

**Submission  
No 32**

**SUPPORT FOR DROUGHT AFFECTED COMMUNITIES IN NEW SOUTH  
WALES**

**Organisation:** Forbes Shire Council

**Date Received:** 29 November 2019

(Doc Id: 624043)

29 November 2019

NSW Legislative Assembly

**Subject: Support for Drought affected Communities in NSW**

---

Dear Sir/Madam

Please see attached Forbes Shire Council's submission for support for drought affected communities in NSW.

Should you have any enquiries, please contact Steven Shepherd, Economic and Development Officer on [REDACTED]

Kind regards



Steve Loane  
**GENERAL MANAGER**

ABN 86 023 614 567  
**Administration Centre:**  
2 Court St Forbes NSW 2871  
**All correspondence to:**  
General Manager  
PO Box 333  
Forbes NSW 2871  
**General Enquiries:**  
T 02 68 502 300  
F 02 68 502 399  
After Hours Call Centre:  
1300 978 633  
**Email & Web:**  
forbes@forbes.nsw.gov.au  
www.forbes.nsw.gov.au



SUBMISSION TO THE NSW LEGISLATIVE  
ASSEMBLY COMMITTEE ON  
INVESTMENT, INDUSTRY AND  
REGIONAL DEVELOPMENT

SUPPORT FOR DROUGHT AFFECTED  
COMMUNITIES IN NSW

NOVEMBER 29 2019

Forbes Shire Council

## Contents

Executive Summary.....	2
Forbes Shire Council Submission on Support for drought affected communities in NSW .....	3
Drought Impact – The Anecdotes .....	3
Population Loss .....	4
Loss of key Skills and Trades .....	5
Loss of key community services.....	6
Business Debt Implications .....	6
Direct and Indirect Drought Effects .....	9
Transition and Recovery from Drought Conditions .....	10
Preparedness for Future Droughts .....	11
Assessment of Current Government Programs .....	11
Temporary Relief from State Taxes, Charges and Levies.....	12
Capacity and co-ordination of town water supplies.....	12
Conclusion.....	14

## Executive Summary

This Report represents the official submission by the Forbes Shire Council to the NSW Legislative Assembly Committee on Investment, Industry and Regional Development Inquiry on *Support for Drought Affected Communities in NSW*.

In commencing this assessment on the Forbes shire region, it needs to be noted that the current drought across central west New South Wales, commenced in mid-2017 and represents the fourth major drought based on historical records for the past 100 years. Therefore, the repercussions taking place across the local community need to be understood in their true historical context.

While this submission undertakes a detailed examination of population and demographic trends across the Forbes shire, it is too premature, at this stage, to say whether the longer term structural movements have been impacted by the current drought. Also, an examination of skilled trades across the Forbes economy have not seen any noticeable loss of downstream skill-sets.

While, the demand and pressures on key community services have altered due to the recent drought, there has not been any diminution of key services.

Business debt accumulation and the associated pressures in farm-specific debt is an area which has come under renewed pressure and tension for many farm owners. Furthermore, investment in the future growth of future rural opportunities has been disrupted, along with appropriate management strategies to best maximize such opportunities.

An important indirect and downstream impact of the recent drought, which has been captured by the Forbes Shire Council concerns the future growth plans of the residential, commercial and industrial sectors. This has been captured in the number and value of Development Applications (DA's) submitted to the Forbes Shire Council.

A potential constraint on the ability of one important component of the local agricultural sector to recover from improved weather conditions concerns the local livestock industry. The recent policy of many in this industry to engage in de-stocking represents a constraint on future growth from an economic point of view but will yield benefits from natural resources being able to bounce back.

Government programs require effective co—ordination and support to the key groups affected by these conditions. Which means not just the immediate rural owners but their entire family structures both on farm and in the community. Also, helping to *drought-proof* businesses by improving their overall resilience into the future would go a long way to a more robust solution.

Measures which can serve as a counter-cyclical approach to drought conditions can also go a long way to the achievement of more sustainable solutions. Issues such as pest-control management at this time, can play a key role in this process.

While, Forbes has been blessed by a level of water self-sufficiency which helps to differentiate this region from many other parts of central west NSW, this does not mean that Forbes has not had its own special challenges.

In order to address the very real and troublesome issues concerning the variety of community and personal challenges – including the impact on mental health that come from extreme environmental challenges such as drought, there is there is the opportunity for a more a centralised and co-

ordinated approach. This approach must build general resilience in communities and be planned for the long- term.

Finally, Forbes Shire Council would only be too willing to support this submission, in person, if requested.

## Forbes Shire Council Submission on Support for drought affected communities in NSW

This Submission to the NSW Legislative Assembly Committee on Investment, Industry and Regional Development has been conducted by the Forbes Shire Council, on behalf of the entire community of Forbes, NSW. The basis of this submission has not been drawn from any one industry-specific perspective, but more from a whole of community perspective and what this means for the future growth of the entire town.

### Drought Impact – The Anecdotes

The impact of drought in rural communities such as Forbes is far reaching. This submission focuses strongly on the economic impact of the drought, but it is important to see this through a lens of social, community and environmental impacts. Much of this is undocumented officially but spoken of on footpaths outside the post office, at the sheep sale or whispered to trusted friends and advisors. The following is a list of impacts heard in the Forbes shire.

The impact on young people – young people on family farms are bearing a burden. Kids are working physically hard on farm and trying to maintain their studies. They feel the stress of their parents and hold back on requests such as to attend excursions due to the time and expense.

Families and individuals are withdrawing from community involvement – they're tired, money is tight and they just want to stay home with their thoughts.

The monotony of feeding – every day Forbes farmers are dishing out huge amounts of expensive fodder. The constancy of this is demoralizing and depressing. Hungry stock, dust and bills, every single day. For those carting water as well the financial outlay and time outlay is huge. Farm families are spending all of their time feeding, only to turn around each day to do it again.

The age of farmers – is well documented. Hard work, constant mental stress, fatigue and age, are not a good combination. The potential for farm accidents is huge as is that of self-harm.

Natural resource management takes a back seat. The Forbes District has some highly skilled innovative farmers who use methods such as sustainable grazing systems to maintain their natural resource base. To date this has served these landholders well yet as the drought moves into its third summer even these management regimes are tested. These landholders will be better able to recover when the drought breaks, yet for the majority of farmers the soils and pasture stands are severely depleted as investment in these resources becomes a low priority.

Access to water – as dams dry up and the river retreats more pressure is put onto resources such as bores and the council standpipe. Though the water here is free, water cartage is expensive, placing yet another financial burden on landholders.

The wellbeing of advisors –the impact of the drought on private and public sector advisors cannot be underestimated. Rural Financial councilors for example are bearing a huge client load and there is understandable stress on other advisors such as extension officers in Local Land Services. In the private sector there is stress emotionally and financially as agronomists and other operators lose

clients and struggle to find valid management solutions for those they maintain. These people are all members of the community and keenly feel the impact personally and professionally.

The minefield of assistance. There is assistance out there but the access of this is confusing. The message is to not self-assess, but pride is a huge factor in rural communities and there is a perception that there is always someone worse off than me. Add to this complicated paperwork and the fact that many do not want the burden of a loan and it is understandable that uptake can be limited.

The fleeting nature of public attention. When the drought was “new” there was a flurry of activity. Hay runs, fundraisers and charities showing up with donations. As predicted compassion fatigue has set in, though campaigns such as #buyfromthebush are having a real impact. The reality though is that the first shower of rain gives the false impression that the drought is over.

The festive season. As we head into another summer without rain, the Christmas period – which is a known difficult time for the mental health of many people for many reasons – will be made more stressful. Being unable to afford holidays, presents and festive fare will impact again on many families.

### Population Loss

In order to examine the most recent population trends within the Forbes shire, it is entirely appropriate to examine such trends within a longer time-frame. According to the ABS Census data, the Forbes population hit a peak in 1996 at 10,138. Then it declined in a comparatively steady manner until it bottomed in 2011 at 9,170, representing a noticeable decline in total population of some 9.5 per cent of that 15-year period.

It is interesting to note, that an examination of the key demographic patterns during that period of population decline, demonstrates that this was not an underlying trend taking place within Forbes. There were two key dimensions within the Forbes labour force at that time, which indicated that this was not a long-term underlying trend. The first was the fact that labour force participation rate held up during this time. The second factor was that the unemployment rate actually fell during this period. The culmination of those two factors indicates that the underlying strength of the Forbes economy remained robust, notwithstanding the general decline in the total population within Forbes. Also, it is not too hard to understand why during that period, it would have been easy for people to mistake their expectations for reality. Nonetheless, the underlying strength of key labour market indicators does point the way for future population performance.

As a result of that underlying economic strength, the Forbes population bottomed in 2011 and jumped back up a healthy 4.5 per cent in 2016. Other more recent indicators suggest a continuation of population growth has continued since then. The foremost of those indicators includes the latest data from REMPLAN, which represents one of the best sources for regional economic and social data across Australia, estimates the Forbes population at 9,910 in 2018. This represents growth of 3.4 per cent since 2016. As a microcosm of more recent population trends, Forbes Shire Council, as an example, has increased its total employment levels by around 20 employees since 2018. With a total employment of around 150 employees, that represents growth of 13 per cent over the past two years.

Also, there is an important point which needs to be made in terms of the Forbes population base and its ability to access related services. It does appear that towns across regional NSW with larger population bases than 10,000, such as the towns which make-up EvoCities receive preferential treatment, infrastructure investment and support due to their size. It is imperative that current

population base doesn't become a form of discrimination, relative to the potential growth profile of a town.

Finally, it is important to note that the population growth profile of regions across Australia, appears to be delineated between towns in inland regional Australia versus coastal regional towns. Based on the Grattan Institute paper, *Regional Patterns of Australia's Economy and Population (2017)*, the population of coastal towns appear to be growing faster than inland regional towns across Australia, for a range of reasons. In periods of significant drought, such trends could be exacerbated, only further amplifying the need for effective policy-making to even-out the playing-field for drought-affected regions of Australia.

<https://reports.grattan.edu.au/regional-patterns/8-population-growth.html>

### Loss of key Skills and Trades

In terms of general employment within Forbes, the agriculture, forestry and fishing industry represents some 20.6 per cent of total Forbes employment. So, while this represents the base in terms of estimating the direct employment impacts from the drought, the indirect and multiplier impacts will be impacted through the rest of the economy. As a result, it is too early to try and estimate specific employment or skills losses due to drought conditions. Furthermore, by undertaking a longer term perspective, it is far more discernible to attribute employment changes due to underlying structural changes, relative to one-off seasonal factors such as the recent drought.

In terms of identifying an immediate loss of skills within the Forbes region, the most likely immediate impact will inevitably be felt within the agricultural sector. While, it is too early to quantify significant skills losses, it is worth noting that anecdotal stories have already emerged about the loss of agricultural skills. Agronomists, various agricultural scientists and farm labourers have all indicated their decision to leave the industry in recent times. However, that is not to say that such career choices are permanent and can't be reversed.

In terms of non-rural skills, a recent analysis by FSC of the available tradespeople in Forbes, indicates that to date, there has been no loss of critical tradespeople in occupations such as, builders, carpenters, concreters, electricians, plumbers, painters, landscape gardeners and general handymen (see FSC *The Tradies List*). Therefore, any flow on effects to the rest of the economy, in terms of a loss of key skills across the broader economy, has not been impacted, as yet.

Also, in terms of estimating the likely impact on skills and trades within Forbes from the recent drought conditions, a number of key points need to be made. The first is that such impacts are likely to play out over a much longer time-period, as the broader economic impacts ripple across the region. While, an immediate loss of skills can occur, as individuals with such skill-sets move to more prosperous regions, which are unaffected by drought conditions. However, the evidence to date, by the intelligence gained from the compilation of the Tradies list etc. is that immediate *knee-jerk* reactions have not been readily identified (which is not to say that individual one-off instances have not occurred).

It also needs to be noted that if such drought conditions have a more sustainable impact by lowering economic growth rates, then this will result in a loss of skills and tradespeople across the Forbes region, over the longer term. There is no evidence to date, that this is a likely scenario.

The third point in making any assessments around the likelihood of any of this occurring, concerns the delicate balance between agricultural producers making decisions about the viability of their businesses, as a result of having to deal with such challenges versus the opportunities which present



themselves to such producers. Once again, anecdotal stories have emerged about orchardists exiting the market, with the increasing price of water, a contributing factor. Generally though, there is little intelligence to inform FSC as to which side of the ledger the majority of local rural producers are currently thinking. However, prior to the recent drought conditions there was very little movement by local agricultural producers suggesting that they were likely to exit the local market.

Finally, in terms of the ability of towns like Forbes to attract people with the required skill sets, it would appear that this is something which has had some impact on numerous inland regional towns across Australia (see Grattan Report). In ensuring inland regional towns can attract people with the right skills sets, it is imperative that employment generation policies are constructed in a way to support regional diversity.

### Loss of key community services

An examination of the Forbes medical and hospital precinct suggests that there has been no tangible loss of health-related services in recent times. Furthermore, the status of this position has not been directly influenced by the latest drought impacts. While, there is a perception within Forbes that NSW Health has not been particularly supportive of Forbes, at times, seeking to transfer certain hospital procedures to Parkes. However, the fact that it hasn't happened has seen the maintenance of key hospital services to the residents of Forbes.

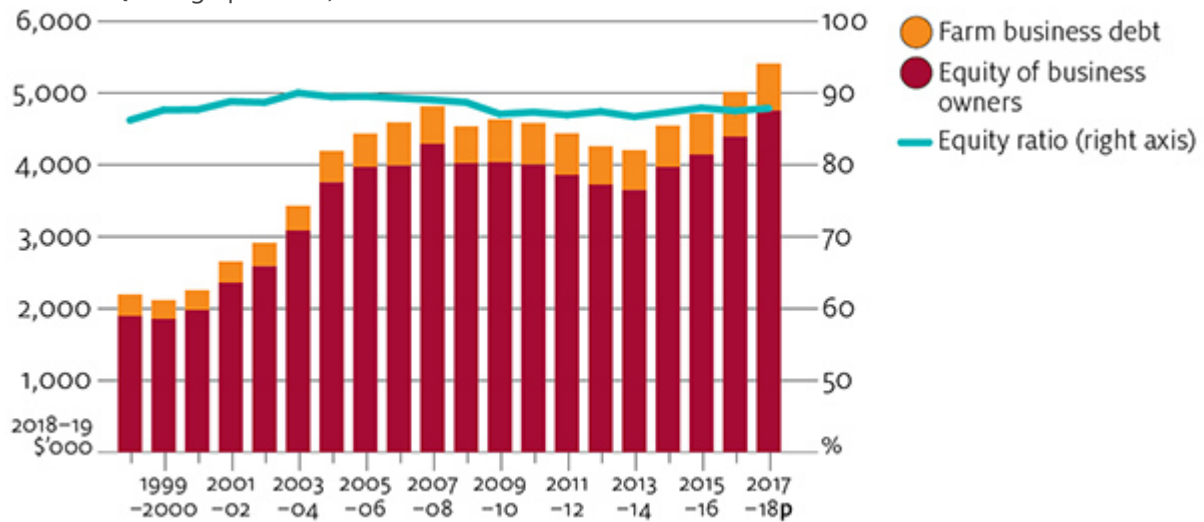
With regard to visitors to the region and their use of services, intelligence gained from the Apex Riverside Tourist Park within the Forbes shire provides important insights into that issue. While, the general aesthetics of the region draws visitors e.g. in order to appreciate the local flora and fauna; however access to other local services impacts on the totality of the visitors' experience. The most recent survey intelligence indicates there has been no loss of effective community services, at least from the perspective of visitors coming to the region. Anecdotally through Council Tourism staff attending Tourism Trade shows in capital cities have had to address the concerns of prospective visitors who have read media reports stating that in early 2020 towns such as Forbes are due to run out of water.

### Business Debt Implications

Debt finance has long played a key role in underpinning the Australian farm sector. It is worth noting that from 2000–01 to 2016–17 average broadacre and dairy farm debt more than doubled, mainly resulting from an increase in average farm size. The increase in average debt per farm was modest relative to the increase in average equity of farm business owners. The capacity to repay debt also improved as the proportion of net income needed to meet interest payments increased by less than the increase in debt.

Broadacre farm debt is estimated to have increased by 5 per cent during 2016–17 to average \$616,900 per farm at 30 June. In contrast, dairy industry debt declined by around 2 per cent to average \$926,700 per farm. The following table shows that while there has been an increase in farm debt in recent years, the debt-to-equity ratio of the majority of Australian farm owners has not changed very much during that time.

**Farm business debt, owners' equity and equity ratio for broadacre farms, Australia, 1998–99 to 2017–18 (average per farm)**



<sup>p</sup> Preliminary estimates.

Source: ABARES Australian Agricultural and Grazing Industries Survey

In making an assessment about the magnitude of rural debt held by NSW farm owners, it is worth benchmarking that data with the national trends. The first point to make is that NSW average farm debt as at 30 June 2018, was \$656,000. This is marginally higher than the national average at \$639,000. This will have an impact on the ability of NSW farm owners to service that debt.

Various stock and station agents in Forbes have indicated that more station and stock agents have played some role in helping to alleviate the debt and financial commitments of agricultural producers. This has occurred in a myriad of ways, including helping farmers with their livestock feed costs to support the quality of the livestock they bring to auction. This situation is not sustainable and eventually those obligations will revert back to its originators.

The other interesting point to make concerns how that debt is distributed across different sized farms. The proportion of NSW farms with individual debt levels below \$500,000 represents some 73 per cent of all NSW farms. The national comparison is marginally lower at 71 per cent of all farms across Australia. This does indicate that small-to-medium NSW farmers are disadvantaged in their ability to repay their debts, in periods of severe drought and economic disruption.

Also, in making an assessment around the viability of farm debt which has built-up among NSW farm owners, is how those funds will be used to make such farms more productive in the future. Debt finance used by farmers can be used for purchasing new land and/or new plant and equipment, as well as supporting on-going working capital.

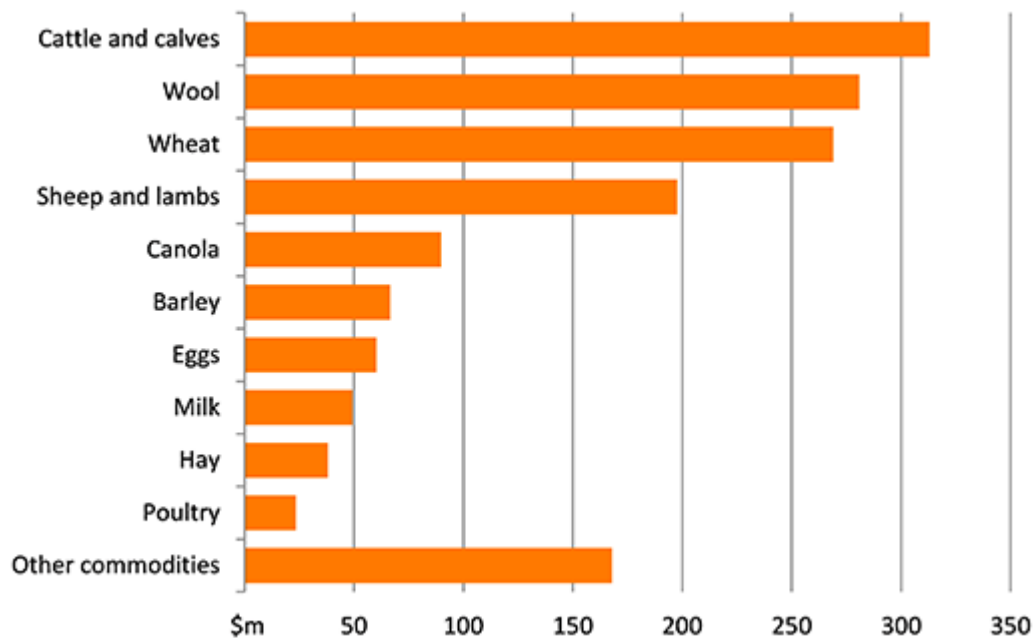
In terms of purchasing plant and equipment, a critical economic test, is whether the equipment purchased is more of a capital broadening or a capital deepening nature. With capital broadening involving similar levels of output per capital equipment purchased, whereas capital deepening involves higher levels of output per capital equipment purchased. It is capital deepening purchases of capital equipment which will help the NSW farm sector achieve the fastest turnaround from their current economic situation.

A recent examination of rates of capital appreciation of different farm types in NSW, as a proxy indicator of comparative capital deepening expenditures by type of farms, shows some very interesting trends. The best performed type of farms on this methodology was mixed livestock-crop

farms, with sheep farms following close-by. This was then followed by sheep-beef farms, wheat and other crops, while the worst performed farms on this basis was beef farms.

An examination of the type of agricultural production across the Central West region is best encapsulated in the following table.

**Value of agricultural production, NSW Central West region, 2017–18**



Note: The graph shows only data published by the ABS. Some values were not published by the ABS to ensure confidentiality. The "Other commodities" category includes the total value of commodities not published as well as those with small values.

Source: [Australian Bureau of Statistics, cat. no. 7503.0, Value of agricultural commodities produced, Australia 2019](#)

It is very useful to know, particularly from a government policy-making perspective, that the least productive type of capital purchases made by NSW farm owners involved beef farms, while the number one agricultural product made by farms within the Central West region of NSW involved cattle and calves.

Furthermore, an examination of recent trends in agricultural production within the Forbes shire region compared to the broader central west region of NSW, is very instructive in understanding the critical agricultural trends within the Forbes region. The Forbes agricultural sector is comparatively strong in grains, crops and dairy and relative to livestock (notwithstanding the existence of the Central West Livestock Exchange as a sale yard for livestock across central west NSW).

Therefore, a recent examination of the type of capital equipment purchases made by small to medium farm owners across the Forbes shire does suggest that the future productivity of those purchases will help to turn around the economic fortunes, when drought conditions improve, quicker than may occur across other regions. However, that is not to say that local small and medium farm owners will not have significant challenges to help reignite their productivity and output levels, upon the return of more favourable weather conditions.

As a direct result of this analysis, State Government policy deliberations and advocacy on behalf of the Forbes rural community, should give consideration to the following proposal. Any consideration

which supports an up-front investment allowance to encourage rural businesses to undertake relevant capital equipment purchases upon the return of normal weather patterns, makes economic sense. Particularly, given the challenges confronted by the sector, so as to leverage-off any future upside opportunities.

### Direct and Indirect Drought Effects

One of the indirect but more quantifiable downstream impacts is on the local retail sector within the Forbes township. One measure of the possible impacts of the recent drought on the local retail sector involves recent changes in the number of vacant shops in the Forbes CBD. Between 2017 and 2019, there was an increase in the number of vacant shops within the major streets of Templar, Rankin and Lachlan Streets. Vacant shop numbers rose from 15 to 30 during that period. Forbes Shire Council estimates that the majority of that increase was attributable to a longer term structural decline occurring within *bricks and mortar* retail premises. Also, it would be interesting to benchmark these *physical* retail trends with other regional communities across rural NSW.

Anecdotal accounts from individual retail owners does indicate that downward pressure on sales performance has been experienced due to the downstream effects emanating from the drought-affected farm community. However, an examination of the most recent trends within the Forbes CBD retail sector, suggests it is too premature, at this stage, to provide a reasonable degree of quantification around those effects.

A Business Forum conducted by councils, by the then Drought Co-ordinator in August this year, involved a number of members from the Forbes Business chamber. At this meeting business owners reported the following -

- reduced sales, one business reported sales at Christmas time in 2018 were 25% of normal this Christmas they expect sales to be 10%
- Staff have been put off, 1 business reporting reducing staffing by 4
- Less people in CBD
- Businesses that provide services to farmers have seen 50% decreases in some areas
- Not many farmers are willing to spend money or are many improvements or expansions. Know it will come when season improves

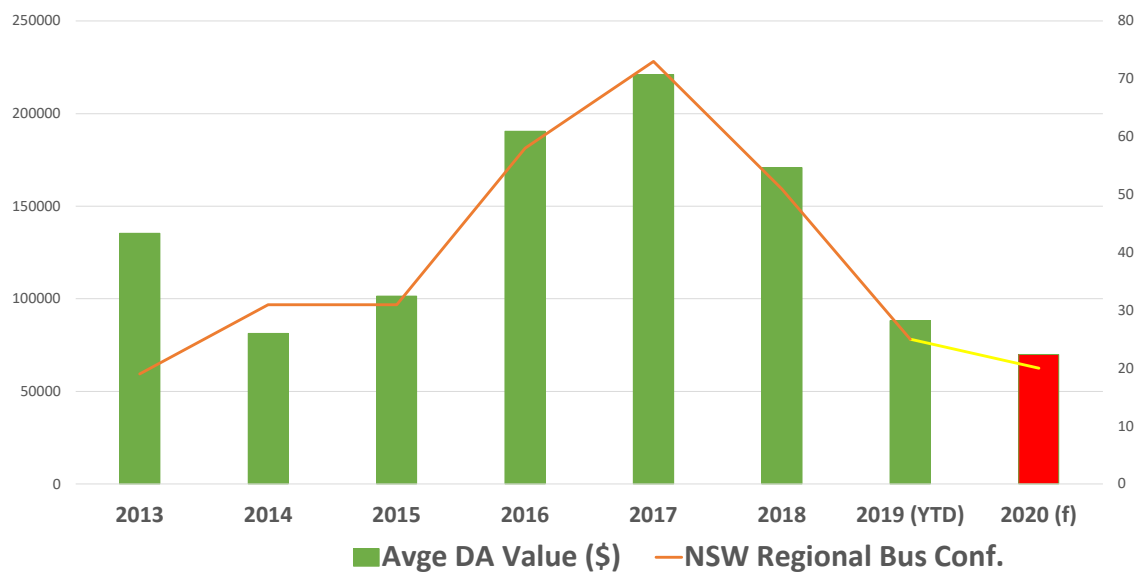
The participants commented with regards to the support required –

- Tax reductions or concessions
- Encouraging more sales from those whose income is not impacted by drought or people from other areas
- Promotional campaign-
- Businesses need to be more aware of how to get contracts and additional work as it becomes available for example work with Inland Rail
- Businesses are just monitoring the situation and managing it at the moment, will recover once drought breaks. For now the support is needed to help them maintain business so recovery is as quick as possible

Another one of the more interesting indirect impacts felt in the non-rural economy, concerns the impact on the industrial, commercial and residential sectors. Specifically, this involves the actual number and type of Development Applications (DA's) made to the Forbes Shire Council.

It is highly instructive to examine the average value of Development Applications to the Forbes Shire Council since 2013. Since that time, the average value of DA's to FSC has closely mirrored the trends in business confidence within regional NSW businesses. Therefore, one of the key impacts of the drought on the non-rural sector within the Forbes shire has been felt in general confidence across the broader community. With such an impact felt specifically in direct measures of business confidence.

### The Average Value of DA's to FSC vis-à-vis Business Confidence in Regional NSW Businesses



#### Transition and Recovery from Drought Conditions

An examination of the current drought and how it has impacted on the local farming community provides key insights into how the transition from the local drought conditions will play-out. Within the livestock industry, numerous farmers have had to engage in significant de-stocking of their existing livestock in order to deal with their immediate financial challenges. Such a policy supports the current financial constraint of livestock producers in three key ways. First, de-stocking reduces the need to undertake expenditures on livestock feedstock. Second, it brings forward incomes as livestock is sold earlier, than would have been the case. Thirdly, it allows landholders to manage the integrity of the natural resource base by preventing the degradation of soil, pasture and other natural resources past the point of no return. Also, there is the additional benefit of a reduction in stress levels as the livestock manager no longer needs to deal with the worry of their feed and situation.

This policy of livestock de-stocking, while helping existing livestock producers deal with the current effects of the drought on their current cash-flow positions, will to a degree act as a constraint on future business performance but will also assist in the recovery of the natural resource base. De-stocking is a valid tool for those who trade but for core breeding stock this might not be an option. The threat of loss of invaluable genetics can be a significant obstacle to this action occurring.

Any policy deliberations around supporting the financial position of livestock farmers needs to take into account the projected cash-flow positions going forward.

## Preparedness for Future Droughts

Given the severity of the recent drought on the local farming and related sectors across the Forbes shire and the broader NSW central west region, longer term terms solutions should be given greater priority. One way of dealing with such challenges is to develop centralized long-term plans around community resilience in tough times such as effective drought plans.

Long-term structural changes, such as those advocated by views of long-term climate change (irrespective of the political debate), need to be considered in a holistic manner. It should not be a situation, where once these current drought conditions dissipate that the reasons this occurred in the first place are simply ignored until the next drought. As often quoted, the time to plan is when conditions are good.

One way of doing this is by government and non-government organisations working together to develop a long-term plan around the key causes and manifestations of drought conditions and those of other recurring climate challenges such as fire and flood. Having developed such an overall strategy, there would be separate planks of this approach to deal with all the key issues from a long-term perspective. For example, just one strategy could involve the optimal number and location of dams to mitigate such risks. Finally, the broadest groups of stakeholders in such an approach would result in its greatest level of success.

## Assessment of Current Government Programs

The general comment Forbes Shire Council would make on the current Government Program approach concerns the lack of an effective co-ordinated policy approach. This lack of co-ordination is reflected in the need for a holistic and long-term co-ordinated approach, which deals with on-going and systemic changes in environmental challenges posed by regular fluctuations between flood and drought conditions.

While, it is understandable that Government responses would be initially on the rural producers who are at the front-line of these challenges. However, it is often the families, local businesses and other parts of the community - behind such producers which carry the largest burdens in dealing with such challenges. Not just in terms of dealing with the associated financial pressures but also in terms of the psychological pressures, which have been well documented in recent times.

From a Forbes Shire Council perspective, Government programs which aim to generate something of a *cash-splash*, doesn't necessarily provide the most effective support to those most in need. Moreover, this does not represent the most optimal solution to extreme environmental challenges over the longer term.

Also, from a longer term approach there would be significant benefit to the local rural community from building an environment of resilience to such challenges. Such a policy framework necessarily involves business training, finance-proofing, sustainable agriculture, investment in infrastructure, community support etc.

Another issue which needs to be given consideration is the best use of Government policy as a *Counter-Cyclical* manner involving seasonal fluctuations. For example, at this stage of the drought cycle could be the ideal time to undertake a significant animal biosecurity management strategy (this can range from feral pigs right through to mosquitoes). This action would benefit rural production in the future, by implementing controls for pest species before they return in significant numbers when favourable conditions return. As primary vectors of animal disease, less of these species in the system will give building livestock herds the best possible chance. A similar approach could also be used to address plant biosecurity issues – that will also be exacerbated as the rural community

recovers from drought, when seeds from donated fodder take advantage of and germinate in a landscape depleted in useful plant populations and populated by stressed livestock.

### Temporary Relief from State Taxes, Charges and Levies

One of the problems in dealing with an approach to provide temporary tax relief in a period of recessed incomes, is that impacted businesses do not generate significant incomes in a way, where tax relief would be of significant benefit. While temporary tax relief will benefit some rural producers during significant drought conditions, policies which more closely resembled the actual cash-flow pressures of farm producers, would be of more benefit. Periods in which such businesses only earn minimal net incomes (given lower incomes from drought-affected conditions can last for a period of time), tax relief, while of benefit, is not necessarily the most optimal policy solution in dealing with what farm producers are experiencing.

### Capacity and co-ordination of town water supplies

The Lachlan River runs through the Forbes Shire Council providing an important surface water resource for town water supplies, stock and domestic use, and irrigated agriculture.

It was estimated that in the 2015/16 water year (the most recent available break-down), that the total area watered was estimated at 17,920 hectares and the total volume applied was 49,327 ML.

#### **Water use by Crop Type in the Forbes LGA**

Commodity	Area (ha)	Area Watered (ha)	Volume Applied (ML)	Rate (ML/ha)
Pastures (incl. lucerne) crops used for grazing or fed off	197,598	3,939	8,795	2.2
Pastures (incl. lucerne) cereal and other crops cut for hay	13,944	4,955	20,942	4.2
Pastures (incl. lucerne) cereal and other crops cut for silage	3,398	1,826	2,655	1.5
Other cereals for grain or see (e.g. wheat, oats, maize)	99,086	4,647	9,370	2.0
Cotton	286	292	2,728	9.4
Other broadacre crops	24,213	1,158	2,431	2.1
Fruit trees, nut trees, plantation or berry fruits	426	232	1,406	6.1
Vegetables for human consumption	54	75	357	4.7
Grapevines	95	95	350	3.7
Other crops		72	293	4.1

The impact of the recent drought on the town water supply has been minimal so far, with only Level 1 water restrictions in place, which does not represent a significant impost on the town.

Forbes Shire Council could be moving to higher level restrictions, as things get more dire for the river supply. Forbes has 3 groundwater bores which will be able to provide adequate supply for most demand situations, except for a peak summer day demand. The bores capacity is limited to around 10-11 ML/day which is around the typical days demand in December. If FSC was solely reliant on groundwater we would need to have higher levels of restrictions. Also, FSC is looking at other

measures to improve security and supply such as pipeline duplications, and possibility of a 4<sup>th</sup> and 5<sup>th</sup> bore, which would then meet our peak summer demand capacity.

Also, FSC has used our spare General Security water allocation to transfer to the Golf Club to allow them to continue to irrigate the Golf Course, however we may not be able to provide any further water after June '20 if there is no significant inflows into the River. Furthermore, we have also been using our backup bore water supplies to top up Lake Forbes to enable irrigation of the Jockey Club for local racing events, and for aquatic sports, including this year's cancelled triathlon event. The ability to continue to do this is now in doubt as we will need to use the bore water supply for town water.

While, Forbes has been blessed by a level of water self-sufficiency which helps to differentiate this region from many other parts of central west NSW, this does not mean that Forbes has not had its own challenges or concerns. A recent survey of agricultural producers shows a majority within the region (58%), considered water availability to be either a major constraint or a minor constraint on their businesses. Key concerns involved the following:

- Concern expressed regarding current drought including both impacts on livestock and crop production, as well as costs of production from the need to source agricultural supplies from interstate
- Need to consider the impacts of climate change on future agricultural production
- River and groundwater access in the Shire is a strength and may provide opportunities for expansion and diversification
- Concerns around reduced access to irrigation water resulting from Government environmental water buybacks and reduced reliability of surface water resources
- Interest in the Lachlan water security project and the role of Council in supporting efforts to improve water security and reliability through raising the wall at Wyangala Dam
- Concerns around the impacts of mining on water resources, in particular groundwater, with feedback provided that Council has recently played an important role in highlighting the need to balance community needs in Government assessment and approval processes
- Need to consider opportunities for on-farm storage and increased groundwater access
- Need to consider if there is opportunity to utilise excess town water supplies within the Shire

The location of the Forbes LGA on the Lachlan River provides access to irrigation and stock and domestic water from both surface and groundwater resources. Access to these water sources, including for the local Jemalong Irrigation scheme, is currently managed and limited in line with the relevant NSW Government Water Sharing Plans, which provide water for the environmental health of the river and groundwater systems and establish how water available for extraction is shared. These Plans have been reviewed and now comply with the requirements of the Murray-Darling Basin Plan.

Finally, one of the challenges that the Forbes Shire Council has to navigate in this drought environment concerns its impact in curtailing road maintenance, due to the cost impacts. While, in normal conditions, water is sourced close to the worksite, either from a farm dam, creek, floodway, TSR dam or irrigation channel, this is currently not the case. In the current environment, FSC has to transport large water tanks to worksites, then run water tankers from town to keep them filled up. This costs in the order of \$2,000 for each work site per day. In order to undertake effective road maintenance this can involve running 4 worksites concurrently. As a result, this can cost some \$40,000 per week. Also, just sourcing enough water tankers is another challenge. As a result, some Government stimulus initiatives can result in conflicting policy outcomes, as policies aimed at



supporting infrastructure through road building programs can create additional financial challenges for local councils.

## Conclusion

While, many of the issues contained in this submission relate to the economic challenges confronted by extreme weather challenges, it cannot be lost that the human cost needs to be given serious consideration. Creating an environment of resilience which effectively underpins rural and regional communities, requires significant attention.

Strategies to address issues such as drought need to be applied beyond the dry times and must be designed to address community resilience in all forms of adversity.

Australian agriculture operates in a variable climate and the skills, infrastructure, capacity and support required to deal effectively with a drought are equally applicable to a fire or a flood.

Community planning needs to occur with regard to social needs, infrastructure, economic policy, the environment and political issues. This should include developing a more centralized and co-ordinated approach dealing with the various mental health challenges which confront so many regional communities, at this time.

The planning needs to think beyond political terms and involve a concerted effort by service providers to work together and avoid duplication. This planning must be proactive and must occur in the good times before the next adverse event.

Government extension models promote preparedness amongst landholders and in agribusiness yet this fails to occur for the whole community in a holistic manner. With planning, investment can be targeted, capacity built and foreseen circumstances averted.

The concept that droughts are unprecedented and a surprise is erroneous and known to every land manager and farmer. It is important in our changing climate that this acknowledged and effectively planned for.

The more that Government policy-making is focused on a pro-active regional strategy, not one formulated in an environment of acute stress, the more successful it will be for the entire regional community.