



“Social and Economic Analysis of the Narrabri Community”

The social and economic conditions of Cotton Catchment Communities have been documented in a set of case studies. The project *The Socio-economic Impact of the Australian Cotton Industry of Regional Communities in NSW and Queensland* was undertaken over 2007-08 analysing population census and other data to describe the social and economic conditions and to provide direction for the future development of those communities.

Key findings for Narrabri include:

- ◆ Narrabri population has been steadily declining over the last two decades with significant losses in the 15-24 year old age bracket.
- ◆ Narrabri has a high rate of participation at 9% in higher and adult education.
- ◆ Agriculture is a dominant industry in Narrabri and accounts for 29% of the GRP and 70% of the exports from the region.
- ◆ Scientific research is an important component of the Narrabri economy.
- ◆ Of the communities studied, Narrabri has the highest proportion of people with tertiary qualifications.

The Narrabri Shire

Narrabri Shire is located in north-west NSW. The principal town is Narrabri with smaller centres including Wee Waa and Boggabri along with a number of villages. The region is notable for the quality of its natural resources, principally high quality cropping land, access to irrigation and an emerging supplier of energy products from coal and gas resources.



Narrabri, NSW

The Narrabri Economy

The Narrabri economy data includes analysis of the industry structure and trends and an input-output model to assess the economic impact of the cotton industry on the economy (defined as the Narrabri Shire).

Narrabri is among the largest shires in terms of agricultural production and has a high dependence on agriculture. Cotton is an important part of agriculture with its production dependent on access to irrigation water. The agricultural industries are large scale and globally competitive.

In 2005-06, the Narrabri economy was estimated to have a Gross Regional Product (GRP) of \$520m and employed 5,350 people at workplaces in the Shire.

Agriculture is the dominant industry in Narrabri (29% of GRP and 70% of the exports from the region) as shown in Figure 1. The natural resource base supports a high quality and competitive farm sector using advanced technology.

Narrabri has achieved some additional diversity through manufacturing, business services and coal and gas mining, with the latter prospectively becoming a major development factor.

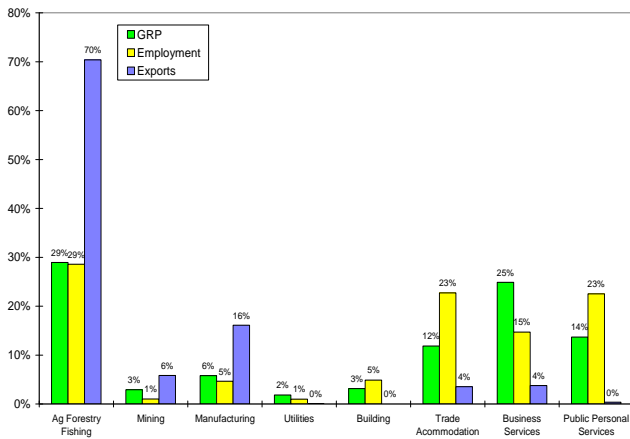


Figure 1: Industry Structure of Narrabri Economy, 2005-06
Source: Narrabri Input-output table

Narrabri has the best developed cluster of cotton industry activities. This includes those associated with cotton growing plus substantial cotton research and research management activities, a cotton information centre and a variety of specialist contractors.

The diversity in the Narrabri economy has resulted in a relatively stable level of employment and population in spite of the varying fortunes of agriculture. Further expansion into energy developments will add a new source of growth although those industries are subject to the vagaries of international markets.

The cotton industry in Narrabri was 60% of all agricultural production in 2005-06, estimated to be \$180m. Cotton is expected to be about one-half of the value of production. In that year overall production was about 30% below what would be expected.

The total impact (includes flow-on impacts) on the Narrabri economy has been estimated at:

Gross output	\$300m (29% of economy)
GRP	\$107m (19% of economy)
Wages and salaries	\$43m (18% of economy)
Employment	914 (17% of economy)

The flow-on effects are mostly into agricultural services, business and trade services. The multipliers are around 2.5 to 3.0.

The cotton research activities in Narrabri in 2007-08 were estimated at \$12m. The total impact on the Narrabri economy has been estimated at:

Gross output	\$22m (2.2% of economy)
GRP	\$11m (1.7% of economy)
Wages and salaries	\$8m (2.5% of economy)
Employment	14 (2.5% of economy)

The retail trade sector provides a large number of jobs under a variety of arrangements. Those jobs play a more important role in the labour market than they do in terms of GRP. The industry distribution of jobs is shown in Figure 2. There is also large employment in the services of public administration, education, health and community services where public funding is substantial.

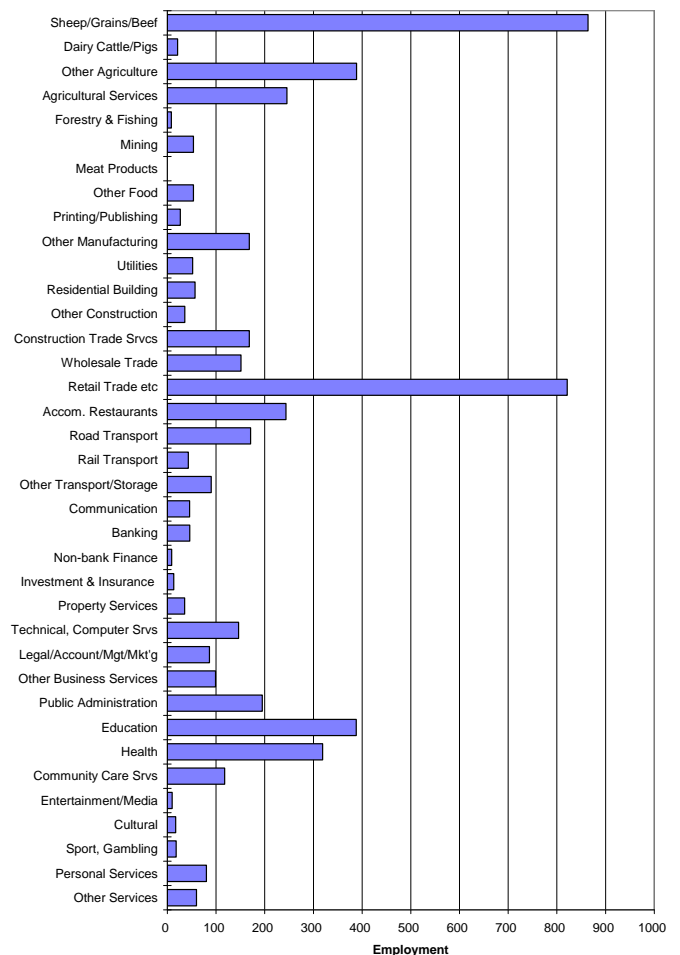


Figure 2: Industry Distribution of Employment 2006
Source: Population Census 2006.

The provision of services is an important part of all rural economies. An index based on employment and population relates the situation in Narrabri to the NSW average and is shown in Figure 3.

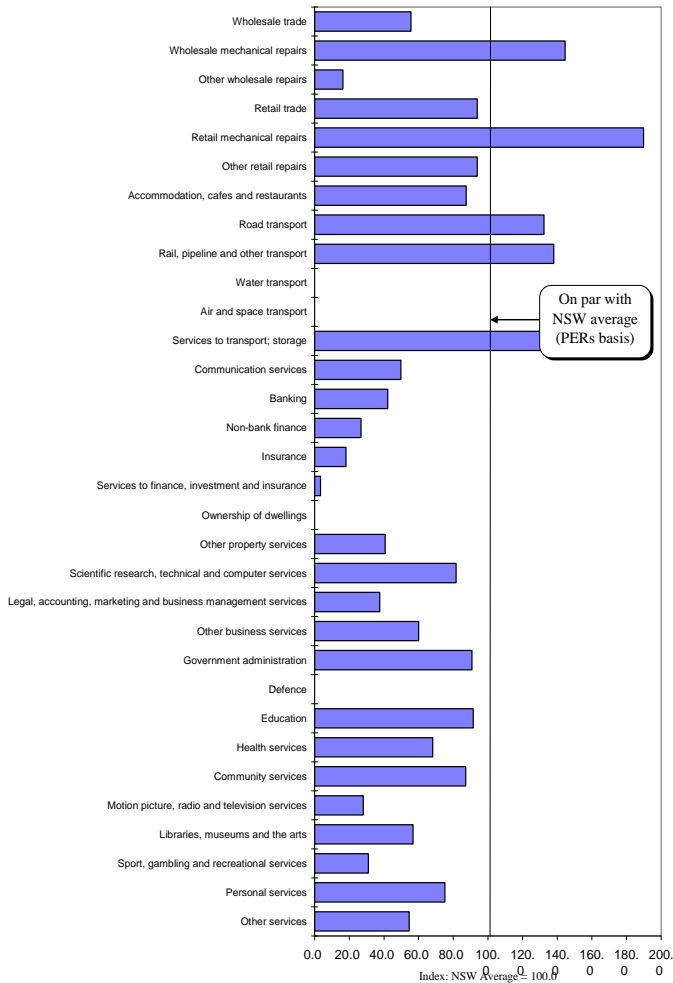


Figure 3; Service Delivery Index 2006
Source; Data from 2006 Population Census

Narrabri has a relatively good level of service provision that shows a number of industries that are above the NSW level (an index greater than 100). Some of these are related to the main agricultural industries such as wholesale trade, machinery repairs, road and rail transport and services to transport. Scientific research is also an important strength with a value that is very high for a region.

The Narrabri economy has demonstrated a degree of strength and diversity through the limited losses to employment in the mid 2000s when agriculture conditions were poor.

The future for Narrabri looks strong due to a mix of local factors including better seasons and the success of past diversifying initiatives. The mining developments are driven by non-local businesses, but they provide opportunities to enhance existing and new local businesses.

That future can be enhanced through a strategy to develop additional local businesses that are built on knowledge and technology (rather than natural resources).

Some carefully selected local economic indicators should be gathered regularly to identify year-to-year changes in key parts of the local economy.

The Narrabri Community

The substantial research base (including cotton, agriculture and astronomy) has given Narrabri the highest share of people holding degrees and higher qualifications among the case study areas. This provides a special opportunity to develop an array of local businesses that are built on knowledge and technology rather than natural resources.

Narrabri had the highest rate of uptake of traineeships and apprenticeships by Indigenous people aged 15 and over (22.6%) compared to the NSW study areas (figure 4).

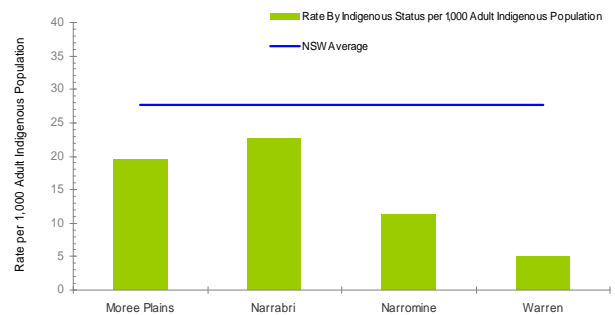


Figure 4: NSW Traineeships & Apprenticeships, Rate per 1,000 Adult Indigenous Population (15+) Source: NSW Department of Education and Training (2006), ABS Census (2006)

Narrabri has all the basic health and education needs well covered, though travel to Tamworth for specialty services is difficult for many. There is some concern about the difficulty to retain skilled social services staff, especially mental health providers and counsellors.

Compared with the NSW communities, Narrabri had the highest proportion (91.9%) of pregnant women who attended their first antenatal visit before 20 weeks of their pregnancy (figure 5). This is an indicator of access to and uptake of health services.

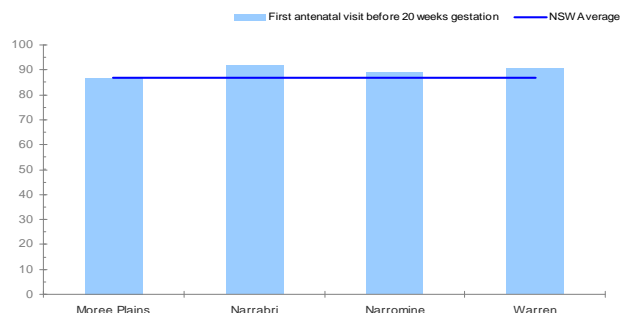


Figure 5: % of Pregnant Women who Attend Antenatal Visits First antenatal visit before 20 weeks of gestation by local government area, NSW 2002 to 2004 combined.

In a community survey, 100% of Narrabri survey respondents felt that the overall impact of the cotton industry on their community is more positive than negative.

Narrabri had the highest level of perceived improvements in the quality of life in the last five years, which many attributed to the increased business vitality in the town and its future prospects (Figure 6).

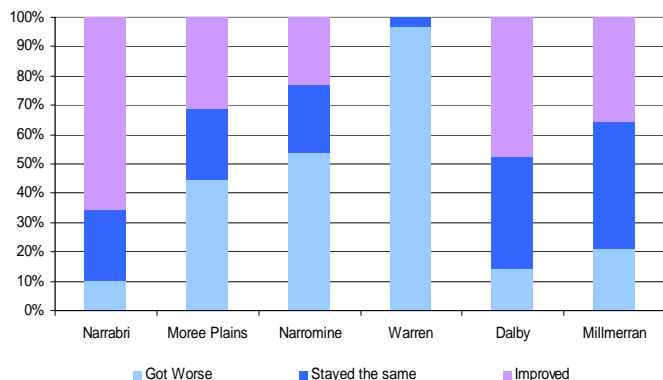


Figure 6: In the Past 5 Years, How Has Life Changed in Your Area?
Source: Judith Stubbs and Associates, 2007

Summary

The cotton industry is an important and integral part of the Narrabri economy. It contributes most through cotton growing (about 17 per cent), but it is the region that has done best in building a range of technology-based activities related to cotton research and development (about a further 3 per cent). This is a real strength of Narrabri, and provides a model to build further activities that are based on high levels of technology and gaining associated value from the relevance of those technologies and products in the world at large.

Narrabri is on the cusp of substantial development based on the energy resources of the region – with the full potential yet to be explored. This will bring considerable benefits to the Narrabri economy, increasing GRP, employment and household income. This provides the opportunity to develop a program to capture as many benefits for the local region as is possible. This will involve building the capacity of local firms to grow and win contracts, seeking to turn the workforce into ‘residents’, and nurturing the involvement of the corporates in the overall development of the Narrabri economy.

These developments will not remove the need to develop further the knowledge intensive industries for Narrabri. It is these industries that help with reducing the volatility of the economy, develops links into markets beyond Narrabri and provides high skill and

high earning jobs for Narrabri. It also expands the range and number of ‘business management’ opportunities and builds an entrepreneurial capacity that is rare in inland regions.



IGA in Boggabri, NSW

For further information and a copy of the full report visit our website

www.cottoncrc.org.au