

**Submission
No 33**

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

Organisation: Cabonne Council

Date Received: 28 November 2019



Cabonne Council submission to

The NSW Parliament's
Committee on Investment, Industry and Regional Development
Inquiry into
Support for drought affected communities in NSW

a) Population loss and loss of key trades, skills and businesses, and community services such as school and medical services

Anecdotal evidence suggests there has been some population movement away from some of Cabonne Shire's smaller villages, particularly Cabonne and Yeoval, to larger centres where they may be more stable employment.

This has impacted on numbers at some schools, particularly the two villages mentioned above.

Generally Cabonne is well served with medical and community services, which do not appear to be greatly affected at this stage as the result of drought.

Cabonne Council, however, has experienced a significant increase in requests for donations and financial assistance from community groups planning or staging drought fund-raising events, or groups who are not in a financially-secure position to hold these events because of the impact of drought.

Possible actions:

- Provide Government-backed stimulus packages where all households are provided with debit cards or vouchers for a certain amount to be spent at businesses within their Local Government Area.
- Invest in infrastructure projects in drought-affected areas.
- Where possible, award Government infrastructure contracts to firms based in drought-affected regions and not from interstate or overseas.
- Provide additional training for small businesses, particularly in on-line sales.
- Support and help to develop initiatives such as "Buy from the Bush" to encourage people from metropolitan areas to purchase from regional businesses.

b) Business debt finance and responses of financial companies to the impact of drought

As the drought continues, the likelihood of many farm businesses and agricultural-based firms and retail outlets taking on an extra debt burden increases.

While most farmers have reduced stock numbers, many are continuing to hand-feed key breeding stock.

A B-Double truck load of hay costs \$15,000-\$17,000 delivered to Cabonne Shire farms. This fodder may last less than two months, so the cost of continuing to hand-feed this stock can considerably add to a farm's commitment to financial institutions.

A downturn in spending with agricultural suppliers and retail businesses is likely to impact on these businesses' debt arrangements and capacity to pay.

Possible actions:

- Encourage banks and financial institutions to review lending arrangements with farms, agricultural industries and small businesses, such as deferring loan payments, waiving fees and restructuring loans.
- Debt consolidation to help make repayments more manageable.
- Deferring interest payments on a case-by-case basis.
- Waiving early termination fees for customers who wish to access their term deposits.

c) Direct and indirect impact of drought on business and industries

Cabonne's economy was founded on agriculture, which still accounts for a large proportion of economic activity.

While mining has played an increasing role, helping to drive economic growth, agriculture still accounts for \$131 million of the Shire's \$849m gross regional product and has a greater impact on retail activities in Cabonne's towns and villages.

As the drought continues to worsen and revenue and income reduces for farmers and small businesses, the threat of business closures increase.

Discussions with some local businesses, not immediately-connected to the agriculture industry, has revealed they are feeling the flow-on effect.

As of March 2019, Cabonne's unemployment rate was 3.9% compared with the current national rate of 5.3%, but reduced revenues for farms, retail and ancillary businesses is placing pressure on these businesses to reduce their workforces.

Possible actions:

- Federal and State Governments to support a local stimulus package where all households are provided with debit cards or vouchers for a certain amount to be spent at businesses within their Local Government Area.
- Lobby for a reduction in fuel excise rates for regional areas.
- Lobby for a reduction in payroll taxes for regional areas.
- Support initiatives such as "Buy from the Bush" to encourage people from metropolitan areas to purchase from regional businesses.

d) Transition and recover from drought when drought conditions improve

It is important that any Government aid and assistance packages and programs continue for a period of up to a year after an area is no longer drought-declared. Most farms will not harvest a crop until the season following an easing of drought conditions and it will take graziers considerable time to fully restock.

Possible actions:

- Continue Government current assistance packages for 12 months after an area is no longer drought-declared.

- Implement drought recovery assistance programs to sow crops and finance restocking of farms.
- Implement and fund tourism promotions to encourage people to visit regional areas.
- Provide funding through Destination NSW to Local Government Areas or local organisations to develop regional events to attract city-based visitors to the bush.

e) Preparedness for future drought events

The current drought has exposed a deficiency in rural water supply delivery and the need to drought-proof rural towns.

Possible actions:

- Increase infrastructure spending to expand the capacity of local water supplies.
- Investigate the construction of more water storage facilities.
- Provide funding for effluent re-use and storm water harvesting systems.
- Provide incentives for Local Government, industries and businesses to recycle water.
- Have action plans, such assistance and stimulus packages, in place to be implemented when areas become drought-affected.

f) Assessment of current Government programs

While all Government drought assistance programs are welcome, a review of their effectiveness may lead to better outcomes.

Possible actions:

- Federal and State Governments to form review panels, which would include representatives from farming groups, Local Government, small business and local communities, to examine and analyse all programs and assistance measures provided by Government and to make recommendations where these can be improved.

g) Temporary relief from State taxes, charges and levies for drought-affected businesses

Possible actions:

- Reduce business taxes for drought-affected areas.
- Reduce taxes for people living in drought-affected areas.
- Expand remote area tax concessions and payments and make them applicable to drought declared regions.

h) Capacity and coordination of town water supplies and further recycling opportunities

As stated previously, the drought has exposed a deficiency in rural water supply delivery and the need to drought-proof rural towns.

In Cabonne Shire, Cabonne Council provides potable water to the town of Molong and non-potable supplies to the villages of Cumnock and Yeoval. Central Tablelands Water supplies water to the Cabonne towns and villages of Canowindra, Eugowra, Manildra, Cargo and Cudal.

Cabonne Council has recently completed a \$17 million pipeline, funded by the NSW Government, to connect Molong to Orange City Council's water supply and to provide potable water to Cumnock and Yeoval.

Reticulation work in Cumnock and Yeoval is almost complete and when this is finished the pipeline will be in a position to be commissioned.

The pipeline from Orange to Molong has enabled Cabonne to enter into an agreement to purchase water from Orange should the level of Molong Creek Dam reach a critical level. It is an emergency measure and should it be needed, the pipeline will be used to send up to half a megalitre of water a day from Orange.

Council has identified that the construction of a pipeline from the Central Tablelands Water supply at Manildra to Molong – a distance of about 22 kilometres - would substantially drought-proof Cabonne in the future.

Possible actions:

- Provide funding major water infrastructure projects – in Cabonne's case a pipeline from Manildra to Molong to link up with the more secure Central Tablelands Water Supply.
- Provide funding for new and upgraded town water supply infrastructure and repairs to existing infrastructure.

i) Any other related matter

While it is very welcome, the provision of drought aid, particularly from community groups and charities, has been haphazard.

There have been occasions when groups have delivered aid, particularly food packages, to Cabonne villages when food supplies from other groups have not been fully used. This has created difficulties in storing and keeping the food suitable for consumption.

In some cases, local communities have been able to redirect the aid to other areas, particularly further west where there may be a greater need.

However, at times the aid arrives without prior notice and, in the case of food, means people who receive the packages are not making purchases from local stores, which affects the bottom line of those businesses and the long-term viability.

Possible action:

- Appointment or funding of regional drought coordinators to ensure the aid is delivered where it is most needed and most effectively.

j) Any other related matter

At present there is an inconsistency throughout NSW regarding the definition of water restrictions. The definitions of the various water restrictions levels often differ between various LGAs.

Possible action:

- Introduce uniform water restriction levels and definitions for NSW to make it much clearer to promote and encourage people to comply with those restrictions.