GLOUCESTER SOCIO-ECONOMIC PROFILE

Final report

Prepared for Gloucester Shire Council
October 2013

economists | at | large
ADDING VALUE TO SOCIETY

Report prepared by:

Economists at Large Pty Ltd
Melbourne, Australia
www.ecolarge.com
research@ecolarge.com

Phone: +61 3 9005 0154 | Fax: +61 3 8080 1604
65 Bevan St, Albert Park VIC 3206, Melbourne, Australia

Citation:

Economists at Large, 2013, *Gloucester socio-economic profile,* a report for Gloucester Shire Council, prepared by Economists at Large, Melbourne, Australia.

Authors:

Rod Campbell

Nick Gedye

Disclaimer:

Cover Photo:

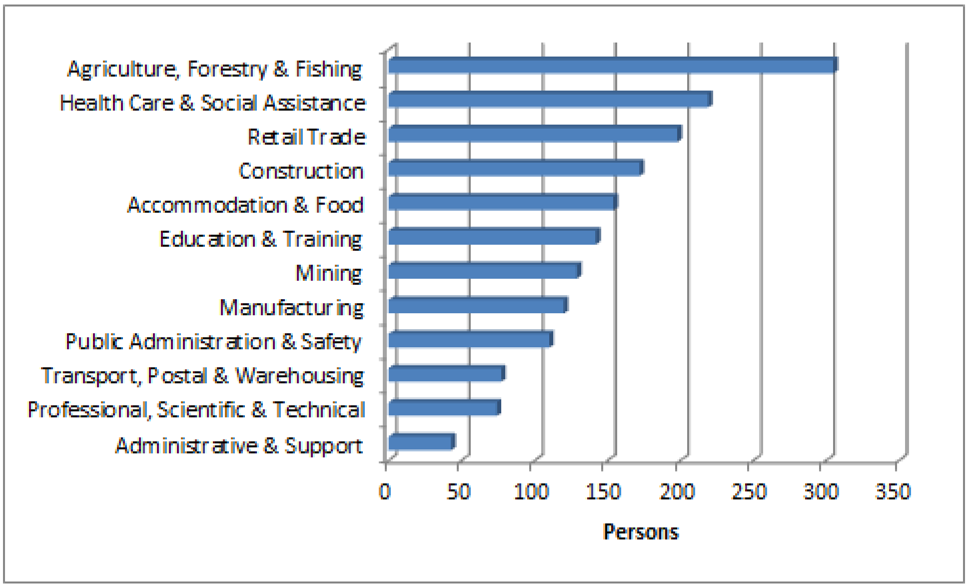
Photo taken by Rod Campbell in Gloucester, June 2013.

SUMMARY

This report is a socio-economic profile of the Gloucester Local Government Area (LGA) in NSW, Australia. It builds on earlier profiles by Buchan Consulting (2010) and aims to inform council and local decision makers planning for the future of the area.

Gloucester has a population of around 4,900 people, making it one of the smaller local government areas by population in NSW. Gloucester's population has been steady through the last four censuses, although some commentators are expecting modest increases in coming years. Compared to NSW as a whole, Gloucester has fewer people aged 20-39, who leave for education and employment opportunities, and higher numbers of older residents or "tree changers" who have moved to the area for lifestyle and retirement reasons. Most neighbouring LGAs show a similar pattern.

The major industries for employment in Gloucester are:



Unemployment is low, as is workforce participation due to the proportion of retirees and lifestyle residents. Unemployed residents of Gloucester are largely long-term unemployed, with around 75% being on Newstart allowance for more than one year.

Gloucester residents are more likely to receive lower incomes than the rest of NSW. However, demographic factors are important in understanding this pattern. The vast majority of low-income earners are over 65, often retirees who have low incomes - some intentionally for tax purposes - but often have significant assets. Home ownership is far higher than average across NSW and higher than neighbouring LGAs. Similarly, while business incomes are low, many own significant assets, and for others lifestyle considerations are a key motivation for maintaining their business.

Gloucester's housing occupancy rates are lower than surrounding LGAs. Some commentators suggest housing stock is too heavily focused on larger, three bedroom homes, with insufficient housing diversity.

Median house prices have been reasonably steady for several years. However, the median measure overlooks significant changes in some areas, particularly to the south of Gloucester town where the

Rocky Hill coal proposal is influencing the property market. Prices paid by the mine proponents for rural properties close to the proposed mine location have reportedly been generous, while properties in nearby housing estates have become difficult to sell. Residents in the Forbesdale Estate estimate that their properties have declined in value by 30-40% in recent years due to proximity and uncertainty over the project. This devaluation has major welfare implications for the residents of these areas. Over 60% of Forbesdale Estate's residents are "asset rich-income poor". The devaluation of their principle asset represents a serious financial and potentially mental burden.

Gloucester's education levels are similar to other LGAs nearby, with more people holding certificate level qualifications than the NSW average, but significantly fewer university graduates or postgraduates. Educational levels have been improving steadily through the last three censuses.

Gloucester has higher rates of volunteering than the NSW average and most surrounding LGAs. Interviewees felt that census data heavily underestimates the amount of volunteering in Gloucester and its importance to the community. There is some quantitative data to support this view. Gloucester's older residents contribute significantly as volunteers, a contribution often not recognised by economic indicators.

Agriculture

Beef and dairy are the main agricultural activities. Herd sizes have dropped significantly in recent years. Dairies have consolidated into a smaller number of larger operations and beef growers have faced several challenges:

- Changes in forestry practices, with reduced grazing in forests and eucalypt plantations taking over other marginal grazing areas.
- Land owned by resource companies being taken out of production, or reduced stock numbers.
- Subdivision of some larger holdings into smaller hobby/lifestyle farms and demographic change in the region.

Despite these challenges, most industry respondents considered current conditions and the long-term outlook to be fairly positive.

Other agricultural activities and proposals include horticulture, aquaculture, hemp and bamboo growing. Some of these, particularly horticulture, have strong community interest and active support groups. Some also interact closely with the tourism industry. Increasing the range and strength of the agriculture sector is a goal of the Council's Community Strategic Plan.

Tourism

Tourism has developed to become a major employer and important industry in Gloucester and further expansion is part of the Council's Community Strategic Plan. Data on visitor numbers, expenditure and employment is imperfect, but demonstrates the industry's significance. Destination NSW, the state tourism agency, estimates that 69,000 domestic visitors spent a night in Gloucester in 2011-12, mainly from regional NSW. National Park officers estimate 100,000 people visit the area's national parks annually.

Retail

Retail trade is also a significant employer and as the major town in the LGA Gloucester has a range of retail businesses. While some observers are concerned about particular businesses closing, there is strong interest in retail space in Gloucester. The most important change in recent times is the development of a Woolworths supermarket, the impacts of which are largely beyond the scope of this report.

Resources

Gloucester LGA has several resource projects including two operating coal mines (although one is just outside the LGA) a coal seam gas proposal and the Rocky Hill coal proposal. The existing mines opened with considerable local support and the jobs they provided were considered a "godsend" at a time when other industries were declining. Attitudes toward future developments are different, with a clear majority of residents opposed to the Rocky Hill project in particular. The industry is a considerable employer of Gloucester residents and drive-in-drive-out workers from other areas. Wider economic contributions are difficult to gauge, although the vast majority of revenues leave the LGA, a situation not unique to Gloucester. Ensuring mining is undertaken in a way that does not impact the community is a goal of the Council's Community Strategic Plan.

Industry and Manufacturing

Gloucester has an active light industry and manufacturing sector and increasing the sector is part of Council's Community Strategic Plan. Numbers of manufacturing businesses have increased steadily over the past three censuses, although total numbers of employees have shown some decline.

Government and professional services

The service sector and government sector are also considerable employers in Gloucester. They have both shown some growth in recent years.

Conclusions

Gloucester has generally sound socio-economic indicators, such as steady population, low unemployment and an engaged community. Council is active in planning for the future through its Community Strategic Plan. Challenges include long-term unemployment and managing the competing interests of different industries and groups. A thorough understanding of the demographics of the LGA is important for planning in response to these challenges and we hope this report can contribute to this process.

CONTENTS

INTRODUCTION

Gloucester Shire Local Government Area (LGA) is located 260 kilometres north of Sydney, New South Wales. The LGA is centred on Gloucester township and also includes the villages of Stratford, Barrington, Copeland, Craven and Bundook. Gloucester is inland from the coast and features generally rugged terrain including the Barrington Tops National Park.

Figure 1: Gloucester location and local map

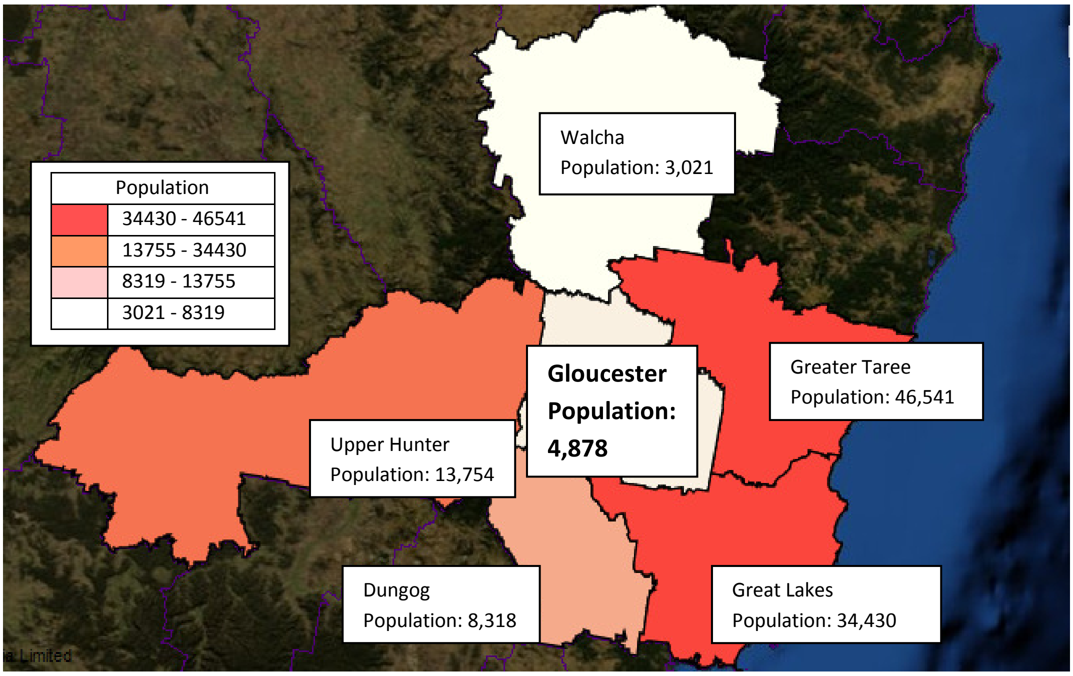
One of the smaller LGAs by area and population, Gloucester has traditionally been an agricultural area, with beef and dairy production the major industries. Through the 1990s and 2000s significant changes included deregulation of the dairy industry, decline in forestry, an influx of residents seeking a rural lifestyle and the development of extractive industry projects around coal and coal seam gas.

This report is a socio economic profile of the Gloucester LGA to inform planning and discussion of local developments. The report has been commissioned by Gloucester Shire Council and seeks to update and build on earlier work by Buchan (2010) and be relevant to the Council's Community Strategic Plan (GSC 2012). The report is based on:

- Australian Bureau of Statistics census data from 2011, largely accessed through ABS TableBuilder.
- Other ABS and publicly available data.
- 27 interviews with local stakeholders conducted in Gloucester between 3rd-7th June 2013 and follow-up phone calls.
- Input from Council's Economic Development Committee, Rocky Hill Working Group and Project Steering Committee.

POPULATION

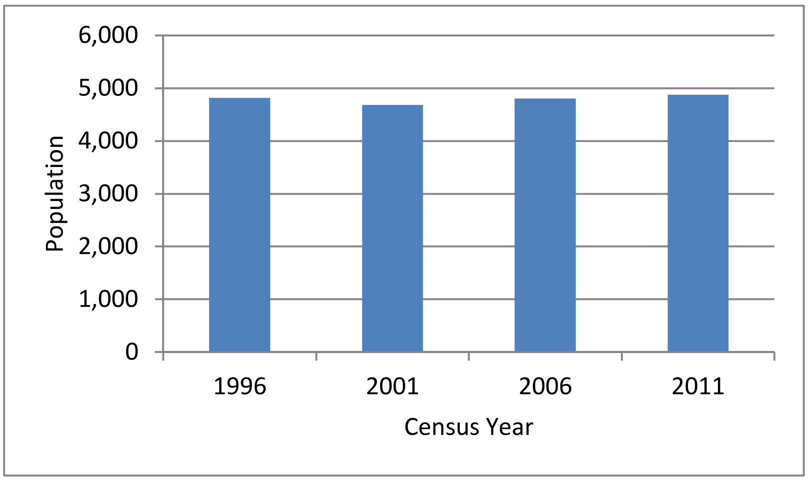
Figure 2: Population, Gloucester and surrounding LGAs



Source: ABS, Census 2011, Tablebuilder.

Gloucester's population has been steady between 4,800 and 5,000 over the past four censuses, with an official population of 4,878 in 2011. This makes Gloucester one of the smaller local government areas by population in NSW (27th smallest out of 152 LGAs).

Figure 3: Gloucester population 1996-2011



Census Year	1996	2001	2006	2011
Population	4,816	4,683	4,802	4,878

Source: ABS census

Some commentators on Gloucester's population have focused on growth rates, but because of Gloucester's small population size, discussion of growth rates can be misleading. Tens of people moving in or out of the LGA can make a difference in the apparent growth rate, leading to apparently contradictory interpretations:

> [The] *population of the LGA and the township is relatively stable and growing at a rate slower that the rest of the NSW.* (Key Insights 2012) *p32*
>
> *The population of the Gloucester LGA recorded a total population at the 2006 census of 4,800 persons. Between the 1996 and 2006 census, a total decline in growth rate of -0.2% occurred.* (AECOM 2009)*p20-1*
>
> *Nine of the ten fastest growing LGAs outside the Sydney SD were in inland NSW, led by Maitland (2.1%) in the Hunter region and Orange (C) (2.0%) in central western NSW. The next fastest growing inland LGAs were Gloucester (A) and Cessnock (C) also in the Hunter region and Yass Valley (A) on the border of the Australian Capital Territory (all 1.9%).*(ABS 2012)

Regardless of the rate of population change and whether or not it is fast or slow, the Council's strategic plan anticipates an increase of 1200 people over the next 10 years (GSC 2012) and a moderate increase in population is in line with the economic strategy for the area, prepared by (Buchan 2010b).

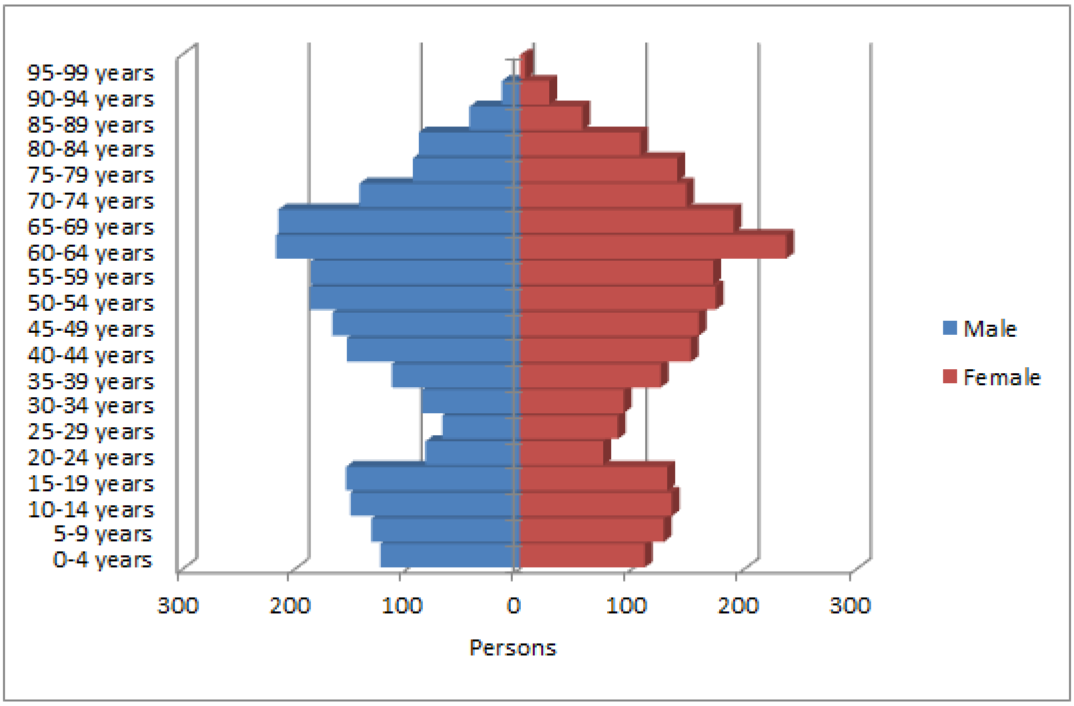
Figures above represent "place of usual residence" as answered in the census. On census night 409 Gloucester residents were not at their usual residence in Gloucester , but are still included in the above figure. Discussions in Gloucester suggested that many residents spend substantial amounts of time in other locations, which may be of interest to planners, but has little effect on discussion of population of "usual residents".

Age and gender profile

The age and gender profile of Gloucester's population shows patterns similar to those in other parts of regional NSW. The key features are:

- fewer people of ages 20 to 34 as people leave for educational and employment opportunities
- higher numbers of people aged 60 to 70 as "tree changers" and retirees have moved to the area in recent decades
- gender balance is fairly equal in most age groups, although the proportion of men to women drops significantly from 75 years and above.

Figure 4: Gloucester age and gender breakdown, 2011

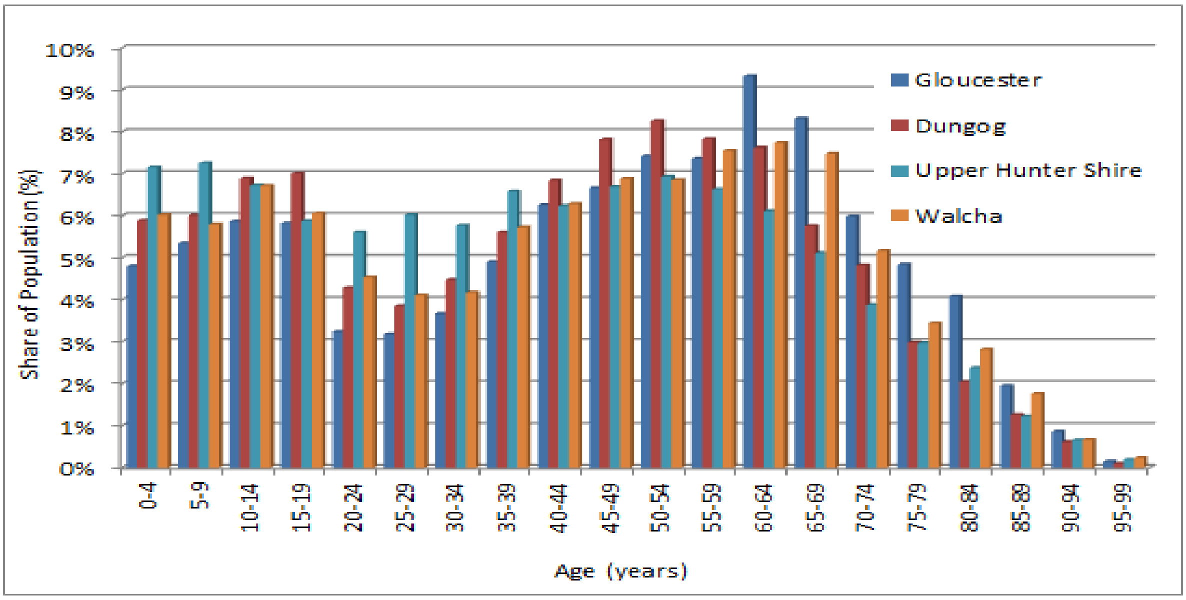


Male	Female	Total
2431	2448	4879

Source: ABS, Census 2011

Nearby LGAs show similar patterns, although Gloucester has the lowest portions of population in the 20-30 age brackets and higher 60+ age brackets. Dungog and Walcha show very similar patterns, while the trend is less pronounced in Upper Hunter Shire.

Figure 5: Age breakdown, Gloucester and surrounding LGAs

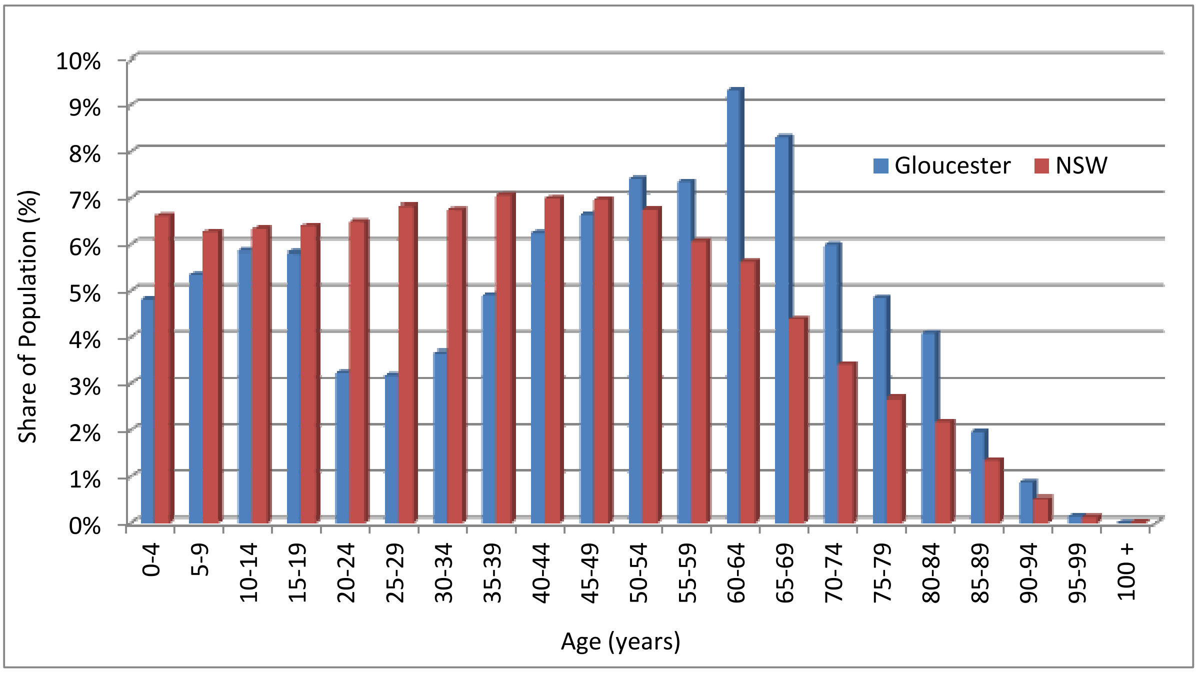


Age Range	2011			
	Gloucester	Dungog	Upper Hunter	Walcha
Under 14 years	16%	19%	21%	19%
25 to 54 years	32%	37%	38%	34%
65 years+	26%	18%	16%	22%

Source: ABS, Census 2011

As these graphs measure percentages rather than absolute numbers, the peak in older age groups shown in the curve is exacerbated by the of the trough in the 20-34 year olds, making the trend seem more dramatic. This distribution is different to NSW as a whole, which does not have the smaller proportions of 20-34 year olds, or the proportional increase in older age groups.

Figure 6: Age breakdown, Gloucester and NSW, 2011



Source: ABS, Census 2011

Age Range	2011		2006	
	Gloucester	NSW	Gloucester	NSW
14 years and under	16%	19.3%	18%	19.6%
25 to 54 years	32%	41.4%	34%	42.5%
65 years and above	26%	14.7%	22%	13.5%

Source: ABS, Census 2011

Considerable discussion and debate takes place in Gloucester, and similar regional areas, as to whether these population patterns are a problem or a "bad thing". Consultants to project developers make claims such as:

> *The ageing demographic and falling proportion of younger workers indicates the need to provide services and infrastructure as well as incentives to retain and attract young people to the region, in particular Gloucester, to maintain the economic viability of the region.* (AECOM 2009, p20-2)

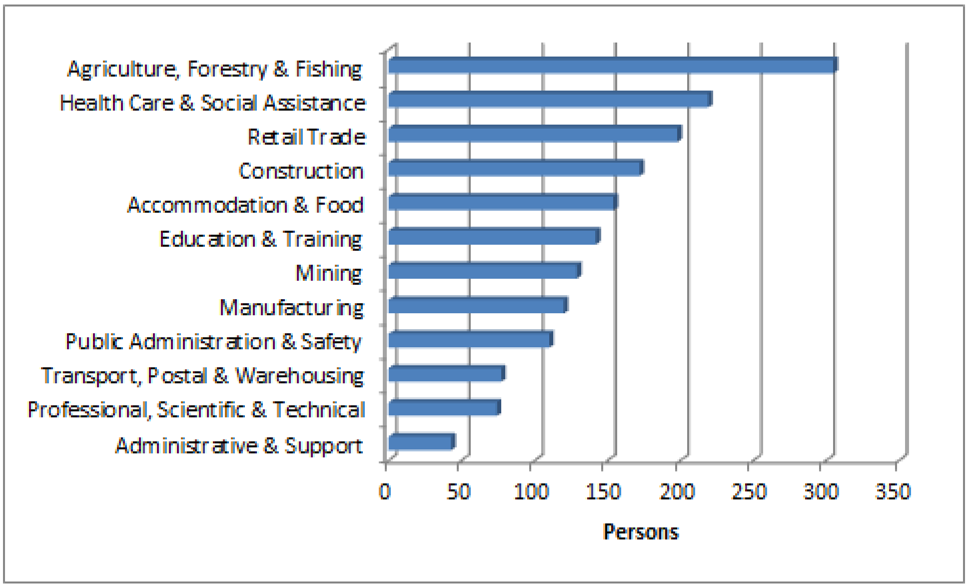
AECOM and similar commentators fail to explain, however, what they mean by an “economically unviable” region, or to understand that many people in Gloucester encourage younger people to leave the small community, gain experience and skills and possibly move back in the future. Anecdotally, many Gloucester-born people do move back later in life and, as can be seen above, age groups between 35 and 54 are not dissimilar to NSW in general, suggesting this does occur at a significant level. Middle aged people moving to Gloucester for lifestyle reasons, or a “tree-change” also contribute to the portions of population between 35 and retirement age.

Whether it is possible or desirable to address these patterns is beyond the scope of this report and will no doubt remain a topic of debate in regional Australia for many years. The Council’s Community Strategic Plan does place considerable emphasis on addressing the needs of older residents, maintaining amenity and community to attract tree change residents and expanding employment opportunities. We hope the data in this report will inform the debate and assist planners in consideration of existing and future community needs.

JOBS AND EMPLOYMENT

Agriculture is the major employer in Gloucester, employing over 300 residents. Service industries are also major employers, including health care and social assistance and retail trade. Further discussion of key industries is included in sections below.

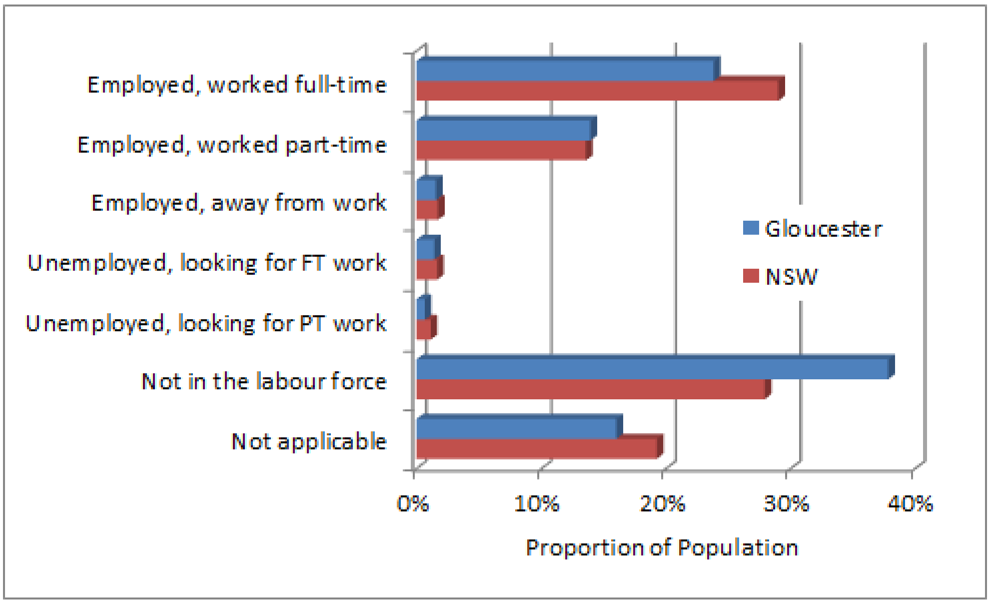
Figure 7: Gloucester employment by industry, place of usual residence

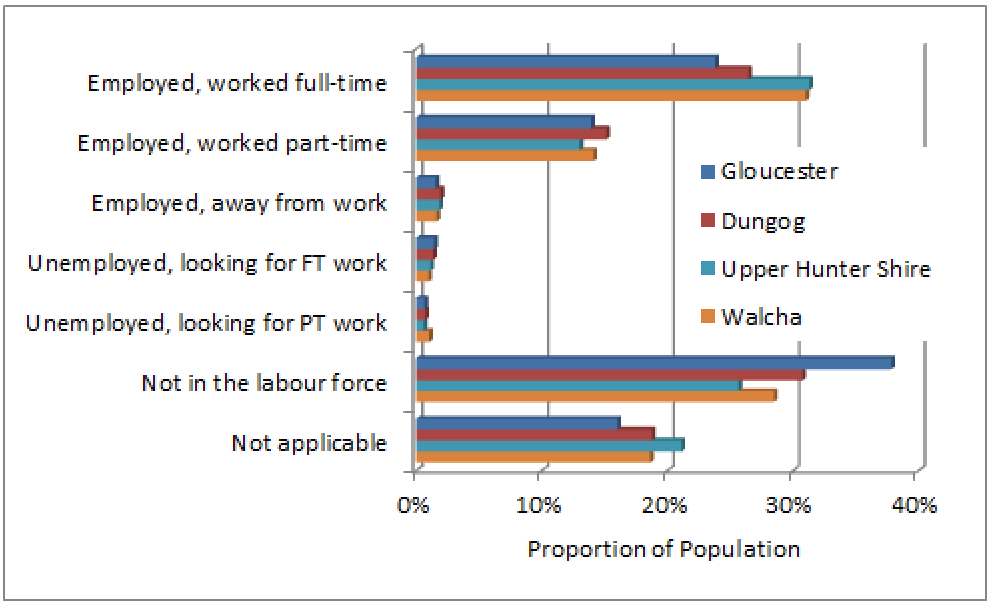


Source: ABS, Census 2011

Gloucester has a high portion of residents who are not in the labour force, ie retirees, children or people not working or looking for work. These figures are higher in Gloucester than for NSW generally (38% in Gloucester compared to 28% elsewhere), and also higher than surrounding LGAs. The proportion of people participating in full-time work was 5% lower in Gloucester than the rest of the state and of most surrounding LGAs during the 2011 Census.

Figure 8: Labour force status, Gloucester, NSW and surrounding LGAs





Source: ABS, Census 2011

Unemployment in Gloucester was 5.3% at the time of the 2011 Census when the state average rate for NSW was 5.9%. At that time, a total of 131 Gloucester residents were receiving Newstart allowance. Approximately 75% of these people had been receiving income support for more than a year, an increase on earlier figures. While not dissimilar to other LGAs, this high percentage suggests that the number of transitionally unemployed people is relatively low, which should be kept in mind by planners and employers.

Figure 9: Proportion of labour force receiving Newstart benefit

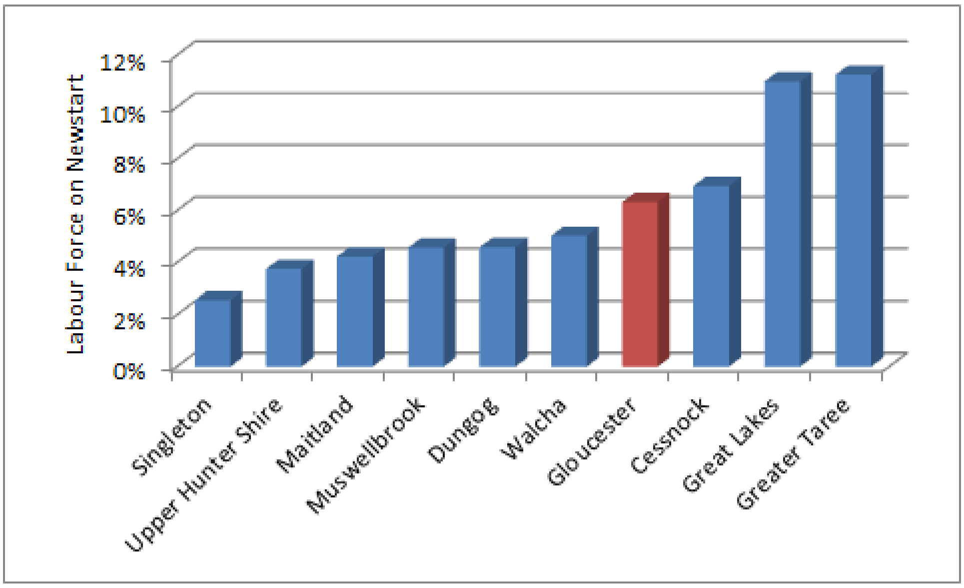
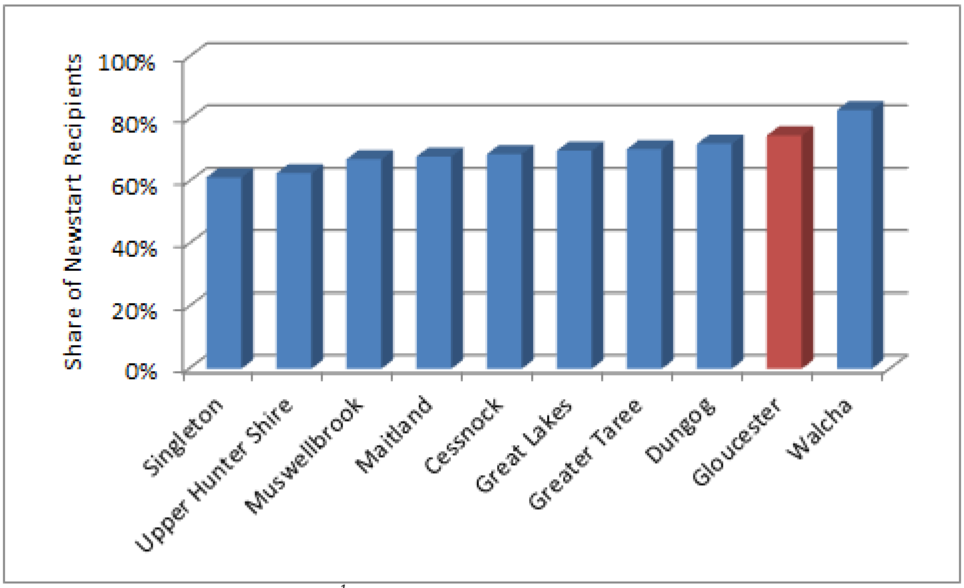


Figure 10: Newstart recipients on income support for >365 days



Source: ABS, National Regional Profiles[1]

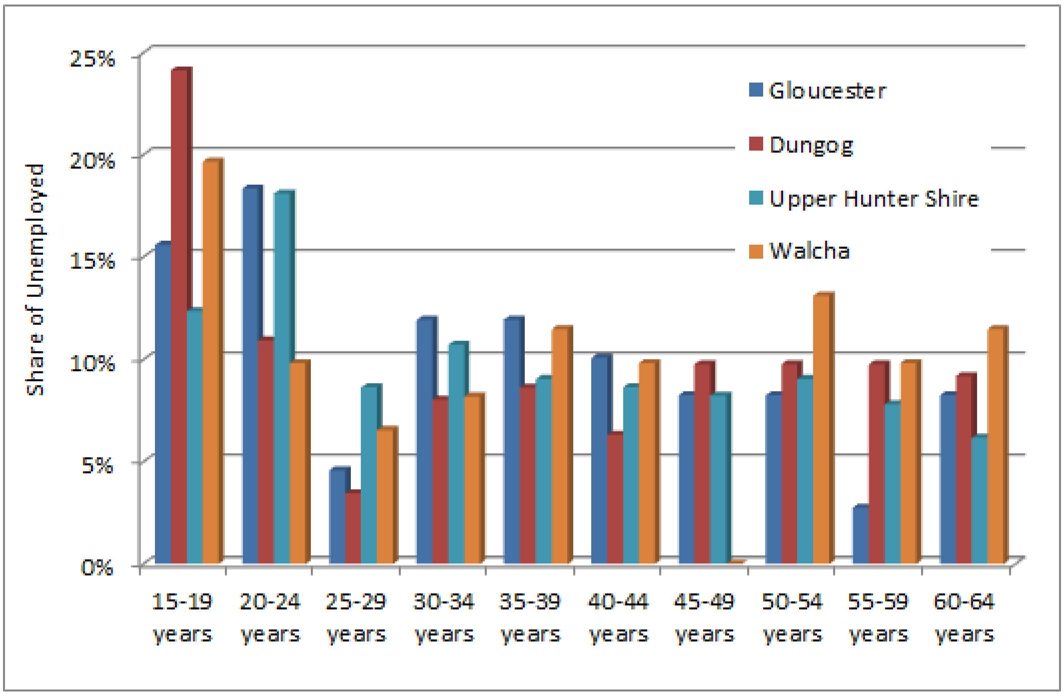
In March 2012 Independent Member for Lyons, Rob Oakeshott, claimed an unemployment rate of just 2.4% in the Gloucester region.[2] This claim was based on the Small Area Labour Markets publication from the Department of Education, Employment and Workplace Relations (DEEWR). This publication's estimates are derived by assigning wider ABS labour market data to small areas based on Centrelink figures. It is not based on data collected in Gloucester. A DEEWR representative contacted for this report suggested that the ABS census figures are likely to be more accurate, being based on a primary survey of Gloucester residents.

1 http://www.ausstats.abs.gov.au/ausstats/nrpmaps.nsf/NEW+GmapPages/national+regional+profile?opendocument

2 www.roboakeshott.com/node/1254

Unemployment in Gloucester and surrounding LGAs shows similar patterns based on the population make up. The largest numbers of unemployed people are younger, in the 15-19 and 20-24 age brackets. Very low unemployment is seen in the 25-29 age bracket, most likely due to out-migration for education and employment. This may suggest that while unemployment is higher in younger aged groups, long term unemployment is likely higher among age groups over 30 years. Attempts to lower the LGA's unemployment rate over the long term may need to focus on older, long-term unemployed, rather than youth who either find jobs or leave in their early 20s.

Figure 11: Unemployment by age, Gloucester and surrounding LGAs

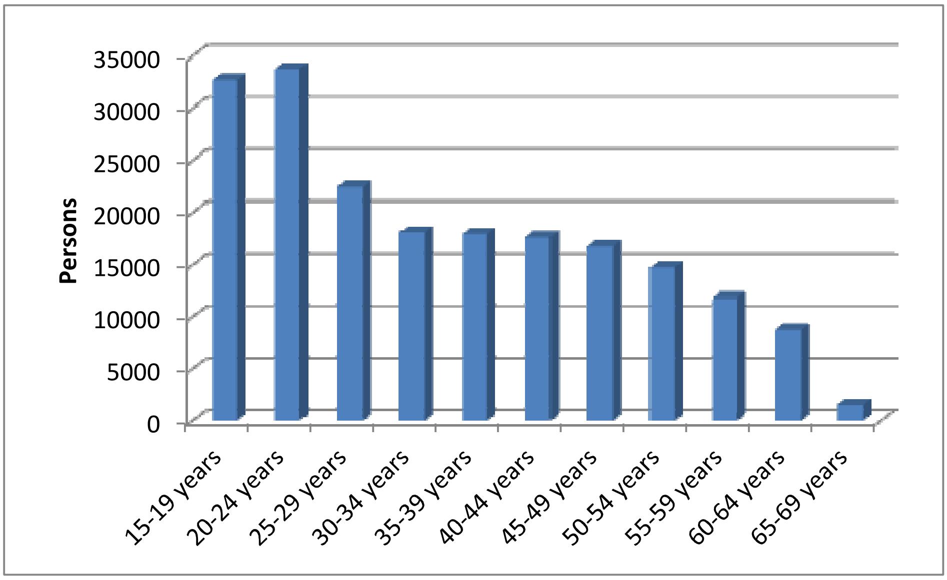


Source: ABS, Census 2011

Caution should be used in interpreting this data, however, given the low numbers of people involved. At these low numbers changes for only a few people make a significant impact on the graph. For example, there seems to be no reason why unemployment would be lower in Gloucester's 55-59 age category compared to surrounding categories, but the chart suggests a significant difference - the difference is only 5 people.

Aside from this out-migration trend for young people and the seeming anomaly of the 55-59 year group, unemployment by age broadly reflects patterns for the state as a whole, where unemployment is highest for young people:

Figure 12: NSW unemployment by age



Source: ABS, Census 2011

We see here that higher numbers of young people are also unemployed in NSW as a whole, with an initial increase as young people leave education and enter the labour force, followed by steady decline to general levels. NSW as a whole does not have the out-migration of younger people, as there is no immediate larger economy to migrate to. Figures for Australia as a whole show similar trends.

While unemployment is low within the Gloucester LGA, one interviewee expressed how difficult it had been for her to find full time work, eventually starting her own business. Once her business was running well, she ironically found it difficult to find full time staff. As reflected in figure 8 above, Gloucester workers are less likely to work full time than in other areas. The interviewee said many applicants had wanted to work around family, lifestyle and agricultural priorities.

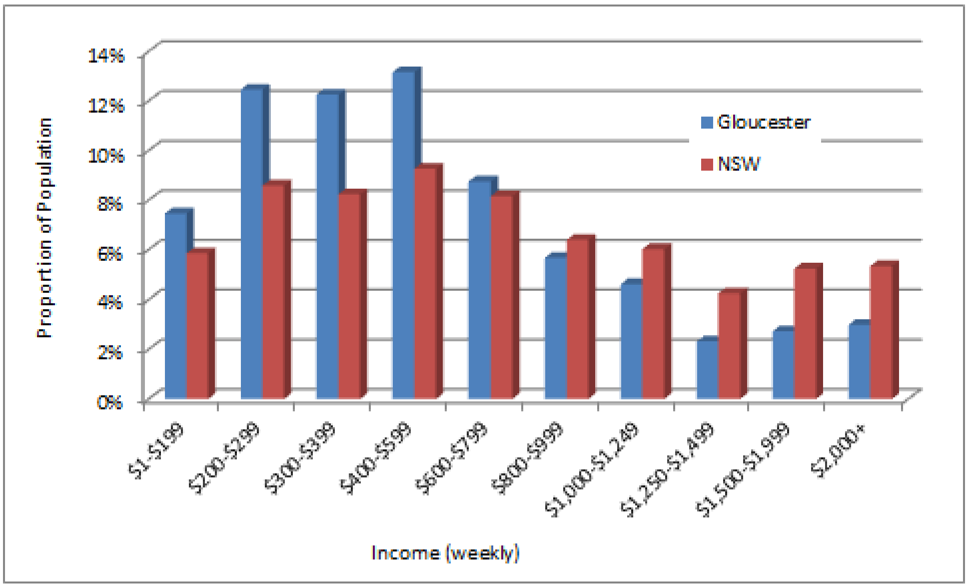
Interestingly, few agricultural businesses said they had difficulty in accessing labour, skilled or otherwise, despite low unemployment and the expansion of resource industries, which have been blamed for difficulties in other agricultural areas. Contributing factors could be the history of agricultural skills in the area and lifestyle preference for part time or seasonal work.

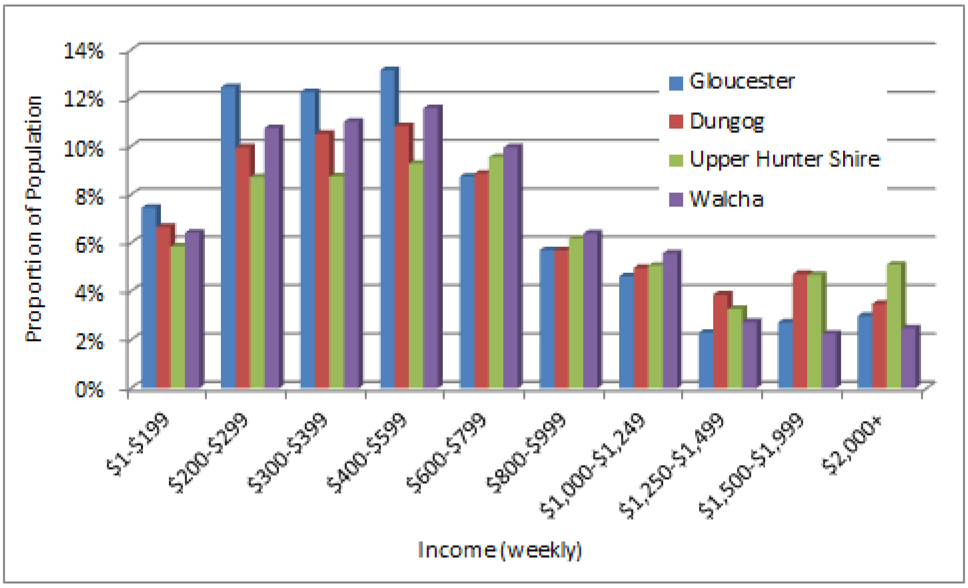
Discussion of economics in Gloucester, and every other part of Australia rural or urban, often turns to employment and how to "create" jobs. We see above that Gloucester has relatively low workforce participation, low unemployment, but also relatively few job opportunities. Given the number of retirees in the LGA, increasing participation in the workforce seems unlikely. With the high proportion of long term unemployed within unemployment, reducing this number may require training and job opportunities appropriate for people who have spent some time outside of employment. Businesses and planners should note, therefore, that any moves at large scale job "creation" will likely result in either transferring workers between industries, or considerable demographic change in the LGA.

INCOME AND ASSETS

Gloucester has a higher portion of its population in lower income brackets and lower portions in higher income brackets than NSW as a whole. Surrounding LGAs show similar patterns, particularly Dungog and Walcha and Upper Hunter to a lesser degree.

Figure 13: Income - Gloucester, NSW and surrounding LGAs

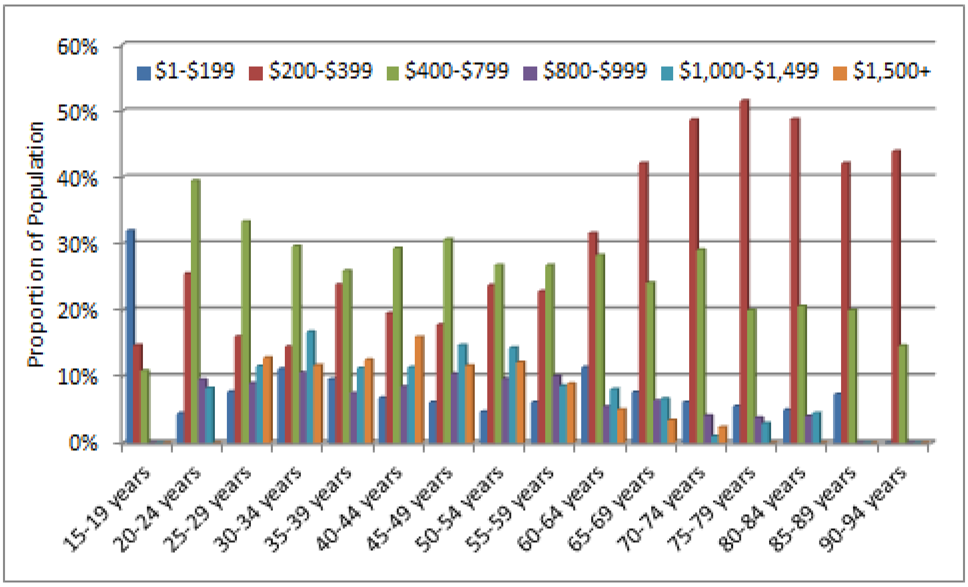




Source: ABS, Census 2011

Demographic factors are important in understanding this pattern. Aside from 15 to 19 year olds, the vast majority of Gloucester's low income earners are over 65. As these age groups are significant parts of Gloucester's population, as discussed above, they weigh heavily on average income figures. Substantial portions of Gloucester's 35 to 55 year olds are on high incomes, although these groups are a relatively small part of the population:

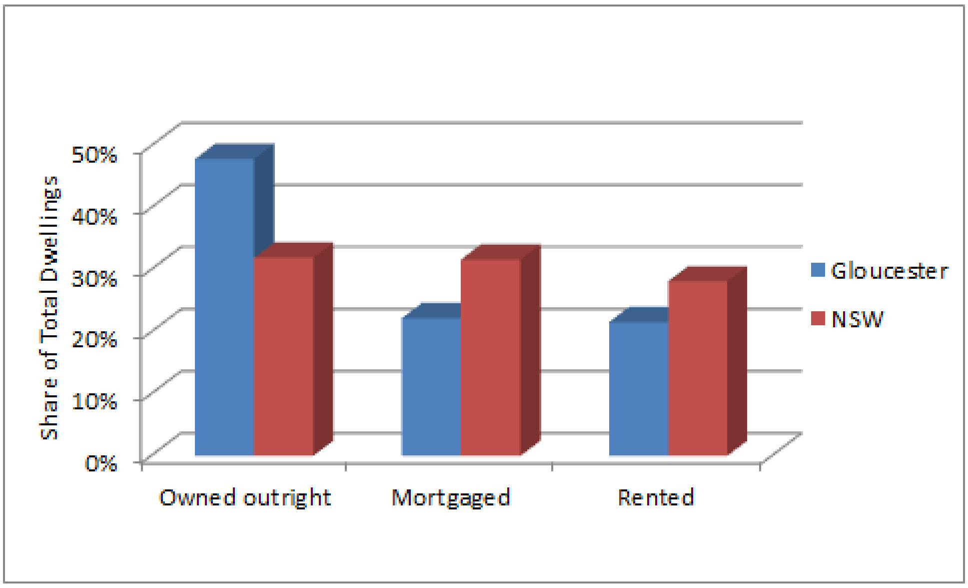
Figure 14: Gloucester Income by age

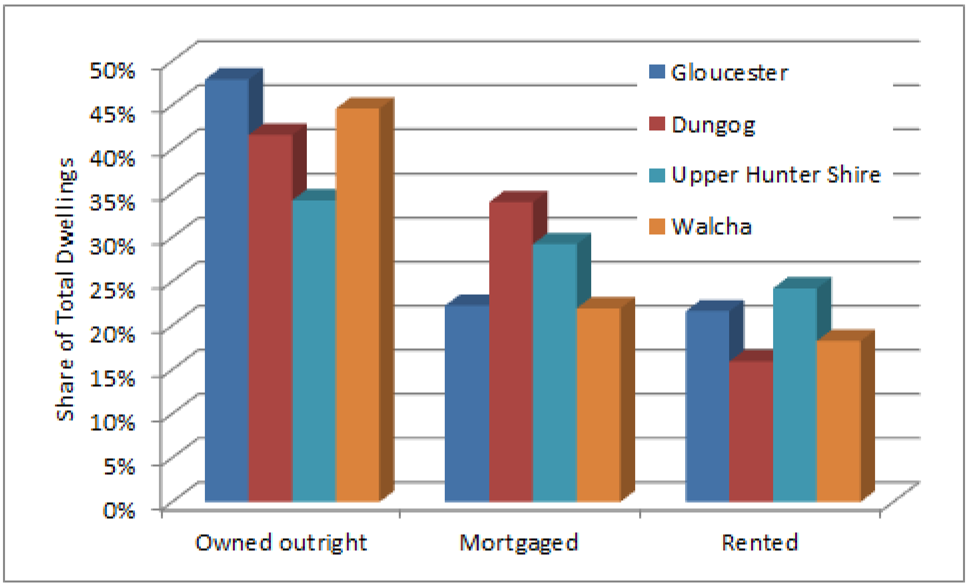


Source: ABS, Census 2011

Several factors contribute to this pattern. Interviewees emphasised that retirees and people who have moved to Gloucester for lifestyle reasons tend to have low incomes, which do not necessarily reflect their socio economic status. Often they are "income poor" but "asset rich", often intentionally so for retirement and taxation reasons. This is reflected in rates of outright home ownership, which are significantly higher in Gloucester than NSW as a whole and somewhat higher than surrounding LGAs:

Figure 15: Home ownership, Gloucester, NSW and surrounding LGAs

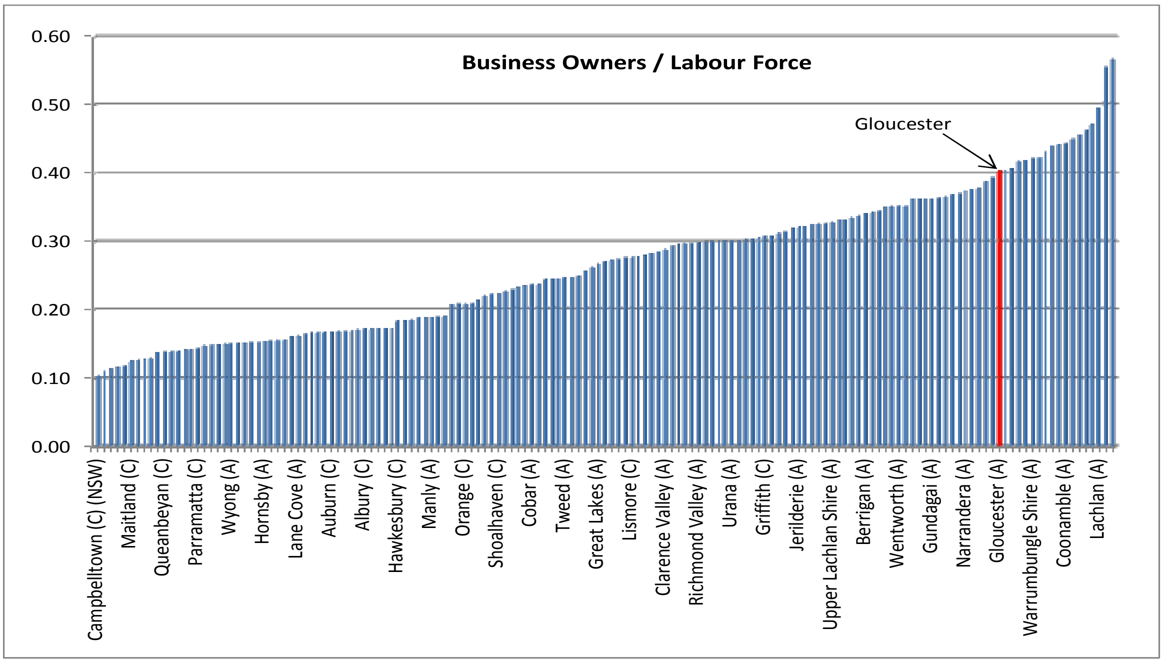




Source: ABS, Census 2011

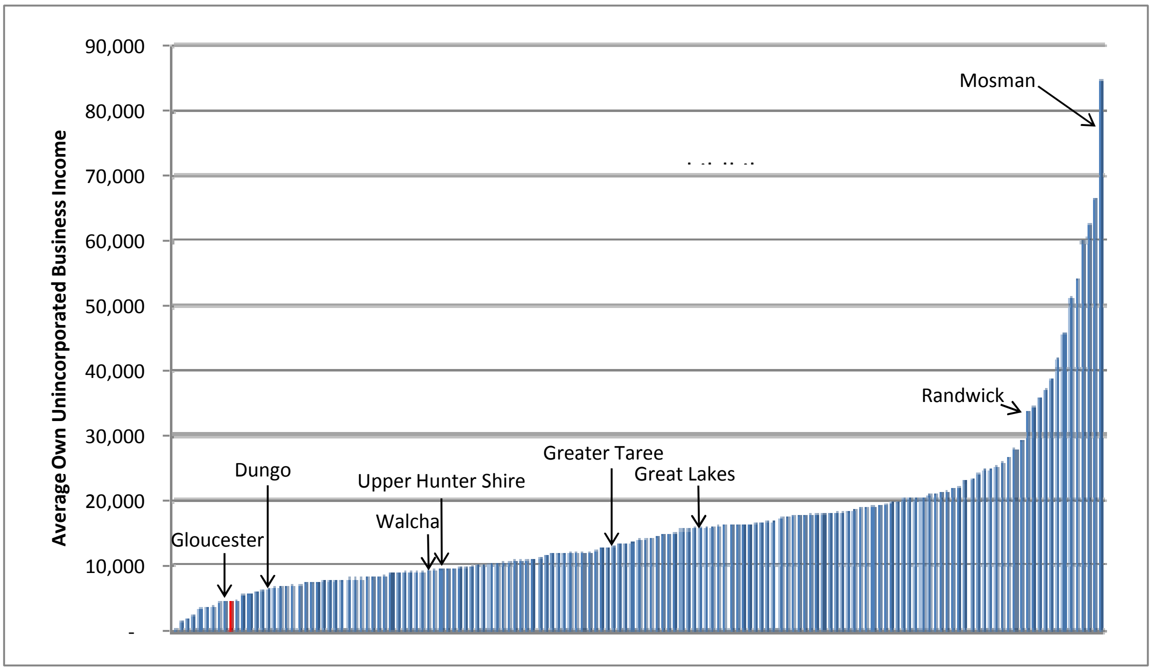
Gloucester also has some of the highest rates of business ownership in NSW, but some of the lowest average business incomes. The following figures include both town businesses and agricultural businesses including farms, many of which own their own land and/or retail premises. Several interviewees with close ties to agricultural and town businesses emphasised that while business incomes were low, the assets the businesses own represent considerable assets for their owners. Lifestyle elements and attachment to the community were also cited very important factors influencing decisions to establish and remain in Gloucester.

Figure 16: Business ownership to labour force ratio by LGA



Source: 8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2008 to Jun 2012

Figure 17: Average own unincorporated business income by LGA



Source: 8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2008 to Jun 2012

These results should be of interest to planners and decision makers. While business and personal incomes are low, this reflects Gloucester's demographics and lifestyle preferences. Policies and projects aiming to increase monetary incomes need to consider whether this will in fact improve the welfare of Gloucester residents and businesses. For example, expansion of resource projects may increase average cash incomes and business incomes of some businesses. This could occur by both increasing wages and business incomes for those involved in the industry, but also by forcing lower income businesses out of operation through competition in land and labour markets or reduced amenity. On basic statistical measures this may seem a positive change, but serious consideration should be given as to whether this constitutes an increase in the welfare of Gloucester residents overall.

HOUSING AND REAL ESTATE

Gloucester LGA had a total of 2,088 occupied private dwellings by the time of the 2011 Census – a 4% increase in the number of dwellings from 2006. The average occupancy rate has declined over the last decade, from 2.5 persons per dwelling to 2.3 persons over the same period.

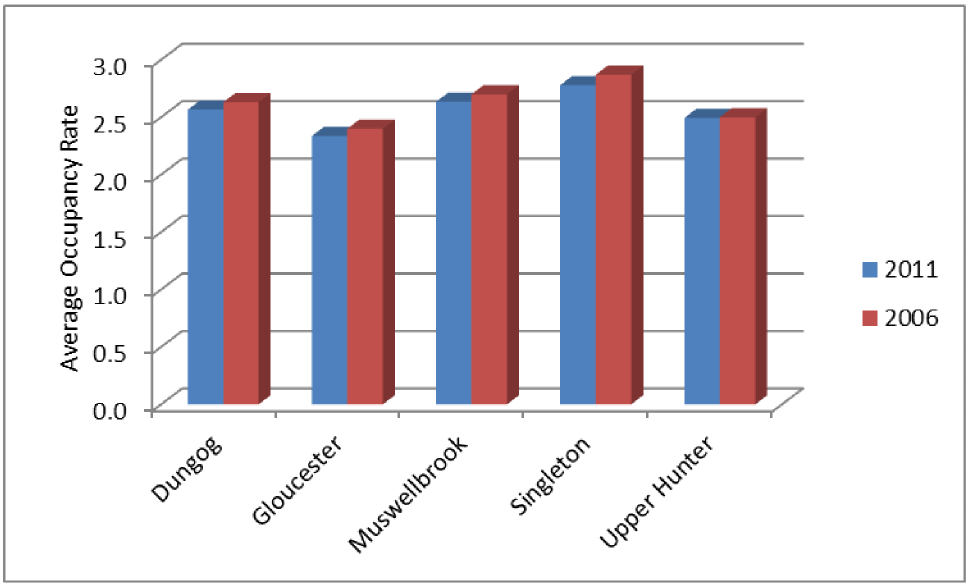
Figure 18: Gloucester average occupancy rates, 2001–2011

Year	Occupied Private Dwellings	Population	Average Occupancy Rate
2001	1877	4687	2.5
2006	2003	4802	2.4
2011	2088	4878	2.3

Source: ABS, Census 2011, and NSW Housing, p1

Overall Gloucester continues to have the lowest occupancy rate of any LGA in the Upper Hunter housing market:

Figure 19: Average occupancy rates in the Upper Hunter housing market, 2006–2011

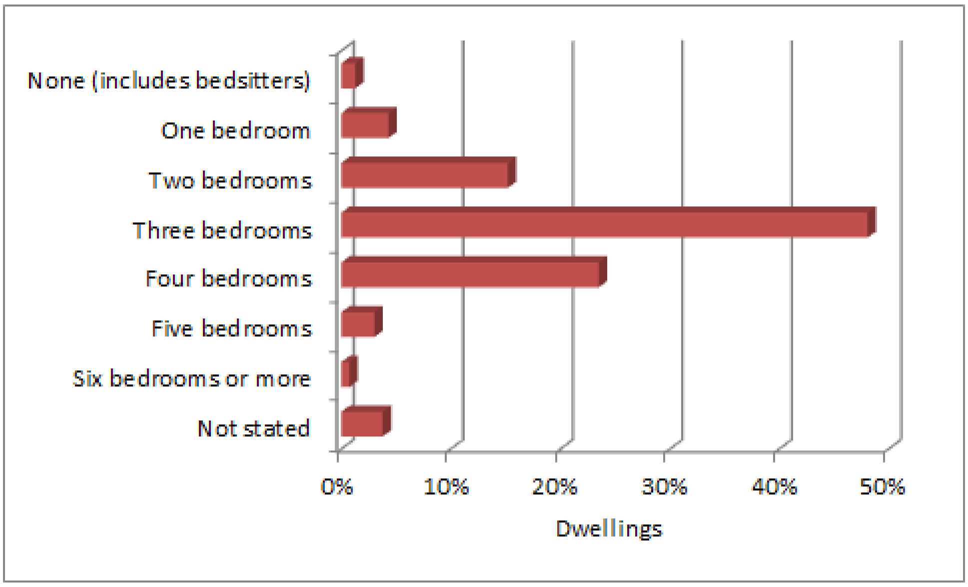


Source: ABS, Census 2011

Insufficient housing diversity – characterised here by the predominance of separate houses and larger bedroom stock – is a problem in Gloucester and in rural and coastal NSW at large.[3] More than 75% of private dwellings in the LGA have three or more bedrooms, which inhibits the range of housing choices available for current and prospective residents.

[3] (Housing NSW 2009)p2.

Figure 20: Housing diversity, Gloucester



Source: ABS, Census 2011

The important role that the availability of appropriate housing plays in economic and social development in rural communities has been recognised by the Australian Housing and Urban Research Institute (AHURI), which notes that:

> [I]f such communities do not have a suitable housing infrastructure, arresting population decline and promoting economic growth become problematic.[4]

In Gloucester, the dominance of larger bedroom houses may not meet the needs of the population, with older residents requiring smaller premises and aged care facilities. This pattern may also serve to promote the outward migration of the 20-24 age group for whom larger bedroom houses are not yet affordable or appropriate housing. Considerable emphasis is placed on the need for housing to match the requirements of the population in the Council's Community Strategic Plan, particularly in regard to older residents.

Ownership and rental

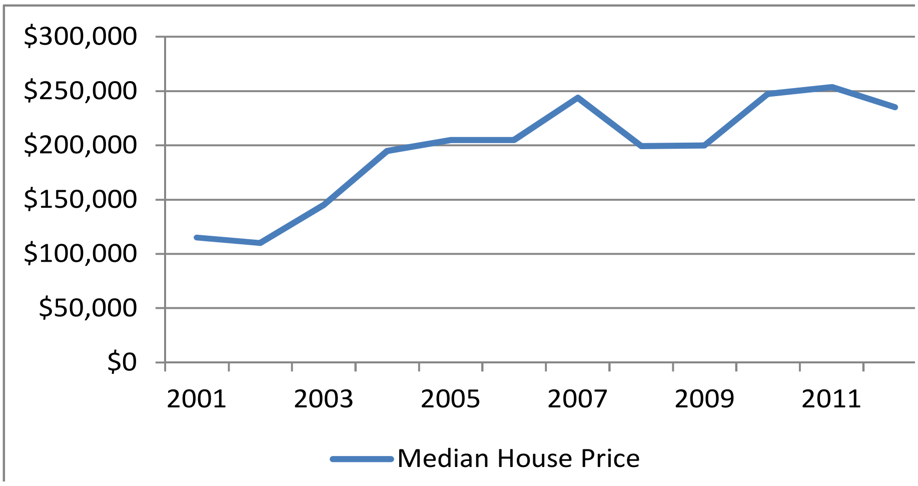
As discussed above, home ownership rates are high in Gloucester, higher than for NSW as a whole and surrounding LGAs. Mortgage and rental rates are lower than NSW and similar to surrounding LGAs.

[4] Jean Hillier, Colleen Fisher and Matthew Tonts (for AHURI), 2002, Rural Housing, Regional Development and Policy Integration, p2.

Values

Median house prices in Gloucester LGA as a whole have been steady for several years, following strong growth through the 1990s and the early 2000s, driven by lifestyle movers and retirees coming into the area.

Figure 21: Gloucester LGA median house price



Source: http://www.rs.realestate.com.au/cgi-bin/rsearch?a=sp&s=nsw&u=gloucester and Housing NSW 2009

While these changes are heavily influenced by the wider economy, real estate markets and availability of credit, local factors are also important, most obviously is the development of resource projects in the area. Many interviewees, including real estate agents, have suggested that there has been a decline in the number of people moving to Gloucester as a lifestyle choice. Respondents were generally agreed that the uncertainty around resource development and the perception – accurate or not – that Gloucester was becoming a more mining-oriented area were an influence on the market.

The steady nature of median house prices since 2004 described above overlooks discrepancies in certain locations. The development of the Rocky Hill coal proposal in particular is influencing the local property market south of Gloucester. While prices paid by the proponents for rural holdings close to the proposed mine location have reportedly been generous – anecdotally up to four times what some land was worth – other nearby properties that proponents have not sought to acquire have been left effectively unsaleable. Properties in the residential estates south of Gloucester township have been similarly negatively affected. These estates are highlighted in the Council's Community Strategic Plan as an area important for the LGA's residential developments.

Residents in the Forbesdale Estate estimate that their properties have declined in value by 30-40% in recent years due to proximity and uncertainty over the project. These estimates are difficult to confirm as there is very little sales data that can be used in evaluation. While one estate agent reported recent sales south of Gloucester, other respondents claim it is currently impossible to sell property south of Jacks road and east of Buckets Way, particularly in the Forbesdale, Avon and Thunderbolts estates.

This devaluation has major welfare implications for the residents of these areas. Over 60% of Forbesdale Estate's residents are retired couples over 55 years old, the demographic discussed above who are "asset rich-income poor". The devaluation of their principle asset represents a serious financial and potentially mental burden. One widely repeated anecdote relates to an elderly resident who needed to go into a high level care facility. The family was unable to sell the resident's house even at values perhaps $200,000 lower than the previous value. Unable to sell at an acceptable price other family members were forced to mortgage another home to pay for the elderly resident's care and rent out the Forbesdale house to partially cover mortgage payments.

Supporters of the Rocky Hill project suggest that the purchasers of these properties should have better researched the possibility of resource projects before buying in the area. However, this opinion seems to be largely invalid. Other respondents suggest there was insufficient information available about mining developments, and that residential purchases have been encouraged by council through subdivision into residential estates. Even at time of writing, property developers continue to promote residential properties with no mention of the Rocky Hill project or sales difficulties. For example, the website of property developers Monarch Investments still promotes the Avon Estate as a "tree change" destination, and describes Gloucester's economy as:

> *predominantly rural with an economic base of traditional industries such as timber, dairy and beef cattle production. There are also tourism and agribusiness sectors that are growing and adding impetus to the Shire.*[5]

While it is beyond the scope of this report to investigate further into particular sales, due diligence and the history of disclosure around the project, it seems clear that information available has not always been sufficient to ensure efficient functioning of the market south of Gloucester township.

Some respondents suggest that with a decision on the Rocky Hill project, the value of these properties, and possibly Gloucester real estate in general, will rebound. They suggest that in the event of a rejection of the project, the properties will regain their earlier values or at least in line with broader markets. Alternatively, with project approval, this view contends that an influx of renters will drive an increase in value.

While all respondents and market participants lament the current uncertainty, several suggest that even with a state government decision on Rocky Hill uncertainty may not be eliminated and the response of the real estate market may be muted for several reasons:

- In the event of an approval, the project may not proceed for legal or financial reasons. Opposition seems certain to continue, buoyed by courts' recent rejections of extensions to Berrima Colliery and the Warkworth Mine extension. Financially, neighbouring mines are known as high cost mines in the Australian context and proponents may be unable to raise capital for the project. Market sentiment is "meek" for new coal projects:

  The number of Australian coal projects that look to have a realistic chance of being approved in this market would fit on one hand….With coal prices low and Australian mining costs high, it would take a very brave board to approve a greenfields project….Whitehaven Coal's $766 million Maules Creek project yet to receive final federal environmental approvals is about the only greenfields development in the market that looks to have a reasonable chance of going ahead. (Freed 2013)

[5] http://www.avonriverestates.com/Location

In the event of an approval, but legal and financial hurdles, the current uncertainty could continue indefinitely.

- In the event of state government rejection of the project, proponents would be unlikely to abandon the project, but would likely pursue legal appeal or an alternative configuration of the project.

Estate agents emphasise that interest is high in Gloucester real estate – the town was rated as Australia's number 4 "hotspot" by one property investment analyst in 2011 (Ryder 2011). They claim that most interest is from investors looking to purchase rental properties rather than people looking to move to Gloucester. Rental yields can be attractive on Gloucester property, according to one agent, "you can get $240 per week for a $185,000 house", a 7% yield.

Rental yields are attractive on cheaper properties, but not on higher end houses. "The majority" of agents' rental clients are recipients of Commonwealth Rent Assistance, renting lower end properties. Housing NSW (2009) found that 236 Gloucester residents were receiving rent assistance in 2006, confirming estate agent's impressions of the importance of this end of the market.

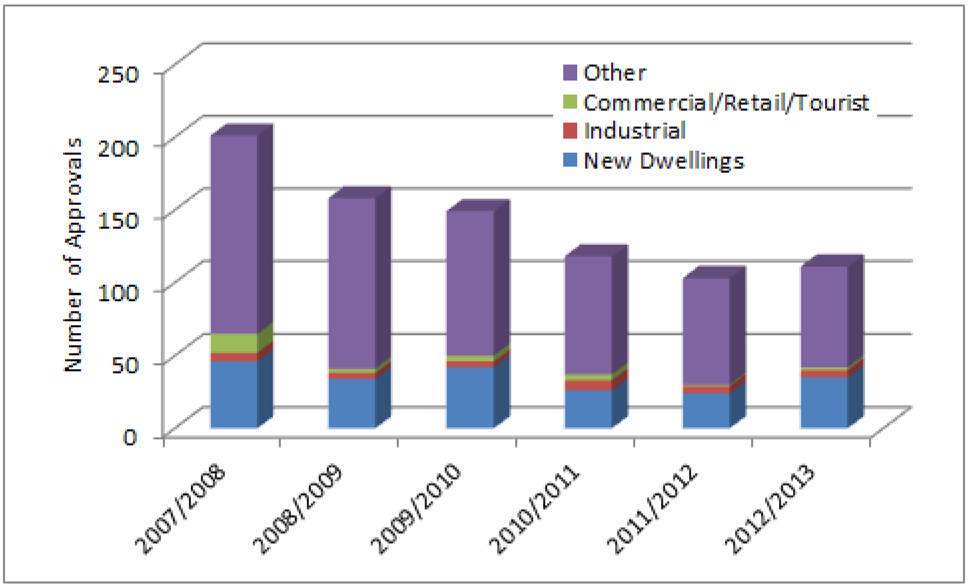
Yields are low, however, on more expensive houses. There is little investor interest in higher end rentals and limited interest from owners in renting out expensive houses for only $350 per week. Forbesdale residents emphasise that they bought their houses to live in and have little interest in renting them out, even at higher rates. To do so would have tax implications for some residents.

Coal developments at Stratford and Duralie have been good for this end of the market and agents "jump on" coal miners as preferred renters. To what extent development of Rocky Hill and other resource developments can affect the dynamics of the rental market and wider property values is uncertain.

Development applications

Numbers of development applications have declined since 2007/2008 in Gloucester Shire, according to data provided by Council, however there is no discernable trend in the overall value of approved developments. While "other" developments make up large numbers of approvals, they are likely to be minor renovations and projects. Commercial/retail/tourism developments have declined in number, their value can vary widely. New dwellings show more consistent levels of approval and annual approved values of between $7 and $10 million.

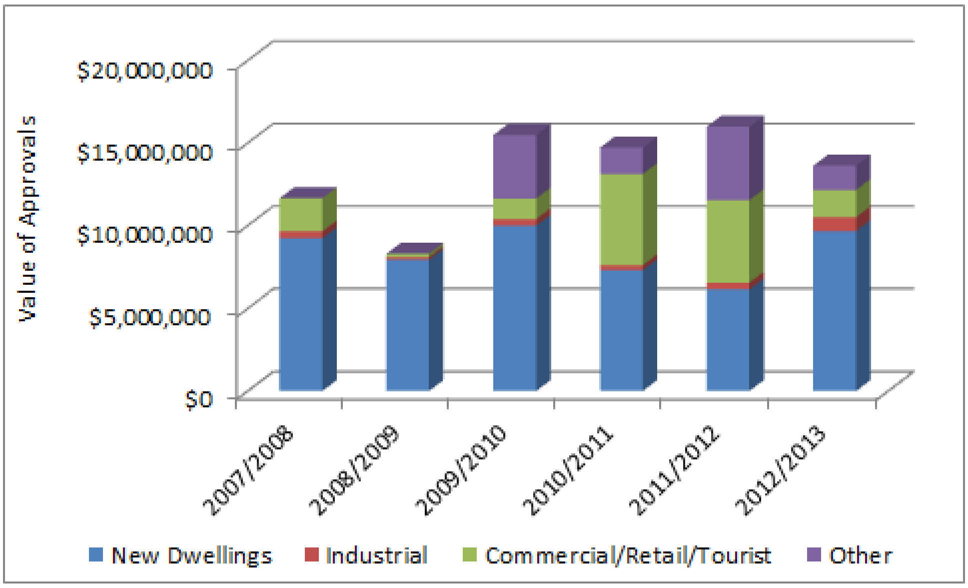
Figure 22: Development approvals, 2007 - 2013



Year	New Dwellings	Industrial	Commercial/ Retail/Tourist	Other
2007/2008	46	6	13	136
2008/2009	34	4	3	117
2009/2010	42	4	4	99
2010/2011	26	7	4	81
2011/2012	24	5	1	73
2012/2013	35	5	2	69

Source: Gloucester Shire Council, 2013

Figure 23: Development approvals by value, 2007 - 2013



Year	New Dwellings	Industrial	Commercial/ Retail/Tourist	Other
2007/2008	$9,221,753	$421,500	$2,008,500	Unknown
2008/2009	$7,930,955	$154,000	$202,000	Unknown
2009/2010	$9,984,882	$407,500	$1,237,283	$3,862,821
2010/2011	$7,291,224	$303,000	$5,520,000	$1,605,738
2011/2012	$6,131,870	$407,250	$5,000,000	$4,443,469
2012/2013	$9,670,994	$833,495	$1,650,000	$1,473,942

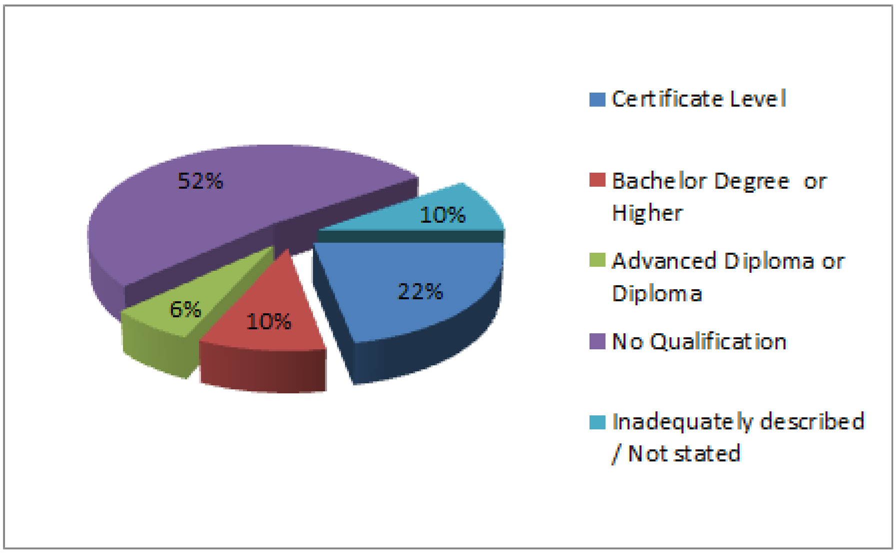
Source: Gloucester Shire Council, 2013

EDUCATION

Levels of education

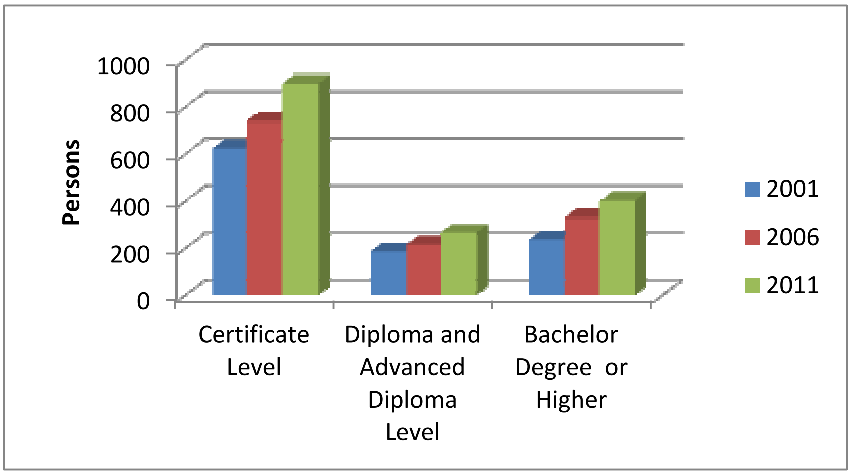
While more than half of Gloucester adults have no formal post-secondary education qualification, educational attainment has been improving steadily over the past decade.

Figure 24: Highest educational attainment, 2011



Source: ABS, Census 2011.

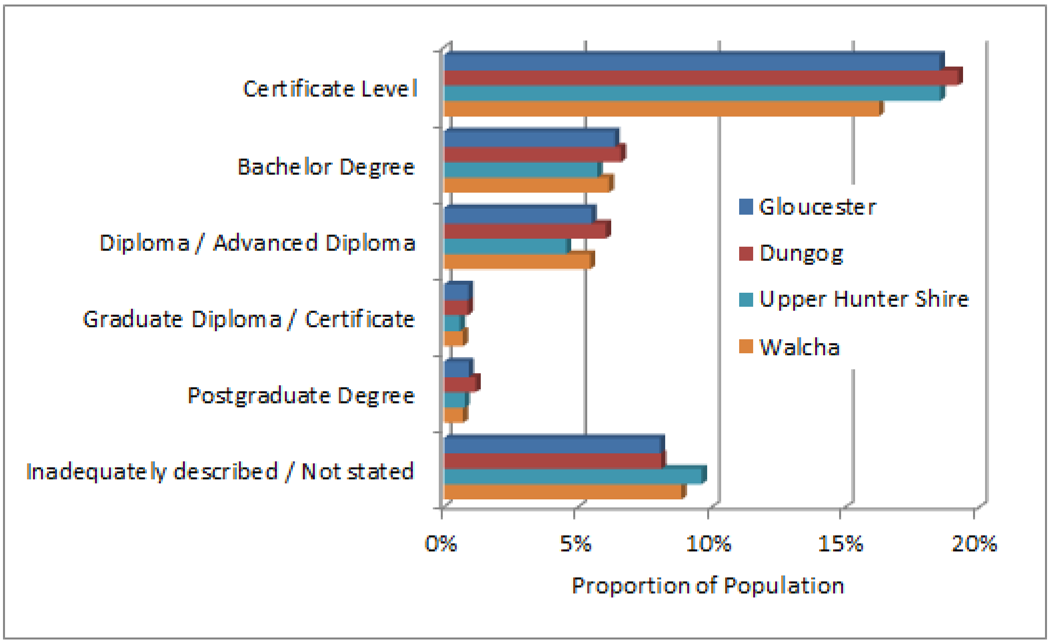
Figure 25: Gloucester post-secondary education attainment, 2001–2011

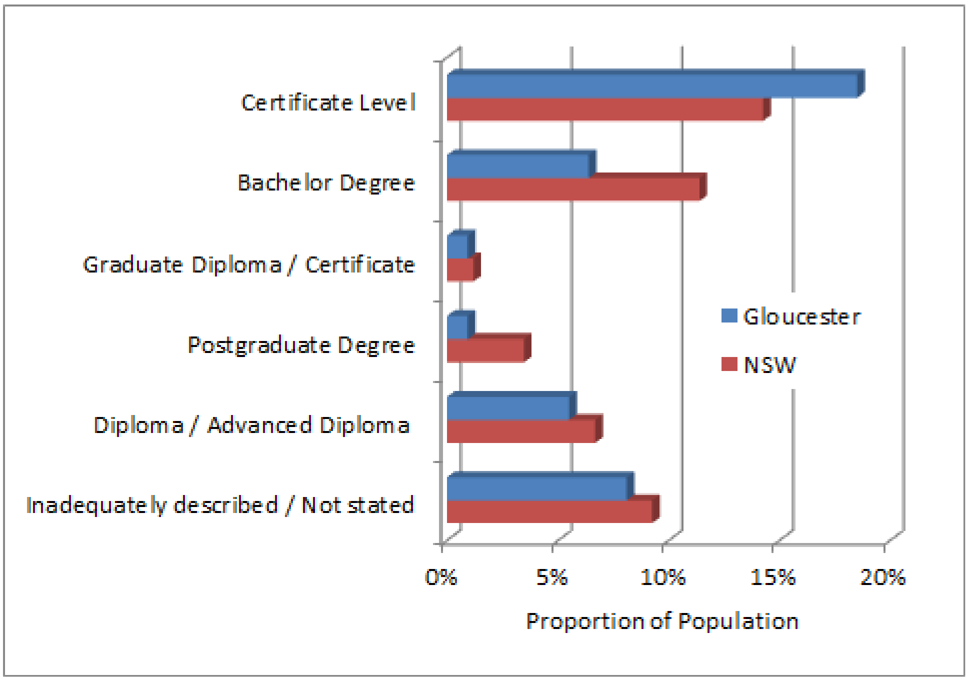


Source: ABS, Census 2011. Figures for 2001 and 2006 sourced from (Buchan 2010a), p15.

Gloucester has similar educational levels to surrounding LGAs, with many people holding certificate level qualifications and fewer with degree or higher level degrees. NSW as a whole has a smaller portion of the population holding certificates than Gloucester and greater portions of degree holders.

Figure 26: Non-school education qualification, Gloucester, surrounding LGAs and NSW, 2011





Source: ABS, Census 2011

Facilities

Gloucester shire contains three state primary schools, one Catholic primary school and one state high school. The state primary schools are located in Gloucester, Barrington and Stratford, while the St Joseph's primary school is situated in the Gloucester town centre.

Figure 27: School facilities

Primary		Secondary	
Government	Non-Government	Government	Non-Government
Barrington Public Gloucester Public Stratford Public	St Joseph's Primary	Gloucester High	None

Source: myschool.edu.au

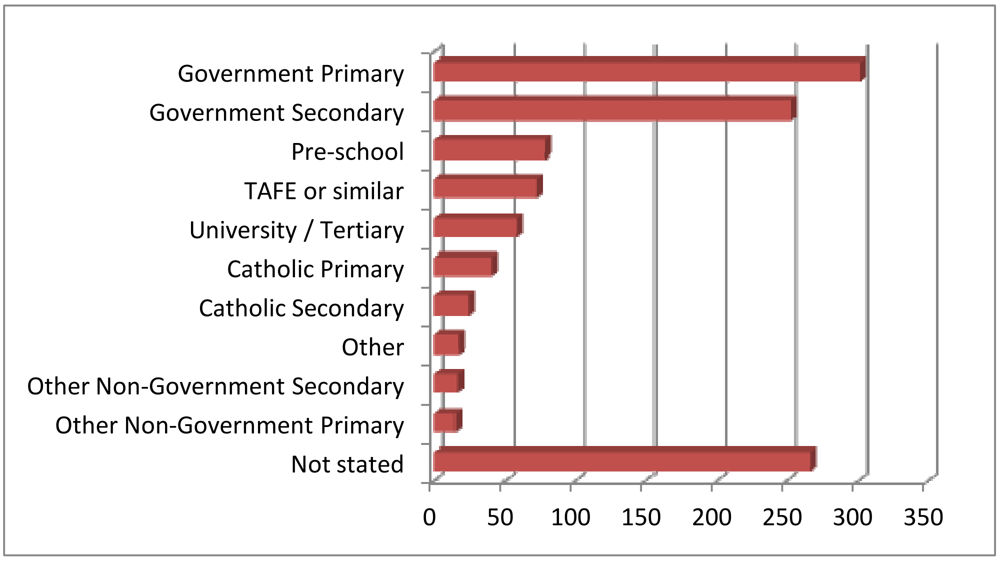
Gloucester High School is the only secondary education provider in the shire, although some Gloucester students are enrolled in secondary education outside the shire (See Figure 24).

A total 729 Gloucester residents were attending some form of pre-school, primary or secondary institution in 2011. A further 148 were enrolled in either TAFE or tertiary education.

Care needs to be taken when interpreting some of these statistics. Gloucester High School had 337 student enrolments in 2011 according to the myschool website, compared to only 250 indicated in Figure 23. Some of these must fall under the "not stated" category, or else they are attending from outside the shire and hence aren't counted as "usual residents".

Similarly for TAFE enrolments: Figure 23 shows less than 75 were enrolled in TAFE or similar. However, the North Coast TAFE website reports that a total of 347 Gloucester residents gained TAFE qualifications in 2011. Presumably North Coast TAFE's figure includes enrolments in short-term supplementary courses (such as the three-hour "Gloucester Cultural Heritage" course offered one Wednesday afternoon) which would not necessarily be counted on Census night.

Figure 28: Educational attendance, 2011



Source: ABS, Census 2011

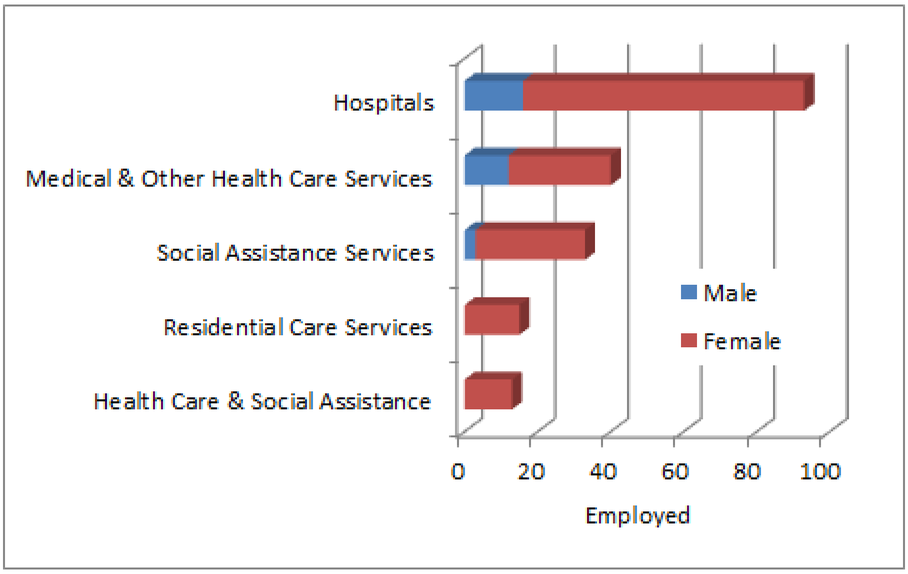
HEALTH SERVICES

A total 194 people were employed in health and social assistance in Gloucester in 2011, accounting for 11% of all jobs in the shire.

Gloucester Soldiers Memorial Hospital is the only hospital in the shire. It is an 80-bed facility in total, including an acute ward, an aged care transitional ward, a nursing home and a hostel.[6] The hospital operates a needle exchange programme and disposal facility as well as a detoxification programme for low-risk patients.[7]

The town also has the Gloucester-Stroud Medical Practice which employs around half a dozen GPs and a comparable number of nurses. GPs at Gloucester-Stroud Medical Centre (GSMC) also work at the Hospital. GSMC's website advertises a methadone programme through the local Drug and Alcohol Service.[8]

Figure 29: Health sector employment in Gloucester (Place of work), 2011



	Male	Female	Total
Health Care & Social Assistance	0	13	13
Hospitals	16	77	93
Medical & Other Health Care Services	12	28	40
Residential Care Services	0	15	15
Social Assistance Services	3	30	33
Total	31	163	194

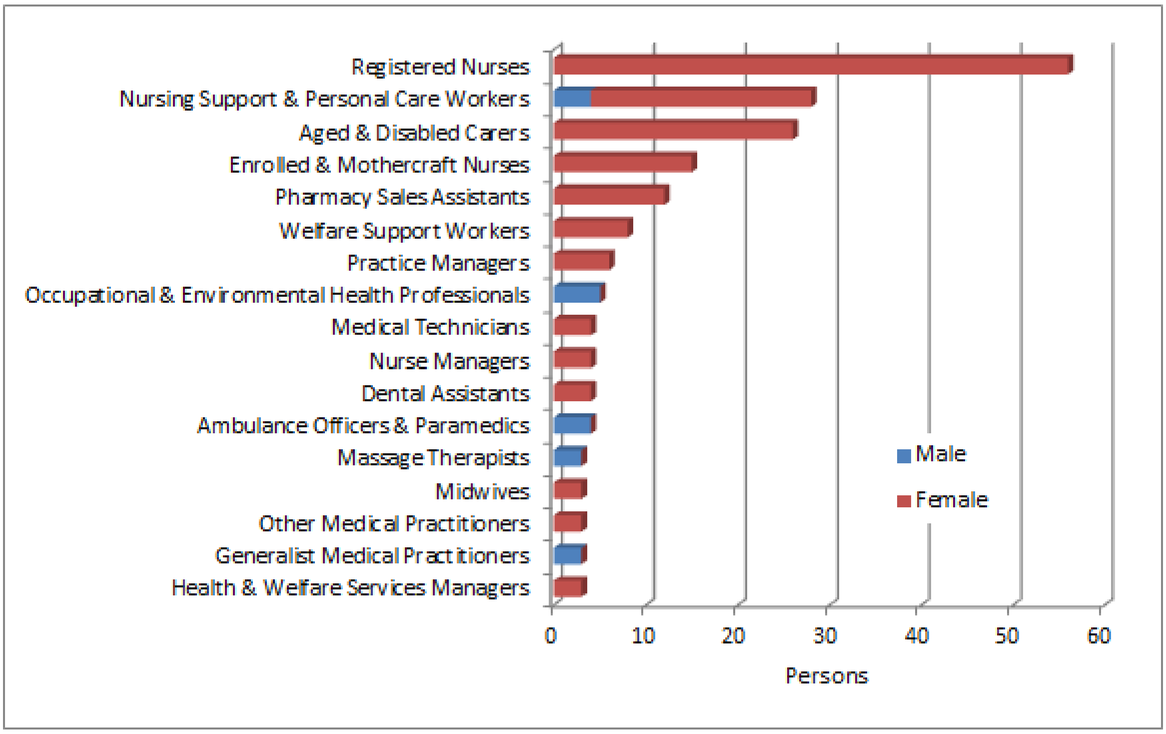
Source: ABS, Census 2011

6 www.hnehealth.nsw.gov.au/services_and_facilities/public_hospitals#

7 www.gloucestermedical.com.au/Gloucester_Medical_Centre/Addictions.html

8 www.gloucestermedical.com.au/Gloucester_Medical_Centre/Addictions.html

Figure 30: Gloucester health sector employment by occupation, 2011

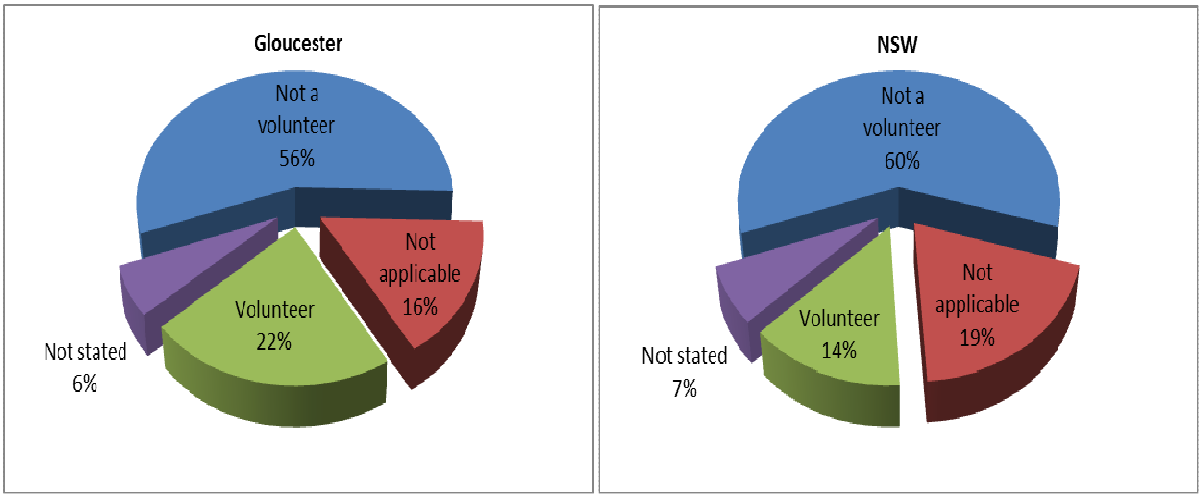


Source: ABS, Census 2011

WELFARE AND VOLUNTEER SERVICES

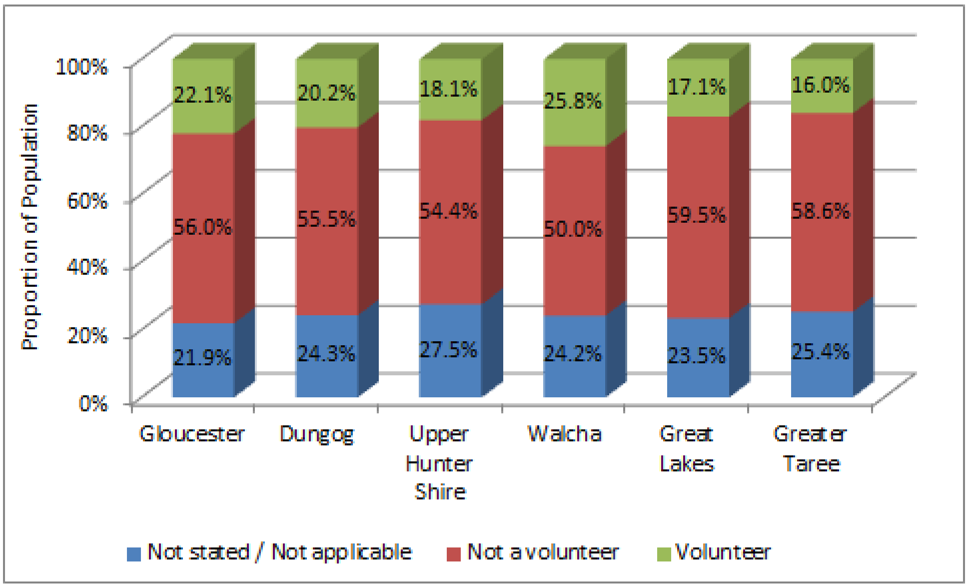
Volunteering rates are higher in Gloucester than NSW and most neighbouring LGAs. The 2011 Census found that 22% of Gloucester residents had participated in some form of voluntary work in the 12 months prior to Census Night, compared to 14% of NSW residents overall.

Figure 31: Voluntary participation, Gloucester v NSW, 2011



Source: ABS, Census 2011

Figure 32: Volunteering rates by LGA



Source: ABS, Census 2011

Gloucester respondents have expressed doubt that even these seemingly high rates reflect how frequently locals participate in voluntary work. They point to:

- A list of 134 known community organisations (provided by the Visitor Information Centre).
- The Visitor Information Centre, staffed by 23 volunteers, which opens every day for a total of 56 hours per week. They estimate they receive 4,000 hours of volunteer time per year, which, if valued at $15/hour, is worth $60,000.
- The Gloucester Project, with 250 members has logged 7,000 hours of volunteer time this year (to start of June 2013).
- Numerous council committees and steering groups with community input.

Respondents suggested that many people involved in running these organisations, including sporting clubs and the Rural Fire Service, may not have considered themselves as "volunteer workers". For ABS census purposes, "volunteer" refers only to residents aged 15 and above who actively participated in voluntary work for an organisation or group in the 12 months prior to census night.[9]

Other research does suggest volunteering rates may be considerably higher than the census figures show. The ABS's *Voluntary Work, Australia* report for 2010 found that 36.6% of NSW residents aged 18 and over had participated in some form of voluntary work in the 12 months prior to being surveyed. This figure was even high for areas outside of Sydney, with the ABS estimating the volunteer rate in the balance of the state at 41.7%.[10]

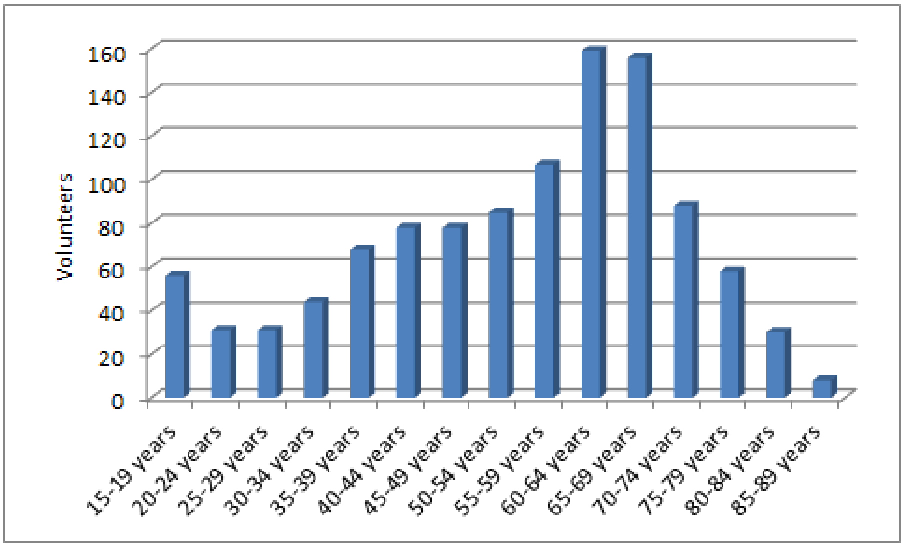
Given that Gloucester ranked higher than most surrounding LGAs in the 2011 Census data (see Figure 32), and far higher than NSW at large, it is reasonable to assume that more than 41.7% of Gloucester adults regularly participate in voluntary work.

Further weight to this view is given by Gloucester's demographics. People in the 55 – 64 age bracket contribute the highest proportion of volunteer work in NSW, age brackets that are more significant in Gloucester's population than the rest of NSW.

[9] www.abs.gov.au/ausstats/abs@.nsf/Lookup/2901.0Chapter10602011

[10] ABS, 2011, 4441.0 Voluntary Work, Australia 2010.

Figure 33: Gloucester age breakdown for volunteers, 2011



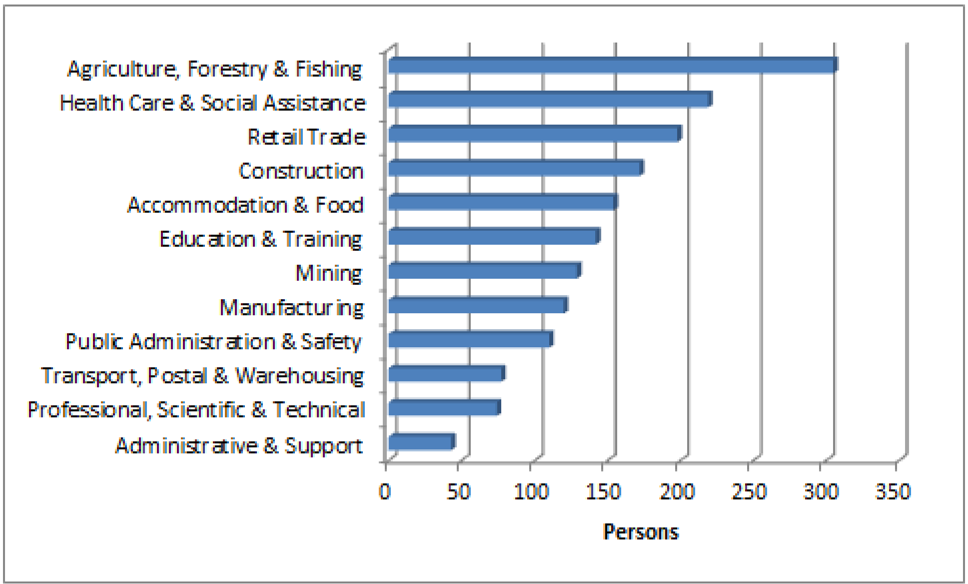
Source: ABS, Census 2011

Comparing figure 33 to figure 14 above, we see that some of the seemingly lowest income age groups, those aged over 60, are also some of the biggest contributors to volunteer services. This contribution may not be recognised in financial terms, but clearly makes a significant contribution to the welfare of Gloucester residents and businesses. The importance of volunteering both as a direct contribution and in building an engaged and supportive community is a key element in Council's Community Strategic Plan (GSC 2012).

MAJOR INDUSTRIES

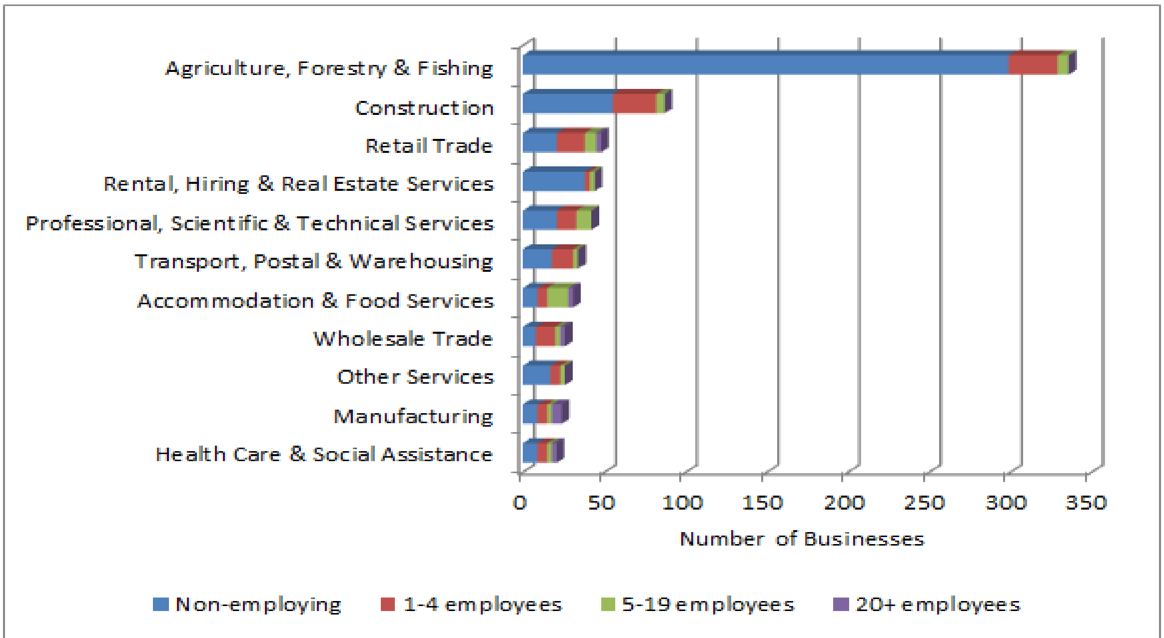
Figure 7, repeated below, shows the main industries of employment for Gloucester residents. Agriculture is the largest employer by some margin, followed by health care and social assistance and retail trade.

Figure 7 (repeated) Gloucester employment by industry, place of usual residence



Small businesses are an important driver of most industries. Agriculture has the greatest number of small businesses, the vast majority of which are non-employing. While other industries have lower numbers of businesses, greater portions are employers – accommodation and food service businesses for example tend to employ between 5 and 19 people. There seem to be no mining businesses registered in the LGA under these statistics.

Figure 34: Business numbers by employment and by industry, 2011



Source: 8165.0 - Counts of Australian Businesses, including Entries and Exits, 2007 to 2011

Agriculture

Livestock

Livestock rearing continues to be the main agricultural activity, particularly beef and dairy cattle. Horse stud operations are also important, with 13 businesses operating around the shire. Lesser numbers of sheep and goats are also raised. Cropping, horticulture and viticulture currently play a minor role in the economy, although there are several proposals to increase these areas and some businesses operate as agricultural tourism operations meaning their economic contribution is greater than statistics may suggest.

Figure 35: Gloucester agricultural commodities, 2006 and 2011

Agricultural Commodities	June 30 2011	June 30 2006
Livestock	Head	Head
Meat cattle	49,758	62,522
Dairy cattle	5,341	7,316
Sheep and lambs	155	198
Pigs	3	12
Goats	89	NA
Horses (including stud and other)	817	NA
Other	Ha	Ha
Area of holding	128,804	152,346
Cereals grain or seed	22	3.4
Non-cereal broadacre crops	191	151.6
Vegetables for human consumption	2	2.9
Orchard trees (including nuts)	21	40.6
All fruit (excluding grapes)	21	40.6
Grapevines for wine production	1	NA

Source: ABS, 2012, Agricultural Commodities, Australia, 2010 – 2011, Table 9; Buchan, 2010, Local Economy Review, p36

Some observers in Gloucester expressed surprise at the reduction in beef and dairy herd numbers recorded above, suggesting declines in herd sizes of over 20%. However, stakeholders in both industries gave support to these figures. Dairy producers suggested the decline was related to the continuing consolidation of the industry following deregulation in 2000. Larger dairies, particularly those selling through the NORCO cooperative have performed solidly in recent years, but smaller producers, particularly those unable to secure higher prices have struggled. Considerable difference of opinion exists over the long-term viability of smaller – under 200ha – dairy farms, with some commentators suggesting they are unviable, while others see a future for such holdings. At the same time most larger dairies are looking to expand. Some stakeholders are trying to develop dairy processing facilities in the area which they hope will assist midsized dairies.

While some beef industry observers disputed the above figures, suggesting they overstated the reduction in the size of herds, others concurred and suggested several factors that had contributed:

- Changes in forestry practices, with reduced grazing in forests and eucalypt plantations taking over other marginal grazing areas.

- Land owned by resource companies being taken out of production, or reduced stock numbers.
- Subdivision of some larger holdings into smaller hobby/lifestyle farms and demographic change in the region.

Some of these points are disputed. Representatives of resource companies stress that they attempt to agist as much as possible and “have not turned anyone away”. Other observers suggest that land owned by resource companies is running at perhaps 10-25% of its usual stocking rates.

Subdivision of larger cattle holdings and increasing number of lifestyle/hobby farmers is also a contentious issue. Some farmers are critical of any subdivision, which they feel makes properties too small to be viable for any farmers without other sources of external income. Others have welcomed lifestyle farmers, claiming the influx has resulted in increases in investment in farms, eg fencing and pasture improvement, as well as an influx of new skills, capital and services into town. Rising values of beef properties, partly enabled by subdivision, has benefited many landholders, although it is acknowledged that it would be difficult for a new entrant to the area to start a viable commercial beef operation from scratch.

Other recent shocks affecting the Australian beef industry more widely are also relevant to Gloucester producers:

- High Australian dollar reducing export sales.
- Bans on live cattle exports from Northern Australia
- Low domestic prices as export sales have been redirected to the domestic market, including live export cattle which have been sold into the domestic grinder meat market.

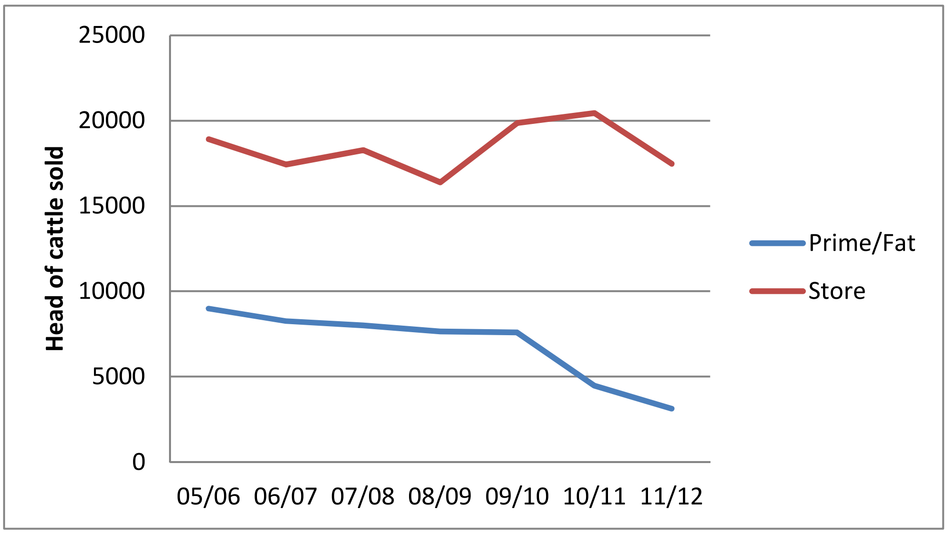
Despite these challenges most industry respondents considered current conditions and the long term outlook to be fairly positive. They suggest that while current prices are poor compared with the last 2-3 years, they are still an improvement on the mid 2000s and that “if you can’t survive now, you won’t survive as a beef producer in the long term.”

Gloucester’s mix of several large, commercial operators, larger numbers of middle sized producers and smaller lifestyle cattle producers seems set to continue. Several respondents emphasised the importance of middle sized producers, saying that they are responsible for a large amount of spending on inputs sourced in Gloucester town, more so than the larger producers who have different economies to scale and source inputs externally.

Several respondents emphasised the importance of Gloucester’s saleyards, both to livestock industries and also to agricultural tourism and wider town amenity as a “real” rural town. While there are concerns about their long term viability, according to the manager of the saleyards, their position is “not critical but not comfortable”. Sales in the past year have been around 21,000 head, down on previous years (around 25,000), but above levels considered critical, around 20,000. An increase in fees has assisted the saleyards.

The saleyards are particularly important for middle sized and smaller producers as larger operators tend to sell direct to abattoirs and processors. The shift toward middle and smaller producers is evident in the pattern of sales according to the saleyard manager. Fat sales of cattle ready to slaughter are declining through the saleyards, while store sales of cattle to be sent to feedlots have been strong despite trying conditions this year.

Figure 36: Saleyards fat and store sales



Source: Saleyards data

It is important to note that many livestock farmers operations are semi commercial, with lifestyle and enjoyment of farming an important aspect of their ongoing operations. While this is most obviously the case for smaller "hobby" or "lifestyle" farmers, even large, commercial operators emphasise that non-financial aspects are also important to their businesses:

> *We think we're pretty good operators, but we struggle to get more than 2-3% return on capital. If we wanted to make more money, we'd head further out, but we like it here, our wives like it here, it's 3.5 hours to Sydney and 1.5 hours to the coast. There's a lot of people like us.*

Figure 37: Agriculture 2011

	Males	Females	Persons
Residents Employed (1)			
Gloucester Residents Employed in Agriculture	212	94	306
Total All Employed Residents	1,084	878	1,962
Jobs in the Shire (2)			
Jobs in Agriculture in Gloucester Shire	212	97	309
Total All Jobs in Shire	982	825	1,807

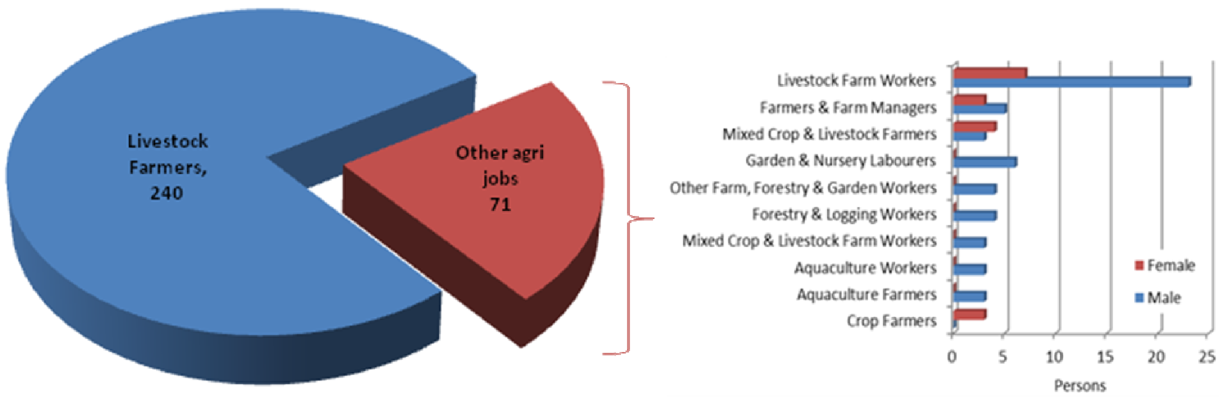
Source: ABS, Census 2011, (1) Usual Residence, (2) Place of Work

Figure 38: Agriculture 2006

	Males	Females	Persons
Residents Employed (1)			
Gloucester Residents Employed in Agriculture	243	124	367
Total All Employed Residents	1,060	818	1,878
Jobs in the Shire (2)			
Jobs in Agriculture in Gloucester Shire	226	111	337
Total All Jobs in Shire	958	779	1,737

Source: Buchan, 2010, Local Economy Review, p36

Figure 39: Gloucester agriculture sector occupation breakdown



Source: ABS, Census 2011 (PoW)

Other Agriculture

While smaller in numbers of producers than livestock industries, other aspects of agriculture are important to the Gloucester economy and increasing the range and efficiency of agricultural activity is a goal of Council's Community Strategic Plan (GSC 2012). The Shire Council's Agricultural Strategy Working Group, the Gloucester Project and other businesses have been pursuing various options for agricultural development.

The Agricultural Development Committee is currently investigating several topics:

- Industrial hemp cropping
- Bamboo cropping
- Milk processing
- Beef marketing
- Aquaculture expansion

The Gloucester Project is an agriculture-focussed regional development program, which promotes local food production, distribution and consumption. The project centres on the Tucker Patch, a demonstration market garden south of town and aims to enable local land holders to be able to participate in local food production, particularly horticulture.

The project aims to encourage local horticultural production through training and events, working with TAFE providers to run certificate courses and other less formal capacity building projects. They also work with training providers to improve agricultural skills in the region. The project also manages work teams to assist member landholders with larger tasks that would be difficult for individual growers.

The Gloucester Project provides member growers with marketing and distribution assistance. They run a stall in local farmers markets as well as some wider distribution. Locally, they run a "tucker box" system of preparing boxes of local produce for customers each week. The boxes are paid for in advance and collected by customers from the Tucker Patch.

Another horticulture business is the Hillside Herb Farm, which markets its own produce as well as that of several contracted growers locally and to markets in Foster and Newcastle. They also produce jams, dried herbs, sauces, lotions and other products from local growers, most of which are marketed to tourists who come on bus tours of the region.

Other enterprises exist based around aquaculture, garlic, olives, viticulture and other activities.

Most respondents involved in these initiatives claim horticultural and similar enterprises face difficulty in accessing land due to problems of subdivision. One respondent suggested that to promote horticulture, subdivision down to 5ha was desirable, but that this was often impossible under current regulations. Blocks of 100ha are common, but are impractical as they are far too big for horticultural use, but too small to run a viable beef operation. Another agreed, suggesting that current practices that divided off blocks of around 40ha left both properties largely unviable, whereas smaller blocks would free up capital for the original landholder and provide affordable land for the purchaser.

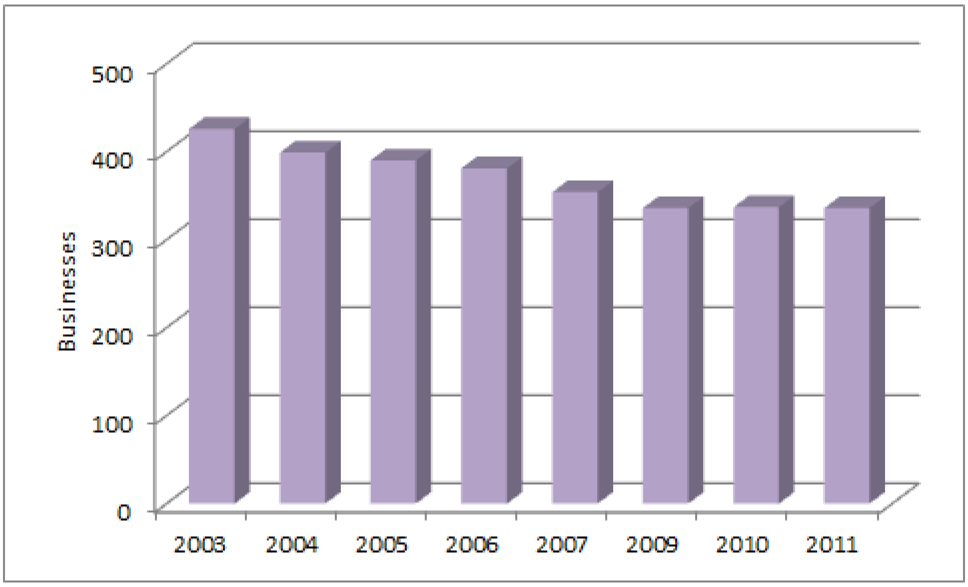
While opinions differ on the potential of Gloucester to become a horticultural "foodbowl" of the wider region, it does seem clear that there is potential for intensification and diversification of agricultural activities. The locally-owned and aimed economic model of the Gloucester Project offers considerable potential to assist small landholders to produce and to market their produce. The initiative offers a way to employ underutilised resources in Gloucester – land and labour from landholders for whom pure financial returns may not be the sole motivating factor. As discussed above, external benefits of living in Gloucester and working in agriculture are important, even for commercial operators, and indeed for most town businesses.

Critics who argue small local producers will never compete with more commercial horticultural producers are probably correct – but they overlook this external value, so important to the welfare of producers and the town in general. They also overlook the importance of marketing opportunities for agriculture outside of the major buyers, a problem encountered in many regions in Australia. Gloucester has some experience of niche, or direct marketing, notably the Barrington Beef cooperative.

Local beef producers ran Barrington Beef for 12 years from 1996 to 2008. Marketing direct to consumers at markets in Sydney the cooperative succeeded in attracting premium prices from a market interested in provenance and high quality beef. The project has been put on hold as coop members "entered a different phase of life" making travel to Sydney more difficult. Several members lamented not having the different marketing option during the recent difficult periodin beef markets.

Aside from points of debate around specific projects, there does seem to be potential for horticulture and other pursuits to develop into important employers and industries with careful planning and land management. Better market access and building a reputation for high quality, “clean and green” produce could provide an advantage for some producers over cheaper bulk producers in local and wider markets.

Figure 40: Agriculture, forestry and fisheries businesses in Gloucester, 2003 - 2011



Number of Businesses by Industry	2003	2004	2005	2006	2007	2009	2010	2011
Agriculture, Forestry and Fishing	426	399	390	381	354	336	337	336
Total Businesses	822	807	792	765	717	735	740	750

Source: ABS, 2012, Counts of Australian Businesses. No data available for 2008.

Tourism

Tourism has become a major driver of economic activity in Gloucester, with visitors attracted to the area's pleasant rural scenery and various "key assets" as described in the Gloucester Destination Management Plan, a draft of which was provided by the Visitor Information Centre:

- World heritage listed Barrington Tops national park
- Various tourist drives on a convenient route to the Queensland border and larger towns further west
- Camping and caravan facilities
- Outdoor adventure activities – bushwalking, horse riding, kayaking, fishing, etc
- Local sporting facilities – well known tennis and golf facilities, Olympic pool and hydrotherapy complex, etc
- Cafes and shopping on the main street
- Farm stays and tours
- Farmers market
- Gallery and arts scene
- Wildlife viewing opportunities

The Visitor Information Centre has a list of accommodation and other related businesses entitled Hunter Product Audit, dated May 2013, which lists:

- 53 accommodation businesses
- 19 attractions, including farm tours, galleries, etc
- 11 annual events

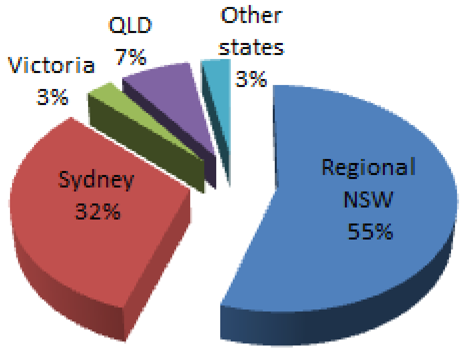
Interestingly, this is a greater count of accommodation businesses than shown in Figure 33 above, suggesting that these are small businesses which do not registered as "Accomodation and Food services" for ABS purposes. They are likely lifestyle businesses or secondary sources of income.

Gloucester's tourism offerings and facilities have developed considerably since the mid 1990s, prior to which one long-term observer described the general attitude of the town and council as "anti-tourism". Some of this sentiment remains, with several respondents urging close examination of tourism data and operator claims. Indeed, much of the data around Gloucester tourism is imperfect, making accurate quantitative analysis difficult. It seems beyond doubt, however, that tourism is a key source of employment and turnover and contributes to the community in many ways. Council's Community Strategic Plan aims to "increase the quality and number of tourism facilities, products and operators".

Visitor numbers

Accurate data on visitation to Gloucester does not exist, with the main source of estimates being Destination NSW's profile of the Gloucester LGA. It estimates that 69,000 visitors spent a night in Gloucester in 2011-12, mainly from regional NSW.

Figure 41: Visitor origin



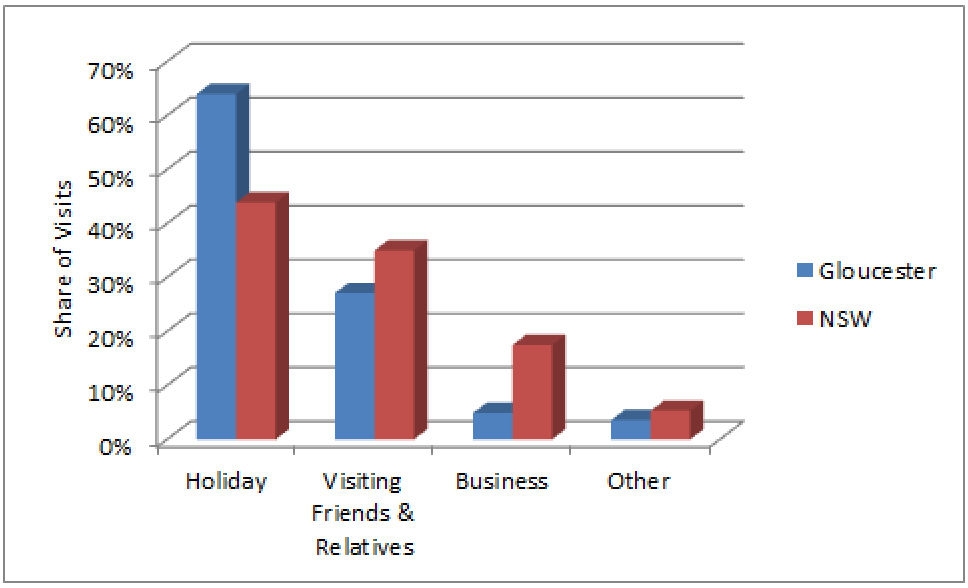
Origin	Number
Regional NSW	38,000
Sydney	22,000
Total intrastate	60,000
Victoria	2,000
Queensland	5,000
ACT	NP
Other interstate	NP
Total interstate	9,000

Source: Destination NSW, 2012, Gloucester LGA Profile[11]

Destination NSW 's profile is based on the National Visitor Survey conducted by Tourism Research Australia. The National Visitor Survey is based on "Computer Assisted Telephone Interviewing" of 120,000 Australian residents aged 15+ each year. The results of this survey are then extrapolated across the relevant populations to estimate visitation in each area. Small areas such as Gloucester are at risk of being misrepresented and the survey is not augmented with primary research in Gloucester.

Critics of the Destination NSW survey suggest that many of the visitors are not "tourists" as such, but visitors for business or people visiting friends and relatives. Critics suggest the abundance of visitors from regional NSW adds weight to this theory, although the Destination NSW research suggests otherwise:

Figure 42: Reasons for visiting Gloucester and NSW



[11] http://www.destinationnsw.com.au/__data/assets/pdf_file/0013/74101/Gloucester-LGA-profile.pdf

Purpose of Visit	Total	Share
Holiday	44,000	64.0%
Visiting Friends & Relatives	19,000	27.1%
Business	3,000	4.9%
Other	3,000	3.6%

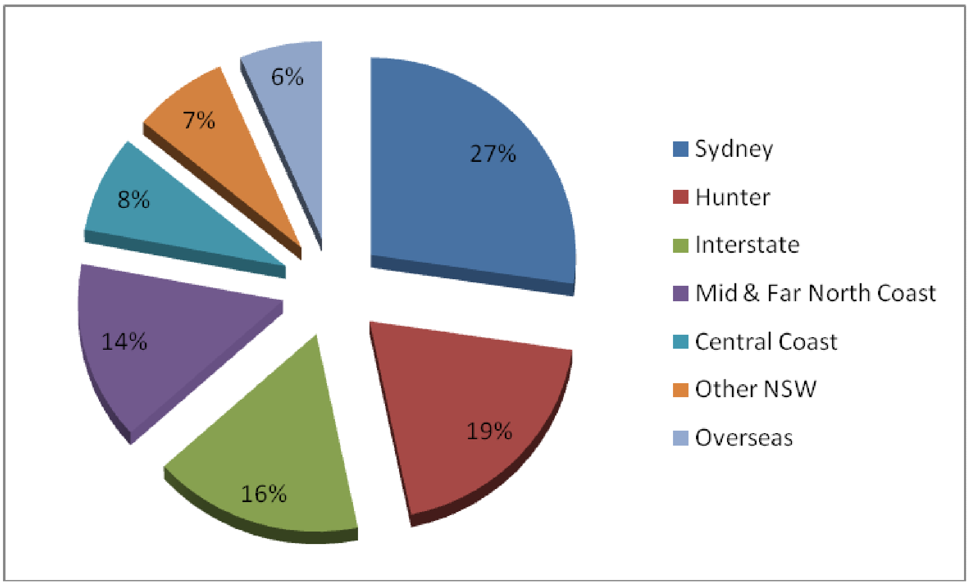
Source: Destination NSW, 2012, Gloucester LGA Profile

While there is disagreement over these figures, it is important to realise that they omit any consideration of day trip visitors and international visitors. Representatives of Destination NSW contacted for this report have confirmed that difficulties with extrapolating small sample sizes from the National Visitor Survey prevent them from publishing an estimate for Gloucester day trip and international visitors.

Day trip visitors are seen as particularly important, as Gloucester is a common day trip from Newcastle or a stop for people en route to destinations further north. Data released for neighbouring Dungog suggests that area receives over 100,000 domestic day trip visitors and 2,000 international overnight visitors. Data collected by the Visitor Information Centre suggests that nearly 40% of their inquiries come from day trip visitors or people passing through.

The Visitor Information Centre also collects data based on its walk-in visitors, email and phone inquiries. For the first five months of 2013, based on 3207 inquiries, their data adds weight to the Destination NSW results, with 27% of inquiries from Sydney, 16% from interstate, 6% from overseas and 49% being from non-Sydney NSW.

Figure 43: Visitor Information Centre Inquiries by postcode



Source: Visitor Information Centre data, January 01 to May 31, 2013

Data collected by the local National Parks and Wildlife Service provides another perspective on visitor numbers. They estimate there are approximately 100,000 visitors per year to the parks in the area, with a rough break down of 35-40,000 on the main plateau, a similar number visiting the Gloucester Tops area and a further 20,000 visitors to nearby Woko National Park. The officer interviewed for this report said there was no particular trend in visitor numbers and suggested that the major impact tended to be weather predictions during peak periods. Forecasts of inclement weather for Easter, for example, can reduce visitation in a particular year.

Tourism spend

Destination NSW estimates that domestic overnight visitors spend on average $30m per year in Gloucester.

Figure 44: Breakdown of annual domestic overnight visits

	Sep-11
Domestic overnight visitors	69,000
Average visitor stay (nights)	2.7
Visitor nights spent in Gloucester	190,000
Spend per visitor per night	$156
Visitor spend	$30,000,000

Source: Destination NSW, 2012, Gloucester LGA Profile

In the draft Destination Management Plan, the authors suggest that day trip expenditure of between that of neighbouring Dungog, $10m, and Walcha, $29m would also accrue to Gloucester.

Sceptics of these figures consider that they are too generous and that there "is no way tourism is a $30m per year industry." While the data is less than perfect, the scepticism perhaps arises from misunderstanding of what the data represents. These figures represent spending rather than net benefit - an estimate of turnover rather than suggesting that 30 or 40 tourism businesses are making profit of $1m per year.

Applying the results of a study that explored increases in tourism visitation and expenditure on net benefit calculations suggests these results are not overly optimistic. Dwyer, Forsyth, Spurr, & Ho (2004)[12] use a general equilibrium approach in considering changes in NSW tourism and measures of economic welfare. Of particular relevance is their estimate of net benefit change from an increase in intrastate NSW tourism (see table 7 in their report), suggesting that a change in expenditure brings about a 22% increase in net benefit. Their estimates relate to an increase in tourism rather than application to existing levels, but even using this estimate would suggest a net benefit of around $6.6m in Gloucester, likely a modest return on capital across all accommodation, attraction and hospitality businesses which benefit from tourist visitation.

Tourism related employment

Tourism is not listed as a separate industry of employment in the ABS Census statistics. Tourism jobs are instead counted among categories like hospitality and accommodation and food, arts and recreation, etc. Calculating the number of tourism jobs in Gloucester is therefore difficult to determine.

[12] Dwyer, L., Forsyth, P., Spurr, R., & Ho, T. (2004). THE ECONOMIC IMPACTS AND BENEFITS OF TOURISM IN AUSTRALIA - A general equilibrium approach. A report for the Sustainable Tourism Cooperative Research Centre.

Two different methods have been used to estimate employment in tourism in Gloucester. The Visitor Information Centre in 2012 carried out a survey of 54 tourism related businesses by initial email and follow-up interviews and phone calls. The Centre asked their members, other accommodation, hospitality and tour businesses and national park offices to discuss how many employees they had and what percentage of their employment was due to servicing tourists. In certain businesses, particularly large motels, managers were keen to emphasise that many of their guests were not tourists. In these cases a percentage of positions were estimated that related to holidaying tourists rather than business travellers. The Centre also asked about the nature of this employment. Their results were that there are an estimated 241 people employed as a result of tourism in the LGA, with most positions being casual or part time.

Figure 45: Tourism employment, Visitor Information Centre estimates

Employment	
Employed - full time	20.0
Employed - part time	44.0
Self employed - full time	39.9
Self employed - part time	24.8
Employed - casual	95.1
Employed - casual/part time	10.0
Employed- casual junior	1.0
Contractor	6.0
Total	240.8

Source: Visitor Information Centre

A different approach to tourism employment was taken by Buchan (2010) and Key Insights (2012). They estimated the number of people employed in the Gloucester tourist sector by multiplying the number of jobs in each industry by a localised "tourism intensity ratio" (TIR).[13][14] The TIR estimates the percentage of jobs within ABS employment sectors that are attributable to tourism – this ratio is higher for industries with an obvious link to tourism, such as accommodation, and lower where the connection is less direct such as agriculture or manufacturing.

Local TIR is estimated by Tourism Research Australia, based on:

- State Tourism Satellite Accounts
- Census data
- National TIR estimates by ABS
- Estimates of tourism expenditure against total output for the relevant regions.[15]

Applying the TIR from Buchan (2010) and Key Insights (2012) against the ABS' Census 2011 industry employment figures, we obtain an estimate of 110 full time equivalent positions:

[13] Buchan, 2010, Gloucester Economic Development Strategy, p45.

[14] Key Insights, 2012, Rocky Hill Socio-Economic Assessment, p38.

[15] see Tourism and Transport Forum, 2013, National Tourism Business Count and Employment Atlas, p4 for more details.

Figure 46: Tourism employment, estimates based on Tourism Intensity Ratio

	Jobs in Sector 2011	Tourism Intensity Ratio	Estimated Tourism Jobs (Full time equivalent)
Food & Beverage	111.75	28.2%	31.5
Accommodation	37.25	78.6%	29.3
Retail	195	7.7%	15.0
Agriculture	308	2.8%	8.6
Transport	59	9.8%	5.8
Personal Services	72	11.3%	8.1
Manufacturing	114	2.8%	3.2
Education & Training	149	4.6%	6.9
Art & Recreation	20	11.3%	2.3
Total			**110.7**

Source: TIR obtained from Key Insights, 2012, Rocky Hill Socio-Economic Assessment, p38 and Buchan Strategy 2010, p45. Employment figures from ABS, Census 2011.

By this method, tourism was generating a total of 110.7 full-time equivalent (FTE) jobs in Gloucester in 2011, a 16% increase in the number of tourism jobs in 2006.[16]

However, the accuracy of estimates calculated using the TIR has been disputed. As the Tourism Transport Forum (TTF) Australia itself acknowledges:

> *There are a number of aspects of the underlying data which will impact the estimates, including seasonality (for example, the Census is conducted in August, when some regions will be at their peak while others will be at seasonal lows).*[17]

Buchan (2010) also argues that the numbers employed in tourism may be underestimated using the TIR. In explaining its reasons, Buchan cites the seasonality issue, as well as the following example:

> *In addition, where persons are operating a bed and breakfast and have other sources of income, they may not nominate the accommodation sector as their main job.*[18]

To offset this problem, Buchan Consulting developed its own ratio, which it called "adjusted tourism share". Applying the Buchan ratio against the Census 2011 data produces the following results

16 Key Insights, 2012, Rocky Hill Socio-Economic Assessment, p38.

17 Tourism and Transport Forum, 2013, National Tourism Business Count and Employment Atlas, p3.

18 Buchan, 2010, Gloucester Economic Development Strategy, p45.

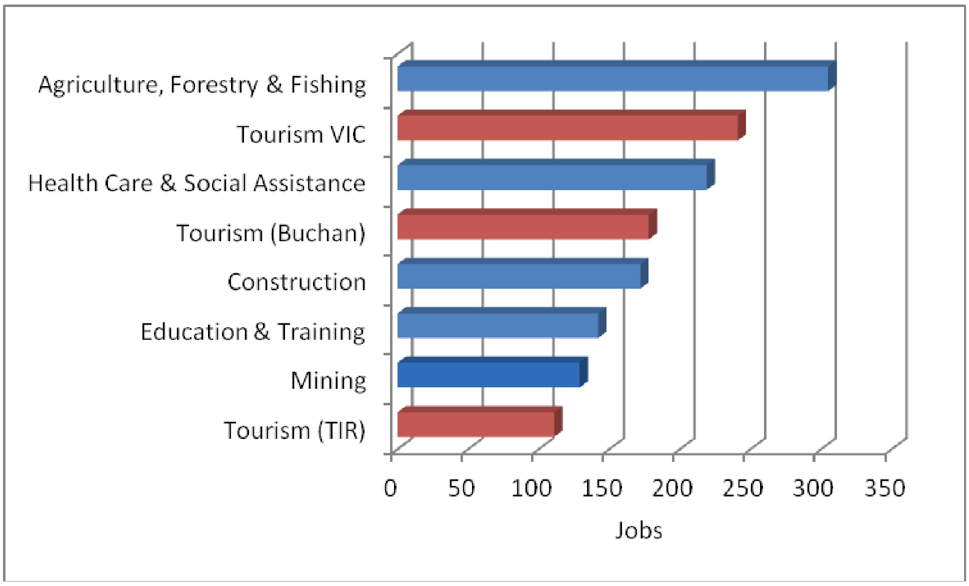
Figure 47: Tourism employment, estimated with Adjusted Tourism Share

	Jobs in Sector 2011	Buchan Multiplier	Estimated Tourism Jobs
Food & Beverage	111.75	40.0%	44.7
Accommodation	37.25	90.0%	33.5
Retail	195	12.0%	23.4
Agriculture	308	5.0%	15.4
Transport	59	9.8%	5.8
Personal Services	72	40.0%	28.8
Manufacturing	114	2.8%	3.2
Education & Training	149	5.0%	7.5
Art & Recreation	20	80.0%	16.0
Total			**178.2**

Source: Buchan Strategy 2010, p45. Employment figures from ABS, Census 2011.

While these three estimates vary widely, they represent likely upper and lower bounds of tourism employment in different ways – the TIR approach applied to census data taken in August representing the lowest numbers of full time equivalent employment during the off season, the approach taken by Buchan to offset this seasonal adjustment and the Visitor Information Centre's approach representing the number of people in all employment types. Although comparison is difficult due to different methodologies, in FTE terms the estimates of Buchan and the Visitor Information Centre seem to be of similar magnitude. The chart below plots these three estimates against other industries as measured in the census.

Figure 48: Gloucester employment by industry, place of usual residence



Source: ABS, Census 2011 (Place of Work), Buchan Strategy 2010, Visitor Information Centre

There is some debate over the quality of employment provided by tourism. Those critical of the industry point out that incomes are often lower than other industries. Proponents point out, however, that the nature of tourism employment is very suitable for the Gloucester population, given the labour force's relative preference for seasonal and part time work that fit around lifestyle and agricultural priorities. They claim that tourism businesses which emphasise commercial returns are achieving good rates of return, while others work with lifestyle considerations to generate external benefits. They point to the example of a widow who has successfully run a small B&B for several years following the death of her husband, suggesting the benefits of the business have been as much in terms of company and keeping busy as a financial decision. These benefits are difficult to measure, but are important in both planning and economic terms.

Industry proponents also point out that tourism provides jobs which people can be trained for relatively easily and quickly, suggesting this is also an advantage given the areas' low labour force participation and the existence of long-term unemployment (see figures 3 and 9). Another employer emphasises that they employ only highly skilled employees requiring a certificate, diploma or higher qualification in outdoor education and first aid. They employ largely people from outside the LGA due to scarcity of these skills in Gloucester. They claim that while their staff do participate in community activities such as volunteering, much of this is not recognised by industry opponents.

Future developments

The draft Destination Management Plan outlines various strategies to increase visitor numbers including:

- Developing more sporting and cultural events
- Filling perceived gaps in accommodation options – eg four star motel
- Links with local food processing and growing
- Promoting and upgrading various touring routes for self drive, motorbikes, cyclists, mountain biking
- Promotion of indigenous heritage

Tourism operators perceive the major threat to the industry as the development of extractive industries in the LGA, particularly the Rocky Hill project. They claim the image of Gloucester as an idyllic rural location with high quality natural assets would be affected and visitation would decline. They fear that Gloucester could become – or be perceived as – "like Musswelbrook or Singleton", areas of the Hunter Valley with very visible coal mining operations which many visitors find confronting. Various anecdotes support these impressions:

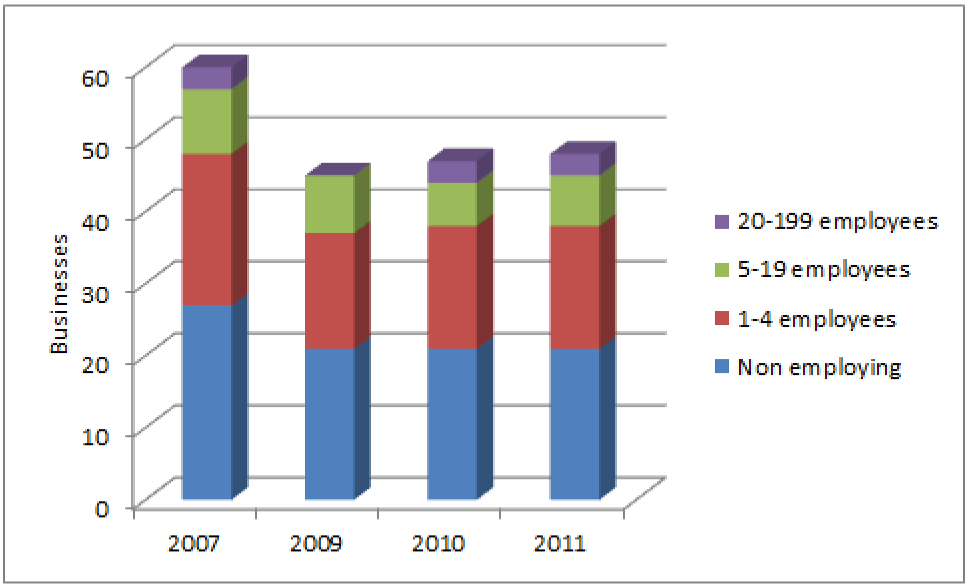
- One respondent said that tour companies and other private tourists have contacted them to ask "is Gloucester still worth visiting?"
- Inquiries to the Visitor Information Centre relating to health and amenity in the LGA
- Tour companies asking an operator to invest in a microphone following increasing noise due to increased truck numbers

Objective analysis of these claims is difficult. Respondents concede that the tourism industry has been able to grow alongside the Stratford and Duralie mining projects to date. However they point out that the Rocky Hill project and other extensions will be closer to town and more visible. The obvious opposition to the projects – placards and signs along various roads are prominent - and accompanying media coverage are problems for the industry. Respondents felt that the problem was not just opposition, but the reality of what was being proposed as this would impact on the demographics and quality of life in the LGA. While the extent to which tourism would be affected by various developments is difficult to predict, it is difficult not to agree with respondents that their marketing focus on a clean and quiet rural and natural area is negatively affected by resource proposals and the ongoing uncertainty around them.

Retail

As the major town in the LGA, Gloucester has a range of retail businesses including food and groceries, clothing and footwear, household goods, pharmacy and more specialised stores such as electronics and travel agents. As shown in Figure 7 above, retail is one of the major employers of Gloucester residents, third behind agriculture and health care. Figures 48 and 49 below show that there has been a decline in the overall numbers of retail businesses, although mainly in the non-employing categories. ABS figures counted 48 retail businesses in Gloucester in 2011, compared to 69 retail businesses in 2003.

Figure 49: Gloucester retail sector by employment size, 2007 - 2011

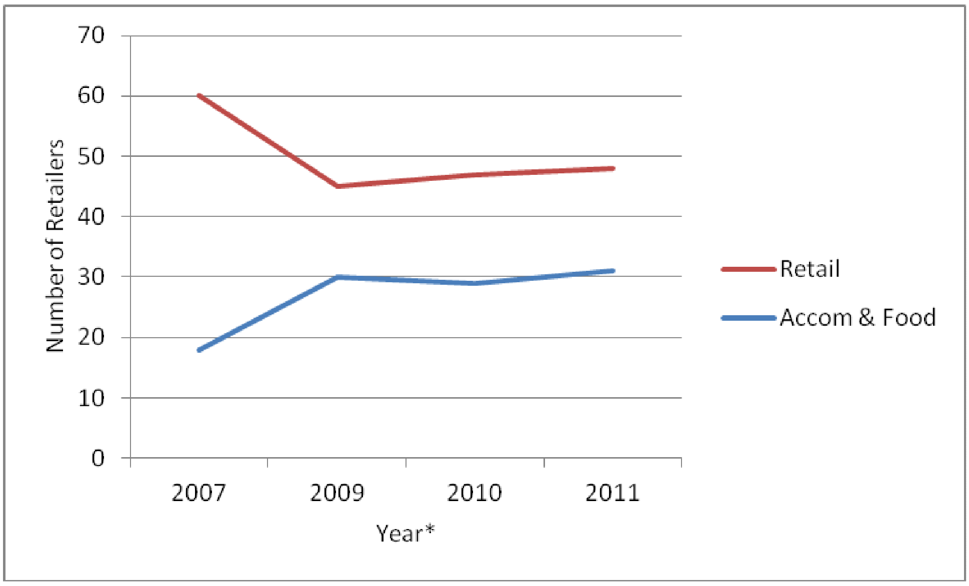


Source: 8165.0 - Counts of Australian Businesses, including Entries and Exits, 2007 to 2011
Note: *Retail business volumes are not available for 2008*

This decline in numbers of retail businesses and some recent closures, notably a real estate agent and a clock/watch repairer, prompted some observers to be pessimistic about the state of retail in Gloucester. One respondent declared that 80% of shops on the main street were “iffy” in terms of their profitability. Several pessimists pointed out that there are no longer car retailers in the town.

Other interviewees offered explanation for these changes, suggesting they are reflective of changed economic and demographic circumstances rather than widespread problems. While some shops and businesses may have recently closed, there is reportedly considerable interest in retail space in town, particularly for smaller sites of less than 200m^2, suitable for running cafes and restaurants. Several cafes and restaurants have opened in the last 3-5 years. The apparent decline in retail numbers above have largely been offset by former retail sites have become hospitality businesses, changing ABS categories, see Figure 48 below. Very little retail vacancy exists, a situation also noted by Buchan Consulting (2010) and cited reports back to 2005.

Figure 50: Retail and Food & Accommodation businesses in Gloucester, 2007 - 2011



Source: 8165.0 - Counts of Australian Businesses, including Entries and Exits, 2007 to 2011
2003 – 2007 figures sourced from Buchan (2010), p28
Note: Retail business numbers not available for 2008

While agreeing that many retailers may not be particularly profitable, some retail observers suggested that shopkeepers often owned the buildings they occupied and that modest income and a lifestyle element were sufficient for operations until they decide to sell or lease the premises. This is consistent with similar trends noted above in agriculture and residential real estate, that many people in Gloucester have low income, but have significant assets which represent owners savings and superannuation. Real estate agents confirm that there is minimal retail vacancy and little transparency around retail property ownership and sales.

The major change for retailing in Gloucester in the immediate future is the opening of a Woolworths supermarket. The development has been controversial, with some residents opposed to the location of the development and others to potential impacts on the character of the town. Two supermarkets are currently operating in town but are owned by the same owners and there is a perceived lack of competition and high prices. The potential impacts of the new supermarket were examined at length in Buchan (2010)[19]. Their main conclusions were:

- The new supermarket will increase competition and reduce prices for consumers
- Retail leakage – people leaving Gloucester to shop – may be reduced
- Likely closure of one other supermarket
- Net increase in employment

Some of these conclusions may need revision based on later developments:

- Assumption of "significant growth in spending based on population growth", whereas actual population growth has been minimal, see figure 2 above.

---

[19] Buchan Consulting, 2010, Economic Impact Analysis Proposed Five-D Supermarket Development, November 2010 report for Gloucester Shire Council

- Likely size of supermarket – initial estimates of 90 full time equivalent positions seem to have been optimistic with current reports of 48[20].
- Consideration of returns to investors in the new supermarket who are outside the LGA.
- Assumptions around retail leakage and "latent spending"

The results of some price competition and benefits to consumers and some net increase of employment seem reasonable, although their magnitude may not meet initial projections. A thorough review of the Buchan report and of the impact of the new supermarket is beyond the scope of this report.

Some retailers were keen to discuss the potential impact of resource developments. While some felt that resource development was necessary, that Gloucester "couldn't have its cake and eat it too", there seems to be little evidence that resource projects so far have had any particular impact on retailers. Most emphasised that miners did not live in the community and rarely shopped in their stores, although others felt that contractors to projects had been good customers. Several claimed their customers were largely visitors, particularly those who come for sporting events.

[20] http://www.gloucesteradvocate.com.au/story/1570845/first-look-inside-woolworths-gloucester/

Resources

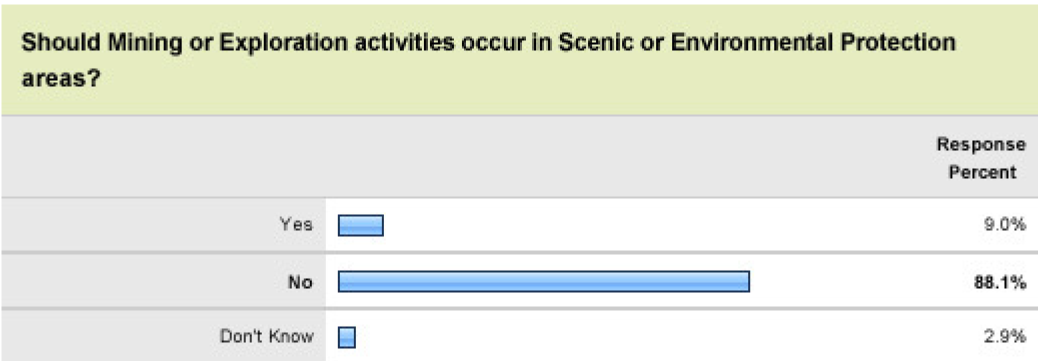
While Gloucester has had a long history of mining operations, the modern industry largely began in 1995 when the Stratford coal mine commenced operations near the village of Stratford, south of Gloucester town. Further south, the Duralie mine began in 2003. Although it is located just outside the Gloucester LGA, its operations are integrated with Stratford. Both these projects are applying to extend operations and two other resources projects are proposed, the Gloucester Gas Project and the Rocky Hill Coal Project.

While current expansion and greenfields proposals are generating controversy, most respondents expressed that the initial phases of the Stratford and Duralie projects had been positive for the area. These projects began at a time when the native forestry industry was winding down and the dairy industry was being deregulated, resulting in major job losses in the LGA. The mines were seen by many as “a godsend” and “another string to the bow” of Gloucester.

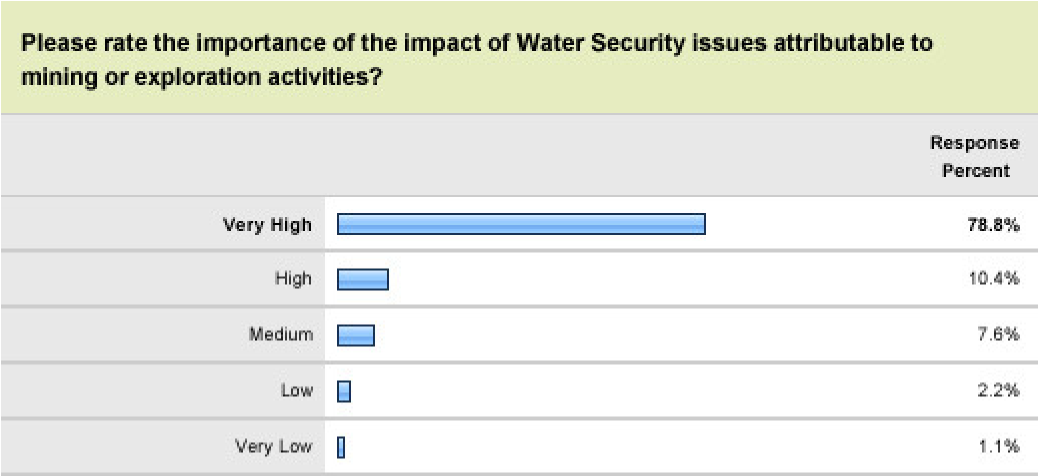
Some respondents, however, feel now that the Stratford and Duralie were promoted on “false pretences”. Proponents promoted them as being “boutique” coal mines of small size and of limited lifespan. Currently producing around 2Mtpa of saleable coal, these projects are certainly smaller than many Hunter Valley mines, but are larger than many Australian coal operations, making “boutique” somewhat of a euphemistic stretch. One interviewee said the proponents of Stratford had claimed that after operations void lakes could be used as “aquatic centres” and become a recreational area for the community. Ongoing operations and water quality issues make this now seem unlikely.

Two surveys have been conducted relating to public perceptions around resource projects. The first was conducted by Gloucester Shire Council in September 2011 as an opt-in survey completed by 314 respondents. The results showed strong opposition to expansion of resource projects. Some key results are presented below, more can be found on the council’s website.[21]

Figure 51: Attitudes towards mining and exploration



[21] http://www.gloucester.nsw.gov.au/Planning---Development/Mining-Applications/Mining-Survey-Results

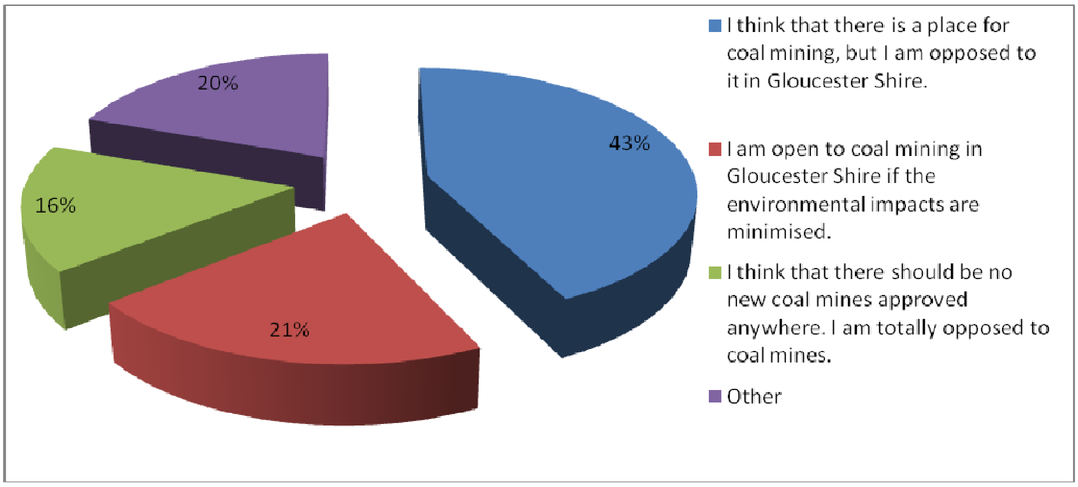


Please rate the importance of the impact of Water Security issues attributable to mining or exploration activities?

	Response Percent
Very High	78.8%
High	10.4%
Medium	7.6%
Low	2.2%
Very Low	1.1%

The second survey was conducted by Key Insights, consultants for the proponents of the Rocky Hill coal project in 2012. Key Insights mailed surveys to 2300 households in the LGA and received 493 responses. Results echoed the council's survey, with 80.7% of responses opposing the Rocky Hill project specifically (Key Insights p14-52) and with more nuanced opinions about other coal projects and the industry in general:

Figure 52: Attitudes towards coal mining in Gloucester



Source: Key Insights 2012, p 14-50

Both of these surveys have limitations – participants needed to be self-motivated to participate, perhaps leading to those with stronger opinions responding more often than less passionate residents – however, the results do reflect the 27 interviews and further meetings conducted for this report. Nearly all respondents oppose the Rocky Hill project, a significant minority oppose all further coal expansion, a majority feel the Stratford and Duralie projects have been positive to date and there are significant divisions over the coal seam gas project proposed by AGL. These sentiments have lead to Council's Community Strategic Plan aiming to ensure "mining is undertaken in a manner that does not adversely impact on the community both now and in the future" (GSC 2012)p39.

Direct economic impacts

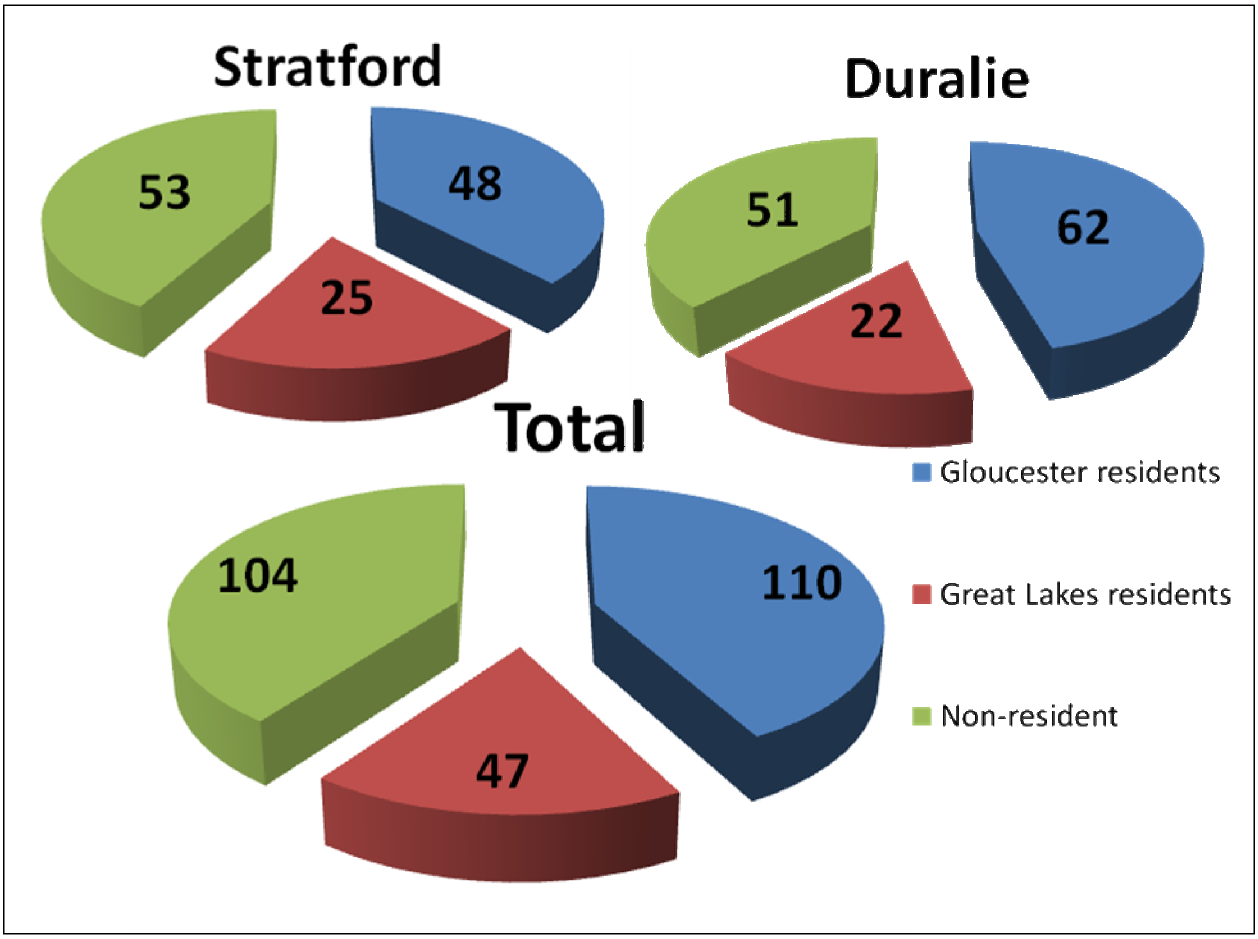
In spite of the social division and impacts on some residents and industries, the direct impacts of resource projects to date have been comparatively modest. According to the 2011 census there were 146 mining jobs located within the Gloucester LGA. Around 120 of these would be staff at the Stratford project, with the remainder presumably related to the AGL gas project and Rocky Hill proposal.

Establishing how many of these jobs are done by Gloucester residents and how many are done by non-resident drive-in-drive-out (DIDO) workers is difficult. Although the census provides estimates of employment by place of work and employment by place of usual residence, comparing these figures can mask crossovers within the data. For example, Gloucester residents may commute to DIDO positions in mines outside of the Glouceter LGA, but would appear as Gloucester resident mining workers in the census. A census official emphasised this problem in a recent parliamentary inquiry:

> *We would argue very strongly that the census was never designed to measure a number of the things that people are trying to measure in relation to fly-in, fly-out in the resource communities and we seriously doubt whether it could be redesigned at purpose.* (Commonwealth of Australia 2013)*p17*

Estimates by consultants to the Duralie and Stratford mines offer some insight into the DIDO situation. Studies for these mines suggest that only 38% of the Stratford workforce and 46% of Duralie workers reside in Gloucester LGA. A further 20% and 16% of workers respectively reside in the neighbouring Great Lakes LGA (see (Gillespie Economics 2012) p41 (Gillespie Economics 2009) p34).

Figure 53: Stratford and Duralie employment by residence



Source: Gillespie Economics 2012, Gillespie Economics 2009

We see that a significant part of workers on the Stratford and Duralie projects commute in to the projects from outside these two LGAs. (Note that there is disagreement between employment estimates at Duralie, with Gillespie Economics (2009) suggesting direct employment of 135 people, while the operators of the mine, Leighton, say on their website that "around 70 people work at Duralie"[22]. While this might affect the absolute numbers of these figures, the conclusion remains that a significant numbers of workers come from outside these LGAs.)

With 129 Gloucester residents working in mining, the industry is only the seventh largest employer by ABS category (see figure 7 above) behind agriculture, health care, retail trade, construction, accommodation and food and education and training, and lower than most estimates of tourism FTE employment (see figure 48).

Importantly, however, these positions are likely to be well paid and full time. Local employment issues are important, as they constitute the main local benefits of these projects. Respondents had various anecdotes of local people who had made good money working in these mines, which they later used to invest in local farms and other businesses.

22 http://www.leightoncontractors.com.au/projects/duralie-mine/

Royalties and taxes accrue outside the LGA to state and federal governments, although LGAs benefit in turn from state and federal funding. Profits accrue almost entirely overseas as the current operations are owned by Yancoal, a Chinese company.

Spending in local businesses by resource companies is difficult to quantify or to gauge the importance of. Engineering firms and suppliers interviewed for this report did not consider the resource companies to be major drivers of their business. In earlier phases of the existing coal mines they spent more locally, but now “prefer their own people”, presumably external suppliers. Some contractors to AGL are “quite good customers”. Interviewees claimed the main drivers for their businesses were local trades and construction, farms, national parks and to a lesser extent resource companies. They suggested resource companies would be more important for other businesses not interviewed for this report. It seems reasonable to assume that there are some local businesses who benefit greatly from resource spending, but that these are a few in number.

Other impacts from existing operations include:

- Council contributions
- Environment and welfare trusts
- Community support program – Stratford coal runs a program of grants to “community needs such as education, environment, health, infrastructure projects, arts, leisure and research”.

Unfortunately details around these programs are not available. An officer from Stratford Coal suggested that details can be found on their website but we found none, despite a considerable search. The Director General’s Assessment Report on the Duralie Coal extension project found the project would provide $360,000 to Gloucester Shire Council for road maintenance and community projects (NSW Department of Planning 2010)p5.

Proposals and future developments

Extensions to the Stratford and Duralie projects are currently proposed, along with the AGL coal seam gas project and the greenfield Rocky Hill coal project. Details are provided below, with more detailed assessment provided in a separate report.

Stratford Coal

The proposed Stratford Extension Project is for the continuation of an existing open-cut mine into agricultural land and native forest, close to the village of Stratford, 13km south of Gloucester town. The proposal is for a 10-year extension of existing operations which will extract up to 2.6 million tonnes of Run of Mine (ROM) coal per year to produce around 1.2 million tonnes of product coal (Gillespie Economics 2012). The proponent, Yancoal Australia, is currently seeking planning approval and has prepared an Environmental Impact Statement, which is currently being reviewed by the NSW Department of Planning.

The economic assessment of the project estimates that between 94 and 128 people will work on the project (Gillespie Economics 2012). No estimate is provided for how many of these employees will reside locally.

Duralie Coal

Yancoal Australia is also the owner of the Duralie coal mine and extension project, located 30km south of Gloucester town just outside the Gloucester Local Government Area (LGA), in the Great Lakes LGA. The extension project will extend the existing open cut operations into areas of native vegetation and cropping land to produce 3 million tonnes per annum (Mtpa) of (ROM) coal, which is transported by uncovered train wagon to the Stratford coal complex for processing. After processing Yancoal estimates the ROM coal from Duralie should produce around 1 Mtpa of product coal. In total Yancoal estimate the two mines will produce 2.0-2.3 Mtpa of semi soft coking coal and thermal coal (Yancoal 2013).

The economic assessment of the project estimates that 135 people will work directly on the project, 84 of which will live in the Gloucester or Great Lakes LGAs.

Gloucester Gas Project

AGL is proposing to develop coal seam gas resources within the Gloucester and Great Lakes LGAs, south of Gloucester town. The proposal includes the construction of 110 gas wells, a central processing facility, electricity generation facility and gas transmission pipelines. The Central Processing Facility would have an annual capacity of 30 petajoules (AGL 2013; AECOM 2009).

The project would employ a large workforce during the construction stage and a smaller workforce during the operational stage. The proponents estimate the construction stage would require 465 temporary jobs, with workers to be housed in temporary camps. During the operational phase up to 40 people would be employed (AECOM 2009).

Rocky Hill

The Rocky Hill coal project is a proposed new open cut coal mine around 5 kilometres south east of Gloucester town. The proponents, Gloucester Resources Limited, are proposing to mine 2.5 Mtpa of ROM coal for up to 21 years. Coal would be washed on site. No information is available as to the amount of product coal to be produced, or coal specifications, although the company claims to be producing “primarily” semi-hard coking coal.

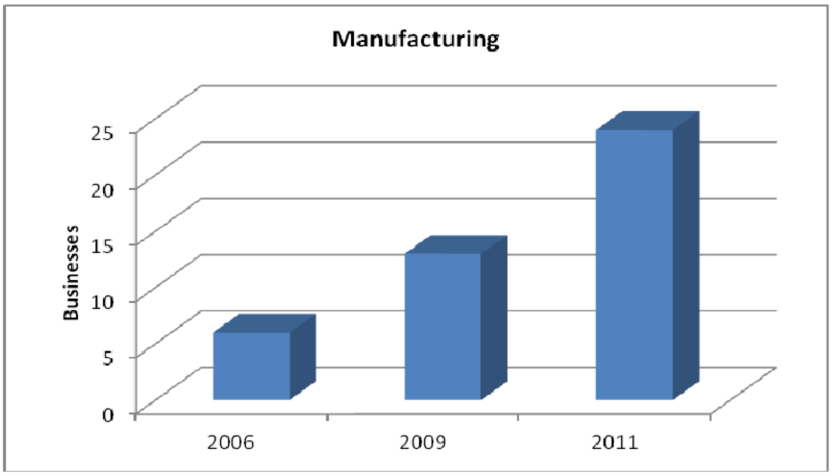
The proponents estimate they will employ 100 people during construction, with an ongoing workforce of 150 people.

Light industry and manufacturing

Gloucester has a light industrial area to the south of the town with several engineering and manufacturing businesses. Interestingly, the number of businesses in the LGA categorised as manufacturing has increased strongly since 2006, although manufacturing as a portion of employment has declined.

According to the ABS's 2012 Counts of Australian Businesses data, the number of manufacturing businesses in Gloucester increased four-fold from six in 2006 to twenty-four in 2011. In a 2010 economic review, Buchan consulting counted 13 manufacturing businesses on the Gloucester Business Directory (GBD) for 2009 (p29).

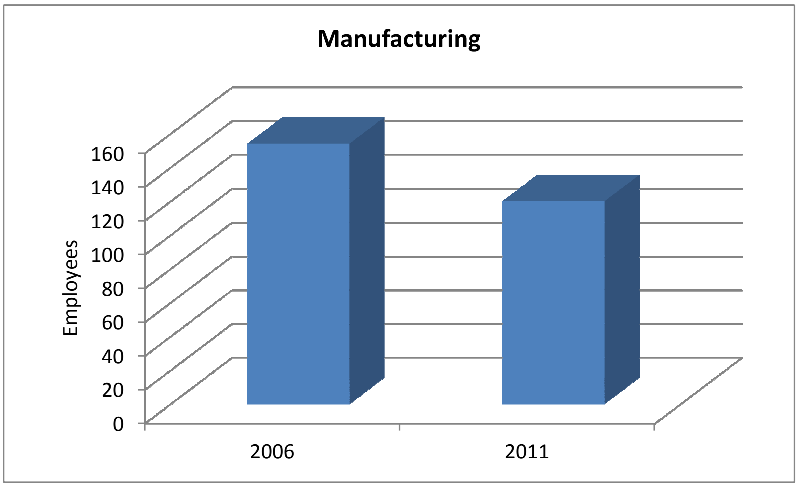
Figure 54: Gloucester manufacturing businesses, 2006 v 2011



Source: (i) Buchan, 2010, Review, p31 (ii) ABS, 2012, Counts of Australian Businesses

Counterintuitively, the number of Gloucester residents employed in manufacturing declined from 154 to 120 between 2006 and 2011 according to census data. Under census classifications, this is the eighth largest employing sector in the LGA.

Figure 55: Gloucester manufacturing jobs, 2006 v 2011



Source: (i) Buchan, 2010, Review, p31 (ii) ABS TableBuilder

Possibly some of this change relates to changes in classification. There are five businesses categories that feature “manufacturing” in the title on the GBD site. However there are other categories that presumably also count as manufacturing (e.g. joiners, furniture makers and garage prefabricators).

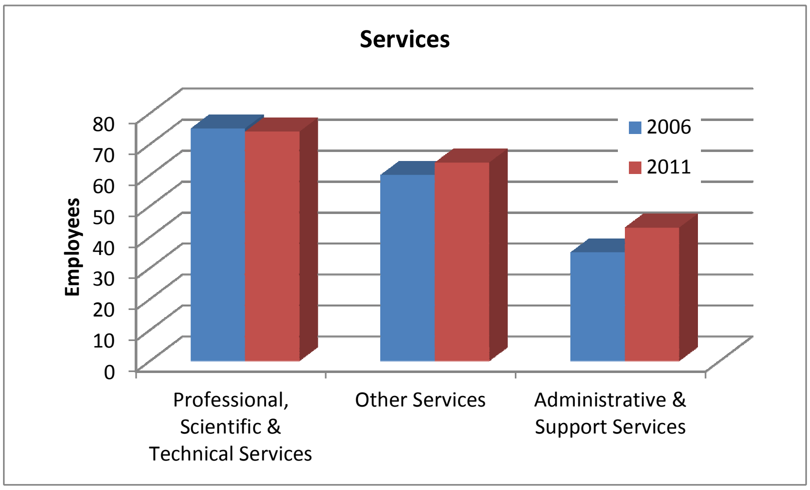
One manufacturing business owner was interviewed for this report, who emphasised that Gloucester had been a good choice due to cheap land in the industrial estate and although being somewhat off the Pacific Highway, still good access to customers in NSW and Queensland. Supporting manufacturing and commencing the Stratford Industrial Park are key goals of Council’s Community Strategic Plan (GSC 2012).

Government and professional services

The number of Gloucester residents employed in professional services remained steady (74 in 2011 compared to 75 in 2006). Other areas of the services sector have recorded growth in the Gloucester region. In particular, 43 residents were employed in administrative and support services by 2011, a 23 per cent increase on the number of employees in 2006.

Other jobs may also qualify as services but are not included here. For example, 19 Gloucester residents are employed in the finance and insurance sector.

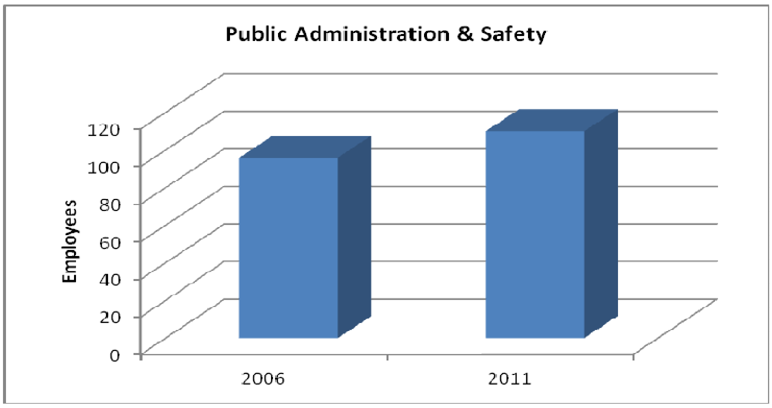
Figure 56: Gloucester services sector jobs, 2006 v 2011



Source: (i) Buchan, 2010, Review, p31 (ii) ABS TableBuilder

A total of 110 Gloucester residents identified as being employed in the government services (i.e. public administration and safety) sector on Census night 2011, compared to 96 in 2005.

Figure 57: Gloucester government sector jobs, 2006 v 2011



Source: (i) Buchan, 2010, Review, p31 (ii) ABS TableBuilder

Government jobs in Gloucester may be higher than those listed, if we consider hospital staff, etc. All of the GPs who work at the Gloucester clinic, for example, also dedicate some of their hours to the Gloucester hospital.

CONCLUSION

Gloucester is a small LGA in terms of population, but with generally sound socio-economic indicators, such as steady population, low unemployment and an engaged community.

Population has been steady during a time when some rural LGAs have seen population declines. While some people are rightly concerned about opportunities for young people in the LGA, this is an issue many rural areas are facing. To what extent policies can be successful, or should be implemented, to attempt demographic change is unclear and largely beyond the scope of this report.

Unemployment is low, although long-term unemployment is higher than other LGAs and finding a job, particularly full time, can be difficult for residents. Gloucester residents have low incomes, but this is not necessarily reflective of socio-economic status, as many hold considerable assets. Volunteering is high, particularly among the older age cohort that makes up a large proportion of the population. High rates of volunteering indicate a contribution to the area greater than is measured through most economic indicators.

Business incomes are also low, although business ownership is very high compared to the size of the labour force. Many businesses hold assets, such as real estate retail and agricultural, that belie financial returns. A key factor in this is lifestyle, with even commercial agricultural producers emphasising that they accept lower returns to their business in order to live in Gloucester.

The importance of community and lifestyle values on the Gloucester economy should not be underestimated and are emphasised in Council's Community Strategic Plan. Respondents often discuss the "lifestyle boom" in Gloucester as tree-changers and retirees moved into the area, bringing investment and different skills and tastes. This boom drove an earlier increase in capital values, construction and new businesses which has been largely welcomed by the community.

Many feel the amenity and lifestyle of Gloucester may be affected by future extractive industry development. Certainly residents of the estates south of Gloucester have been negatively affected by the Rocky Hill proposal and the potential to regain their lost property values seems uncertain in the medium term. Impacts on the tourism, agriculture and other industries are also difficult to gauge, but potentially serious. These themes will be explored in a future report and submission to the Rocky Hill environmental impact statement when it is released.

As a visitor to Gloucester, it is hard not to be attracted to Gloucester's natural beauty and small town charm. It is not surprising that so many local people are passionate about their town and their area and its future. We hope this report assists in good decision making and planning for the people of Gloucester, current and future.

REFERENCES

ABS, 2012. *Regional Population Growth, Australia, 2010-11*, Australian Bureau of Statistics Cat 3218.0 - Regional Population Growth, Australia, 2010-11. Available at: http://www.abs.gov.au/ausstats/abs@.nsf/Products/3218.0~2010-11~Main+Features~New+South+Wales.

AECOM, 2009. *Environmental Assessment of Gloucester Gas Project*, Prepared for AGL.

AGL, 2013. *AGL Gloucester Gas Project Fact Sheet*, Available at: http://agk.com.au/gloucester/assets/pdf/Mar2013/130220_Gloucester Gas Project.pdf.

Buchan, 2010a. *Report 1: Local Economy Review*, A report by Buchan Consulting for the Gloucester Shire Council. Available at: http://www.gloucester.nsw.gov.au/ArticleDocuments/55/Gloucester EDS - Report 1_Local Economy Report_26 March 2010.pdf.aspx.

Buchan, 2010b. *Report 3: Economic Development Strategy*, A report by Buchan Consulting for the Gloucester Shire Council.

Commonwealth of Australia, 2013. *Cancer of the bush or salvation for our cities?: Fly-in, fly-out and drive-in, drive-out workforce practices in regional Australia*, House of Representatives Standing Committee on Regional Australia. Available at: http://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=ra/fifodido/report.htm.

Freed, J., 2013. Meek market scuttles coal. *Australian Financial Review*, (May). Available at: http://www.afr.com/p/business/companies/meek_market_scuttles_coal_aoanzJCtEbRqmtPcoa0AQM.

Gillespie Economics, 2012. *Stratford Extension Project Environmental Impact Statement Appendix P Socio-economic assessment*, Prepared for Yancoal Australia.

GSC, 2012. *Community Strategic Plan 2012 ~ 2022*, Gloucester Shire Council. Available at: http://www.gloucester.nsw.gov.au/Your-Council/Committees/Economic-Development-Committee.

Housing NSW, 2009. *Information on Gloucester Shire Housing Market*, Published by Housing NSW. Available at: www.housing.nsw.gov.au.

Key Insights, 2012. *DRAFT Socio-economic Assessment*,

NSW Department of Planning, 2010. *Duralie Coal Expansion Project - Director General's Environmental Assessment Report*, Available at: https://majorprojects.affinitylive.com/public/4399b75da4e2796cde400d77323a28/Director-General's Assessment Report - Low Resolution.pdf.

Ryder, T., 2011. *National Top 10 Boom Town Hotspots*, Available at: www.hotspotting.com.au.

Yancoal, 2013. *Yancoal Australia Ltd: Full year results 2012, Investor presentation*, Available at: http://www.asx.com.au/asxpdf/20130325/pdf/42dvv56ww20sh0.pdf.