

Committee Secretary
Standing Committee on Primary Industries and Regional Services
House of Representatives
Parliament House
CANBERRA ACT 2600

On behalf of the Shire of Kojonup I wish to make the following submission to the above inquiry.

Background

The Shire of Kojonup is situated 255km south of Perth on the Albany Highway, Western Australia. The Shire has a population of approximately 2,500.

The districts economy is reliant upon agriculture with the townsite of Kojonup also benefiting from the patronage of travellers on the Albany Highway and a small industrial base. Of the Shire's area of 293,700 ha, 279,559 ha are used for agriculture. In common with all other agricultural shires, the economy has in recent times been affected by the rural recession however unlike most of its counterparts the Shire has not, so far, suffered a population reduction over the last 8 years. The Council understands that at the present time few farms are generating a profit and many have been living off reserves for some years now. Indications are that unless the situation improves very soon, many will be forced out of the industry. The Council is for the first time considering rate deferments to assist those worst affected. This is an unprecedented situation for what has always been a secure farming area.

European involvement in the area dates back to 1830, when a Military Out Post was established at the site of Kojonup for the protection of travellers on the new road connecting Albany to the Swan River settlement.

Later in 1845 a Military Barracks was established and still stands today near the site of the original spring that lead to the town's establishment. The Barracks is now owned by the Shire and operated as a museum. This is one of four historic sites maintained by the Shire, the others being the old Post Office building, Elverd's Cottage and the original spring.

Kojonup and Williams are the only towns situated on Albany Highway between Perth and Mt Barker, a distance of 360km and as a result are called upon to provide services for travellers.

The Shire maintains a wide range of services and facilities for its residents, including a Frail Aged Home and Aged Persons units, swimming pool and integrated sports complex, all weather airstrip, library and squash courts.

The Council actively pursues projects which will provide employment and inject funds into the local economy. Recently Council has been successful in obtaining a Federation Grant of \$650,000 to construct a Federation Park in Kojonup. The total project cost is estimated at \$1 million and will generate local employment during the construction phase and when complete will provide a boost to the Shire's tourist industry.

The Council is committed to outsourcing resources which will bring economic development and investment to Kojonup to ease the dependency of having to use ratepayers funds in expanding the growth of the municipality.

To date the Council has been relatively successful in it's endeavours and over the past eighteen months has attracted the following external revenues including Centenary of Federation Funding, Regional Airport Development Scheme Funding, Tourism Development Fund Funding, Community Facilities Grant, Homeswest Low Rental Joint Venture, Community Sport and Recreation Fund and the establishment of a Telecentre.

Although much has been achieved, we find ourselves in a position whereby unless we are able to identify further new opportunities the growth of the municipality will stagnate.

The following examples highlight the predicament in which we are in.

The Issues

Council Residential Subdivision

Over recent times Kojonup has experienced a steady residential growth which has led to there being only seven (7) residential allotments available for purchase within the Kojonup townsite.

In addressing this problem the Council has undertaken to purchase approximately seven (7) hectares of land ideally suited for the future expansion of Kojonup's residential area. A preliminary subdivision has been prepared which provides for the creation of sixty four new residential allotments.

It was necessary for the Council to initiate this action as private investment is non-existent due to the high costs of headworks charges and development costs. The reality is that it is not possible to develop residential land within the Shire of Kojonup and expect to make a profit.

In our case, the scenario in relation to development costs is as follows:

Land Purchase	\$60,000
Clearing, earthworks	\$60,000
Road, kerbing and footpaths	\$180,000
Stormwater drainage	\$120,000
Water, Sewerage & power	\$350,000
Water & Sewerage headworks charges	\$256,000
Fencing, trees, landscaping	\$60,000
Engineering Fees & survey fees	\$100,000
Total Development Cost	\$1,186,000
Total Cost per Allotment	\$18,531

Please note that the above costs exclude holding costs, legal expenses, advertising, administration, etc.

The average price of a residential allotment in Kojonup is approximately \$13,500 which would result in an overall loss of \$321,984.

As is evident, without any Government support, there is no likelihood that Kojonup will be able to grow any further despite there being a desire to do so.

Council Industrial Subdivision

As with the steady residential growth there has also been a consistent increase in the demand for industrial land within Kojonup.

Over the past eighteen months, an industrial subdivision established by the Council some ten (10) years ago has been completely sold out with thirteen (13) of the twenty seven (27) allotments having been sold during the past eighteen months.

In addressing this situation, the Council has prepared a further subdivision which is currently with the Department of Planning going through the approval process. Unfortunately, this has been delayed by unreasonable requirements imposed by the Health Department.

As with the residential subdivision, we are also faced with excessive development costs which virtually make the sale of the allotments cost prohibitive.

Development costs include:

Roadworks	\$17,000
Power & telephone	\$60,000
Water	\$35,000
Water headworks charges	\$67,500
Surveying and Engineering Fees	\$50,000
Total Development Cost	\$382,500
Total Valuation Sale Price	\$270,000

As is evident once again, the Council will be considerably disadvantaged in undertaking the subdivision.

The above does not include the land cost component as the Council has owned the land for some time. In addition, holding costs, legal costs, advertising and administration are also excluded.

The Council is anxious to proceed with this development due to ongoing enquiries which we are receiving and the potential of a major development which we are currently negotiating. However, we are reluctant at this point in time due to the loss which will be incurred.

Conclusion

The Shire of Kojonup would not be the only rural municipality faced with the predicament that excessive infrastructure costs are prohibiting growth. Particularly when there is interest from external investment sources.

The impact is obvious in that economic growth is retarded, employment opportunities are lost and most unfortunately the community will eventually stagnate and existing services will be lost.

The Council is firmly of the opinion that if the Government is serious in encouraging and supporting growth and development in Regional Australia, then there should be an obligation upon the Government to provide infrastructure assistance to cases as identified above.

On behalf of the Council, I thank you for the opportunity in presenting this submission.

**Wally Lenyszyn
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SHIRE OF KOJONUP**