the programs and the organisations can be far too specific and far too cumbersome to be accessible.

The simple truth is that assistance, whatever its form, needs to be flexible and never in the form of a hand-out, for no two communities are the same, nor do they have the same needs, nor will they ever respond successfully in the long term to a hand-out. Unfortunately, our financial institutions usually do not seem to appreciate the potential of non-metropolitan development beyond the very tried and the very secure. This is why there is often a need for financial assistance to develop reasonable projects backed or facilitated in some way by the New South Wales Government.

If I may take a few minutes to explain how my own community, Cootamundra, has attempted to address this issue. Just over 18 months ago we were faced with the real possibility of the complete demise of an industry in Cootamundra which employed over 100 people. The business collapsed for various reasons, but still had potential under the right management. I was one of a group who managed to finally raise the necessary finance, all local, to purchase the

business as a whole rather than allow it to be broken up and disposed of by a fire sale, which was the solution favoured by the official receiver.

Many months of fruitless negotiations were wasted until the receiver and the financial institutions were finally prepared to seriously negotiate. During this time, the company's employees lost their jobs, the income, in turn, was lost from the local community and the community in general began to lose confidence.

This experience made clear to many of us that local finance was available for projects which were of no interest to outside financial sources, but local finance needs to be organised.

Since then we have formed the Cootamundra Company Limited which will invest in worthwhile local ventures using local money. Unlike externally sourced venture capital, it accepts a much more reasonable rate of return and understands it has a long-term involvement in suitable opportunities.

I am also pleased to report the other business is still functioning and is about to raise further funds for further expansion. This concept appears to work in Cootamundra but it also clearly highlights the need of avenues of finance for the development in non-metropolitan areas where conventional sources of finance seem to be reluctant to become involved.

However well meant, any government scheme and structures put in place to strengthen rural towns will have limited access until the approach is fully integrated. REROC recommends that a special adviser be appointed from within each appropriate government department to advise on departmental policy and decisions in an attempt to integrate the approach of State Government in general.

This person cannot only work within the various departments with a watching and advisory brief but can also be a means of access for non-metropolitan communities directly into the bureaucracy of government. Clearly, this would work successfully in tandem with the political approach made by local government and members of Parliament.

We have all heard the joke about the local council putting in a new road and then digging it up again within a few months to lay the new water main. Unfortunately, it happens at other levels of government, where, for example, a new industry gains assistance in relocating to a non-metropolitan area only to find that the nearest rail freight depot has been recently earmarked for closure.

The Country Embassy seems to us to be a sadly undervalued facility for the promotion of non-metropolitan business. It provides a wonderful showcase right in the heart of Sydney and needs political support and much greater emphasis placed upon it with the development of an events and promotional calendar to expose the expertise and the products of non-metropolitan business to a greater city-based and even international audience.

As residents of rural communities, we fully appreciate the need to balance the advantages of lifestyle and certain lower costs against the impediments of, for example, the high cost of fuel and transportation, but these days I feel we should all have a reasonable expectation of access to quality telecommunications at a reasonable price.

This is certainly an area where the New South Wales Government could further assist local communities in their battle to obtain improved services. After all, no company is likely to relocate or even consider setting up in an area where it is unable to access low cost, fast data transfer facilities and a reasonable and reliable mobile phone service.

REROC has recently joined with others in trying to persuade the Land Information Centre (LIC) and other State Government agencies to agree to a memorandum of understanding on access to and lowering the cost of data such as the cadastral information. This is the basic data which is used with GPS [global positioning system] units and a geographical information system in the surveying and planning of new and existing developments.

REROC councils have recently co-operated in the joint use of two GPS units and the software to utilise this new technology. The cost would be prohibitive to most of our member councils if we tried to access this modern technology alone. It is powerful technology and a cost-effective tool. However, the basic cadastral data is often inaccurate and always expensive when originally supplied by the Land Information Centre. The costs for a council in New South Wales can be around the \$25,000 mark.

To add insult to injury, the council is expected to correct this information free of charge and then return it to the LIC, which again charges for its use. It should be made clear that the lack of a memorandum of understanding allowing cost-effective access to the basic information is holding back the use of this technology in New South Wales and hindering development in our State.

Can I also add that we have reached a similar problem very recently, in the last few days, trying to access information from the Australian Bureau of Statistics [ABS] on agricultural production in our shire. This is largely, obviously, collected from surveys amongst our own ratepayers and is largely unpublished information but we are faced with the problem of having to pay \$200 for information on each and every shire that we wish largely because the ABS now sees that it has to make a return on this information.

I again stress it is information which is obtained freely from our own ratepayers, and this seems to be an unfortunate way to do business. Anyway, the simple fact is that much can be done to strengthen rural towns in New South Wales and it can be done simply and at comparatively low cost but with a change in approach.

This approach needs to be both flexible and long-term to give non-metropolitan New South Wales access to the same opportunities as normally enjoyed by our metropolitan cousins. As it states in the publication "Rebuilding Country New South Wales", we offer not only better lifestyle options but also significant potential for economic growth. This growth will not occur without leadership and strategic intervention by the New South Wales Government. Thank you.

CHAIR: Do you wish to table those documents formally?

Documents tabled.

Mr ADAMS: I have to say, to lead off, that at Tumut Shire Council we are riding the crest of an economic development wave at the present time so perhaps a lot of the comments we are going to make do not necessarily relate to what is happening in Tumut shire, but we are reaping the benefit of investment decisions that were made 30 or 40 years ago. I guess we are taking a bit of a higher level view of economic development over the nation as a whole, not so much in Tumut shire or not so much in the State, but we feel that there needs to be a change in government philosophy and spirit. We feel that we need to move away from the economic-rationalist free-market type of approach.

The Hon. I. COHEN: Hear! Hear!

The Hon. I. M. MACDONALD: I will second that.

Mr ADAMS: We feel that governments should be more interventionist for sound economic and social reasons. We feel that all Australians should have the same rights, privileges and responsibilities. They should have freedom for work and trade and they should have an equal right to access benefits regardless of where they live.

Once that basic premise is accepted that everybody, whether they live in Wagga Wagga or wherever, should have the same level of services available to them, the Government would then have to adopt an interventionist strategy to say, "Well, how are we going to make sure that those citizens are going to get those rights?"

There would have to be criteria set. If the right criteria are set, it should be a policy that could apply anywhere. It could apply equally in western Sydney as it could in Tumut or wherever. Then if there is going to be an intervention, there needs to be an effective budget, and for this thing to work it needs to be done at a Federal level. I am not talking about a State level here, but the States obviously have to be working with the Federal Government otherwise the thing would not work.

There needs to be a total bipartisan approach and a national approach. We feel that in the Australian context it needs an effective budget of about \$3 billion a year for at least seven years, which is only 2.5 per cent of our total national income tax returns. That money could be put into areas that needed intervention. For instance, it might be Bombala, where they do need some intervention at the present time to get some industry there. Maybe they are a special case where intervention is required.

If the intervention had not happened in Tumut 30 or 40 years ago by planting pine trees, Tumut would be another depressed area of the State. Just following on from that, we are firm believers in the so-called Agenda 21, which has the three thrusts - economic development, social development and environmentally sustainable development. It is no good having economic development without the other two going with it.

We feel that those social factors that are missing out of the current economic-rationalist approach are causing what are perceived as the regional and rural problems at the present time.

Economic rationalism is doing nothing more than a wholesale transfer of resources from regional areas into the capital cities and we need to sit down and think what it is doing to those regional areas. It is turning those regional areas into second-class citizens, but at the end of the day what is it going to do to the capital cities?

Where does Sydney, for instance, sell its products? Most of its products go back into the regions. As the regions become poorer, they are not going to be able to afford those products that Sydney is making. At the end of the day, it is going to have a negative effect on Sydney if we allow this trend to keep on going the way it has, but we feel that if the social costs are put into the economic rationalist equation, I think some of the answers might come up somewhat differently.

Some simple examples are, say, a health service is transferred from Tumut to Wagga Wagga. Though that makes it cheaper for that health provider to provide that service it has transferred the cost of access to that service to the user. In effect, it has privatised that access cost. Somebody from Tumut who needs to access that service now either has to make a phone call at STD rates or, if they do not own their own car, they have to go but public transport, by bus to Cootamundra, hop on a train and then go by train from Cootamundra to Wagga Wagga. You can think of many other similar examples like that.

Moving down a little bit, we in Tumut shire have received the benefit of quite a bit of help from both the State and Federal governments. These documents that we have put before you in fact were funded. The "Vision 2020" document was funded through State and Regional Development. The investment prospectus was funded partly by State and Regional Development and partly through the area consultative committees, and these are major documents for us.

It is really setting our direction for the next 20 years, the two documents together, and we are very appreciative of that assistance. However, what we are finding is that just because a lot is happening in Tumut does not mean there is no need for further assistance. What tends to be happening is there seems to be a mindset, "Well, we have done a fair bit for Tumut now. Therefore, we do not have to do anything more."

I think that where a program is put into place the governments need to be prepared to fund that program for not just two years and not just one year; it needs to go for four or five or six or seven years, however long it takes to make whatever it is to get going and become sustainable.

Another thing that we wanted to bring up was the Federal and State co-operation. I think that if there was an overall regional development framework worked out between the State and Federal governments, all of them, and they all stuck to it, that in itself would probably do more for the regions than anything else.

This morning I had a meeting with a consultant who is doing some work for our council for a rural transaction centre. We were talking about what services could go into a rural transaction centre, and I mentioned some State services. He said, "Oh, no, you will not get State services to go into a regional transaction centre because a regional transaction centre is funded by the Federal Government and the State Government will not put the services into a Federal-Government funded centre. They are putting their services into government access centres."

I mean, is that not a totally ridiculous situation where we have got to have a rural transaction centre with Federal Government, next to it we will have a government access centre for State Government services? It is an example of the futility of the different levels of government.

The Hon. J. R. JOHNSON: Are you accepting his word for that?

Mr ADAMS: I have to. I have not had a chance to check it any further. He said that in no rural transaction centre has there been any State Government services go in. Infrastructure, again, gets back to the change in government philosophy, but all of our citizens should have the right to reasonable infrastructure. I think that the infrastructure in rural areas that has to be brought up to speed is transport and telecommunications. Without those things, you are not going to get economic development in regional areas, full stop.

Ms HEDGECOCK: I would like to reiterate those three main points. We are not here, really, to advocate what the solution is for Tumut, but we very much see this as not even a metropolitan versus non-metropolitan issue because there are deprived areas also in metropolitan centres. The model, I guess, we are advocating is those three steps that I feel Australia has not even got to first base yet.

The first is that spiritual, philosophical change, that we have to have a mixed economy. We cannot have the extreme. A command economy does not work and a purely capitalist economy does not work. We need an interventionist approach to iron out the unacceptable facets of a purely free market, economic rationalism, whatever you like to call it. So, you have to have that philosophical change before any of this will get off the ground.

The second point, if we manage to achieve that first step, we need to have a budget where it can actually be effected. Money has to be concentrated in time and space to actually have proper effect, and that budget, we have looked at a comparison with Europe and we are saying about two and a half percent of tax revenue generated over the next six or seven years or about \$3 billion a year.

Once you have got to that second step, you have a workable budget. You then need to identify criteria where you can look at regions that need assistance, whether that be an inner city region or whether that be Whyalla or a rural region. The policy can be put, focussed universally throughout the country, but the intensities might be different, depending on the level of deprivation. So it is those three key steps. If we can even get around the first one we can sensibly start talking about opportunities for strengthening rural communities.

The Hon. J. R. JOHNSON: Paul, you indicated that you were responsible, with others, for the resuscitation of a major business in Cootamundra. Was that the abattoirs?

Mr BRAYBROOKS: No, it was Shepherd Wool Skins that makes ugh boots and car seat cover, et cetera. Basically they are using sheep skins for anything, but largely for ugh boots.

CHAIR: What sort of employment is there now?

Mr BRAYBROOKS: They are up to about 85 now so it is a climb from way back and hoping for further expansion. They are hoping to try to raise more money.

The Hon. I. COHEN: There is a particular ugh boot with a wonderful rubber sole that you cannot get in Australia now.

Mr BRAYBROOKS: That is the one, yes.

The Hon. I. COHEN: I tried to get some for a friend and I was told by a shop in Canberra that they were only exporting them now and you could not get them locally. There is demand. I want a pair.

Mr BRAYBROOKS: Initially, when the consortium bought and got the business going again, it was to fill a \$4 million export order. So certainly initially all

their emphasis went into this export order. They had to get it away by this time last year. Since then, they have been filling local orders.

The Hon. I. COHEN: I am glad to hear it. Even up in the North Coast there is demand for that.

The Hon. J. R. JOHNSON: Chris, you indicated that you were going through boom times or semi-boom times. Why?

Mr ADAMS: Because, as I said, of investment decisions that were made 30 or 40 years ago, we have a substantial area of pine. A similar area to Bombala, except we are somewhat luckier in that we have had the processing industries that they seem to be missing out on. We are the centre of pine plantations, totalling about 120,000 hectares. There is a major sawmill in Tumut. There is another large sawmill in Tumbarumba which is about 30 or 40 kilometres away, another large sawmill at Holbrook. There is a chipboard mill in Tumut and under construction at the present time is a pulp and paper mill.

So between all of those processing facilities, virtually the only bits of the pine tree that is going to be left on the forest floor will be the branches and the leaves or the needles. That paper mill that is being constructed at the moment is a major \$400 million dollar investment. That will drive further pine plantings in the region. The State Government and Visy between them have committed to 30,000 hectares of additional planting. They will not all be in our shire but they will be focused on the processing facilities in Tumut.

So that industry is sort of way out in front at the present time. The three major industries that we are focusing on in that document I gave you is timber, tourism and horticultural industries. The timber industry in the south west slopes is probably worth half a billion dollars a year, a value of product that goes out. Horticulture is worth about \$80 million a year and tourism round about \$20 million a year.

But the rest of the shire, the traditional grazing industries which makes up the rest of the shire, is the same as it is every where else in the State. The global economy is essentially turning our farmers into peasants, unfortunately, and often with no direction in which to head.

CHAIR: Horticulture, is that apples?

Mr ADAMS: Mostly apples but also stone fruit.

The Hon. J. R. JOHNSON: What has happened to the Batlow packing house and cannery?

Mr ADAMS: If Tumut is the bright light on the horizon, Batlow is the opposite. Batlow is a town that is really suffering. The prices that the horticulture

industry is receiving for its products are very low and many of the growers claim it to be less than the production. In fact, a number of orchards are being dozed down at the present time.

The Hon. I. M. MACDONALD: Are they putting in grapes?

Mr ADAMS: No, they are not putting in anything. They are returning it to grazing land at the moment. The Mountain Maid cannery is on its last legs. They have sold virtually all of their canning equipment and all they are doing at the moment is making apple juice, and it is hard to see that that will be sustainable in the long term.

The actual fruit packing facilities are going well, but they are not going to go any where if people doze out their apple orchards. So, Batlow is not looking real bright at the present time.

The Hon. J. R. JOHNSON: Is there any co-operation between what is happening in Young and Batlow?

Mr ADAMS: We have been talking to various other parties. Without saying too much and giving secrets away, Claire has been talking to a food processor who would be looking - I do not know whether that will go any where but he was looking at processing fruit for the breakfast cereal industry. There is also a possibility of another manufacturer from down that area going into food processing. The value added area is obviously the area we need to focus on.

The Hon. I. M. MACDONALD: I think this is an opportunity for both councils, seeing as you are so heavily intertwined in a project, to perhaps give the Committee an overview of what you are trying to achieve, and I am talking about the reopening of the railway line from Cootamundra to Tumut and its long-term potential infrastructure benefits to the area. Perhaps you could give the Committee a run down on where it is at and the steps that have been taken so far and the feasibility of it and its usefulness, particularly in overcoming problems like the manic developments on regional roads and so forth.

Mr BRAYBROOKS: I think it is important to realise first of all that the railway line corridor still exists. That is a major benefit. The railway line physically no longer exists along most of its length, and obviously there are engineering problems with culverts and bridges, but the corridors are still there.

What we as a group of councils, Gundagai, Cootamundra and Tumut, have been trying to do is to persuade the powers that be that this would be a far better option than to put innumerable tonnes per day of road transport on to our regional roads.

At this stage, obviously, we have really approached it from the point of view that if this volume and weight of material goes on to the roads, there is going to be enormous demand for upkeep of those road, repair of those roads.

What we are trying to do is to get the Department of Transport to accept a position where what they save by the one-off capital costs of putting this railway back together again to transport both material in and out of Tumut to Cootamundra and then obviously on to the national rail service from there, will be to recouped very quickly if they do not have to repair and replace the roads involved.

Certainly to date Rail Access is very interested. Rail Access, I believe, is coming early July again to talk to the councils. We are pushing it very hard.

CHAIR: That is one of the lines that they are investigating in this current program?

Mr BRAYBROOKS: Yes. The biggest probably is the engineering problem of crossing the Murrumbidgee.

CHAIR: The original line, you say, is physically not there now?

Mr BRAYBROOKS: The steel is no longer there but the corridor is.

CHAIR: How did they take that away?

Mr BRAYBROOKS: After the last really big bushfire 10 years ago, permission was given for it to be cut up and used for fencing posts.

CHAIR: I was under the impression you cannot do that.

Mr ADAMS: You cannot close the actual reserve.

CHAIR: No, take the line away. They took it away on the overline and somebody raised it and they had to put it back.

Mr ADAMS: This line was closed because the bridge washed away and so a decision was made to close the line rather than replace the bridge. State Rail came along and actually pulled most of the bridges down. They were timber bridges and they burnt them.

The Hon. I. M. MACDONALD: It is one of the tragedies now, 600,000 tonnes of product.

Mr ADAMS: If I can quote a few figures, at the moment, one way or another, there is about 600,000 tonnes of timber running around the roads at the present time in Tumut. That is basically all going to the sawmill. The sawmill is going to expand to 1 million tonnes shortly. Visy itself is going to be taking 850,000 tonnes of raw product and about another 200,000 tonnes of solid fuel for

their furnaces. So we have going to go from a situation of having 600,000 tonnes of timber running around on the roads to over around 2 million tones of timber.

The Hon. I. COHEN: Have you an estimated cost for the reconstruction of this road?

Mr ADAMS: We have been given two figures by Rail Access Corporation. One is a cost of \$70 million to bring it up to a main line standard or, to quote them, less than \$50 million to bring it up to a branch line standard. What they are proposing is to bring it to a branch line standard. All they will say to us is that it will be sub \$50 million.

The Hon. I. M. MACDONALD: Without labouring this, this is one of the most exciting regional potential projects. Have the two companies now signed that they will utilise the rail service?

Mr ADAMS: No, what they will say is they will use it if it is competitive. As Paul said, we are having a meeting with Rail Access Corporation in July and the companies will be invited to that meeting.

The Hon. I. M. MACDONALD: Surely we can be competitive.

Mr ADAMS: Because of the pay-back period they have to look at for their investment, and they are talking about 20 to 30 years, Rail Access Corporation has to get its investment back. We are talking about an investment and infrastructure that will last 100 years. If they try to get it paid back over 25 years, they are not competitive.

So what they are saying is that it needs an injection of funds from the State to get it over the line. If you look at it over a 100-year investment, yes, it would be competitive and there would be a pay-back but if you look at it in the short time it is not.

The Hon. I. COHEN: Are you talking passenger as well as industrial or just industrial?

Mr ADAMS: No, just industrial.

Ms HEDGECOCK: The horticultural exporters have also indicated that if it is viable they also will use it.

The Hon. J. R. JOHNSON: What horticultural products are produced?

Ms HEDGECOCK: That are exported? There are pink ladies which are exported from the area to Europe, and there is also significant stone fruit export from the area, and that is with The Fruits of Batlow, Johnson Bowden's operation. It is a growing area.

The Hon. J. R. JOHNSON: Is it done with a glasshouse?

Ms HEDGECOCK: No.

The Hon. J. R. JOHNSON: There is a big export market for waratahs.

Mr ADAMS: An area in which there has not been much development in our shire yet is in the cut-flower industry. We are having some discussions with - I cannot give too much away - and looking at setting up an under-the-glass cut-flower industry.

The Hon. I. M. MACDONALD: I asked the previous council representatives the same questions. I know, Chris, you have plenty of answers in relation to this, but, say, with Tumut, what economic non-tourist development have you been successfully able to attract to the Tumut area and what are the factors in you getting that industry going? We hear too much of this negative stuff about regional New South Wales. There have been some good victories, and I think understanding the victories is important for us to get a handle on where we are going.

Mr BRAYBROOKS: Probably our latest one, hopefully to be opened within the month, is an underlay factory, a carpet underlay factory, which utilises a lot of waste wool, off-cuts, anything, mixed in with shredded clothing. They have a contract with the Salvation Army to take all their unusable clothing, and through an incredible piece of machinery they seem to shred this, pulverise it and then press it together again to make the underlay that goes under carpet, and they make various qualities, both domestic, apparently, and certainly commercial.

This came about because of a lunch that Shane Godbee, our general manager, and I had in Sydney with some Chinese friends, and it is largely Chinese investment that is doing this. It should, hopefully, not only bring in a few Chinese people as managers - after all, there is no reason why they should not manage their own business - plus obviously anything initially up to about 15 local jobs. So it is a small but significant source of employment, recycling old clothes and utilising waste wool.

That does lead us to one interesting case, the never-ending problem of work-related visas for the Chinese people. We do have a major problem trying to get through the Department of Immigration and Foreign Affairs trying to get these people work permits. Although they are investing quite heavily in Cootamundra, it seems to be a never-ending battle with the Department of Immigration getting the people who have put the money into it an entry visa or business visa for this country.

The Hon. I. COHEN: I was interested in some of your comments, I suppose, moving away from economic rationalism and looking at another

community, Kyogle, which we had before the Committee some time ago. They talked about a very poor community with a very high level of social capital in terms of expertise. I am just wondering whether you had any way of quantifying that at all, if you had any concept of social capital from your region, and how we could describe that so that at State Government level they can appreciate that.

Mr ADAMS: I have a little bit of trouble grabbing a handle on that one.

The Hon. I. COHEN: I guess I was just looking at promoting other values in terms of selling these regions. You have got your industry base but you also have a lot of human resource here that seems to be discarded at this time or is going to be discarded. I am just wondering whether there is any way of assessing that or utilising that concept to encourage interest from what is obviously city-based government.

Mr ADAMS: Certainly there is a resource there, and this is a resource that a lot of country towns have had - the second income earner or potential income earner in each house. Our big employer is the timber industry, and it is a male-dominated industry. While there is some female employment in the mills, it is fairly limited, so there is this very large resource out there of a largely unemployed female work force.

They do pick up periodic employment in the forests and in the horticultural industry but we have been looking at things like call centres and those sorts of things to be able to tap into that market, but call centres have been pretty well done to death now and they are essentially footloose. You can have a call centre this year and next year they can be somewhere else or even in another country, so we have given up that as an idea. But there is a need.

Partly, that is what wealth is all about, being able to bring more income, not necessarily attract more households, to the place but being able to bring in more income to the household, so trying to develop opportunities for the two-income family I think is important to us and it is something that we have identified.

Ms HEDGECOCK: Just on the social capital, developing that, Chris is saying we are enjoying strong economic development at the moment. We would also like to run in tandem community development to try to maintain that cohesiveness and to tap into the community and to develop the leadership skills, identify community projects that can add to or enhance or maintain the lifestyle of living in the Tumut shire so that we do not just become an industrial outcrop.

So in terms of what the State would do for us, we have currently put in a funding application for a Mainstreet co-ordinator to run two workshops in which to identify community development projects which would then be a strategic plan from which we could then identify particular projects and particular groups that are going to work on that project and then hopefully get some more funding to implement some stuff, to take it beyond the planning step. Again, if I was going to

have a gripe, a lot of government funding seems to be for planning, not implementation.

The Hon. I. COHEN: Could you describe just very briefly to the Committee what you had in mind?

Ms HEDGECOCK: Yes, the Chairman of the Talbingo Progress Association was in this morning. Miles Franklin was born in Talbingo. One project that Talbingo would like to run with is perhaps recreating the Miles Franklin homestead. We could tap into heritage funding, the Department of State and Regional Development funding, even, God willing, some Federal funding for one project, perhaps the regional tourism program, so, yes, with social capital we would like to get community development and then, again, if we can get the support of the Federal and State governments, even some environmental planning.

The Hon. I. COHEN: And that itself would generate a whole new wave of tourism.

Ms HEDGECOCK: So you are going back to local Agenda 21.

Mr ADAMS: Clare just pushed a button with me. There is a lot of concern in the Tumut community that we are just going to turn into another industrial town, and we do not want that. Look at the Latrobe Valley. We do not want to turn into another Latrobe Valley.

Ms HEDGECOCK: It is about diversity as well.

The Hon. I. M. MACDONALD: I totally agree with you.

Mr ADAMS: We need to preserve the essence of Tumut, you might say. We need to identify what the things are that are at Tumut, what makes Tumut attractive and make sure we maintain those.

Mr BRAYBROOKS: Could I just add one little point? It never-endingly surprises me how these opportunities come out of the blue. Very specifically, we had a husband and wife team who are very strong computer literate people. They have been running university computer systems, and they just decided to move to Cootamundra. They have been an enormous asset to Cootamundra inasmuch as they have actually attracted other people.

Certainly that is the social asset that I think Cootamundra has gained from these people. They had friends. He is a big commercial architect from Boston. He came over for a holiday to Cootamundra and decided that he liked the place so much he is actually applying for permanent residency here and has done some great voluntary work for Cootamundra Shire Council, sketching and plans, et cetera, on a voluntary basis. That, I think, is just taking the opportunity when you see it, and it can come from absolutely nowhere.

The Hon. I. COHEN: Chris, you mentioned before - I am not quite sure if you mentioned it, but it triggered my mind - I am just wondering whether any of you have got ways of looking on a community level how we can transfer what is perceived as costs in one section across to another in the community so that we have, and I am probably being very vague here, and I am sorry about this, but very often you get a compartmentalisation - you know, there is an economic downturn in a town and there is unemployment and no-one actually figures the cost of the value of an employed and generally satisfied community. Have you looked at that at all in terms of the survival of some of these small country towns?

Mr ADAMS: We have not looked at it in those terms but certainly this is all part of this social cost. This is what we are saying. There are so many social implications that need to be taken into account when investment decisions are made at both a private and a State level.

Ms HEDGECOCK: It is very hard to quantify that feel-good factor in the Tumut region that has come out of the Visy project and Weyerhaeuser and Carter Holt Harvey, the timber processors that are in the town.

The Hon. I. COHEN: Earlier, Chris, you mentioned about the rural sector and the beef industry and such like going down. We had a farmer from Wellington, O'Leary, who got the input from his son, went into biodynamics on the advice of the next generation and has developed such a successful area which is a bit of an icon to the neighbours that they wonder how he maintains it through droughts.

He has had to bring other children back to his farm because he is exporting feed to Japan and he had to set up a guest house so the Japanese buyers could come and see the source of the product. Have you looked at those sort of niche markets, particularly organics, biodynamics, beef, that type of thing?

Mr ADAMS: We have not gone a lot of work with the traditional grazing type industries. We have had a number of community workshops and what have you, and we have invited those people along and they have not come, so when they do not participate in the process it is a bit hard. I understand that one is coming along to the Tumut region meeting shortly to look at how we can start to help them.

Certainly there are a lot of opportunities in the Tumut area for diversification, even planting pine trees. Heaven forbid, but we do need a lot more pine trees planted. Although prices are down at the moment, the long-term prospects of the horticultural industry are very bright. I think a problem that we have, and it is not just common to Tumut shire, is that the average age of our farmers is quite old.

What is happening, they are educating their children and their children are not coming back to the farm. If you go up to a 68-year-old farmer and say, "We

think that you should be starting a new enterprise", it is a scary thought for them and it would be for me if I were in that circumstance.

I think before new things like that are going to be taken up, there is going to have to be a changing of the guard as far as ownership of a lot of the farms around the place.

Mr BRAYBROOKS: There is a bio-dynamic farm in Cootamundra that produces beef and sells it to very specific restaurants and butchers. On a lighter side, we also have happy beef. Joking if you like, these farmers swear blind that they hang tyres on trees and the cattle enjoy themselves pushing the tyres around instead of pushing others around, and it is a wonderful marketing tool. They sell Gundagai happy beef and they sell it as much as they can produce. It is a great market.

The Hon. I. COHEN: Do they export it?

Mr BRAYBROOKS: What they sell, they sell in the State. Mostly it is to Sydney and it goes down a treat.

The Hon. I. M. MACDONALD: Chris and Claire, you get 10 out of 10 for your report.

CHAIR: We will give you a copy of the transcript in the next two or three weeks and if you want to send us additional information, it would be very much appreciated.

(The witnesses withdrew)

(The Committee adjourned at 4.45 p.m.)