

**Submission
No 35**

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

Organisation: Bland Shire Council

Date Received: 29 November 2019

27 November 2019

The Hon Justin Clancy MP
Chair
Committee on Investment, Industry & Regional Development
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Clancy

Re: Support for Drought Affected Communities in NSW

Thank you for this opportunity to identify potential government action to positively impact those communities within New South Wales currently affected by an unprecedented drought. As one of the many Local Government Areas experiencing an extended period without substantial rain, Bland Shire Council welcomes any assistance which may be forthcoming from your inquiry. This is particularly true should such government action serve to assist regional businesses, economies and communities – all of whom rely heavily on the agricultural sector for their ongoing existence.

To support this inquiry, Bland Shire submits the following commentary on the specific terms your committee wishes to review.

(a) population loss and loss of key trades, skills and businesses, and community services such as schools and medical services;

Within our shire, West Wyalong High School has struggled to provide school-based counselling services during the past four years. Many of the school's students are from families which have been directly impacted by the current weather conditions. Although the school has secured the services of part-time counsellors, it is insufficient to meet the growing need from the student body.

Across the broader community, anecdotally and statistically there has been an increase in demand for support services in areas such as mental health, drug and alcohol counselling, suicide prevention programs, rural aid, non-clinical suicide prevention, NDIS and community care packages to name a few. These services are invaluable to our communities.

To ensure access to suitably qualified professionals to continue the delivery of such support services, the introduction of incentives for health, community and education professionals to relocate to the regions, particularly to those areas of great need, would go a long way towards ongoing service provision. Previous State governments undertook programs which provided bonus options for police, teaching and health professionals who served a period of time in areas of need. This process of appointing such professionals to positions in regional areas quite often saw them remain well beyond their tenure with some choosing to make their long-term homes in those communities. For those who decided to take up the options originally offered, the incentives became a fast-track to secure employment in their location of choice.

Access to adequate vocational training options is also an impediment to maintaining skilled tradespeople within regional communities affected by drought. The changes to Registered Training Organisations and decrease in course options offered to regional areas through TAFE NSW has negatively impacted the Vocational Education and Training (VET) options for communities such as ours. Courses currently offered locally are, with the exception of wool classing, primarily limited to business administration and social service related subjects. As such, local apprentices in automotive or building related trades are required to travel out of town to access courses to supplement their work-based learning. This all comes at additional cost and at times, results in the permanent relocation of our young trades people.

Addressing this could be a process of broadening the range of TAFE NSW subjects available through online or connected learning environments to allow regional apprentices to access these essential educational components without having to leave their communities. Alternatively, supporting qualified tradespeople to undertake Certificate IV in Training and Assessment would provide an opportunity for trainees to complete all their learning, the hands on and theoretical, within the workplace. Achieving this outcome would require a significant review of the funding of TAFE NSW by the State government.

(b) business debt finance and responses of financial companies to the impact of drought;

A matter of significant concern for farming communities is the capacity to meet debt responsibilities. Some possible mechanisms which could be explored to alleviate this could be through advocacy by both State and Federal Governments directly with financial institutions. This advocacy could promote the exploration and implementation of options that will support drought affected regions such as the introduction of amended repayment options for debtors directly impacted by drought, lenders passing on rate cuts in full and reducing the current interest rates on credit cards and lines of credit.

Financial incentives – either from governments or companies – to explore options for diversification of farming activities, while not specifically addressing the farming debt, could provide an opportunity for alternative on-farm revenue that would ultimately go to pay down existing loans. It should be noted though, at a time when faced with high stress and limited security, some within the farming community may be loathe to pursue such an option. However, it could be a consideration by lending bodies for post-drought implementation.

Unlike Local Government, banks and financial institutions do not have a community service obligation and it is understandable that decisions at a board and operational level are

measured purely by their financial outcomes. However, the introduction of quadruple bottom line - economic, environmental, social and cultural sustainability - evaluations into the decision making processes of lending organisations would have a long-term positive impact. In light of the recent Banking Royal Commission, this could be an opportunity for lending institutions to restore the community's faith in banks.

(c) direct and indirect impacts of drought on businesses and industries;

The flow-on effect of reduced spending within communities is an obvious outcome of drought. Anecdotally, reduced confidence leads to a reluctance to spend on things not deemed essentials. The resultant outcome of this is that businesses providing "non-essential" retail options struggle with cash flow problems which often end in business closures. Our community currently has a number of central business district premises which are vacant for this very reason.

Provision of support – either financial or educational – for small to medium businesses to diversify could also stimulate economic activity in drought affected communities. Similarly support and education of marketing options, such as the use of social media platforms to promote goods and services to a broader market, would also benefit those operators who are not familiar with or are not yet competent in such an approach. Whether such support is delivered through organisation such as the NSW Business Chamber, State or Local Government agencies are matters which could also be evaluated by your committee. Regardless, they are steps which help to improve the business prospects of operators in regional communities.

(d) transition and recovery from drought when drought conditions begin to improve; and

(e) preparedness for future drought events;

While there exists a broad range of options for drought affected communities, increased awareness of how to successfully navigate the available loans, subsidies, waivers, initiatives, support and tools would be of great benefit. Localised assistance to steer through the information contained within each of the available programs, whether that be through the expansion of rural counselling and aid services or promoting online or phone options would add value to the existing State-run Drought Hub website.

With regard to post-drought recovery, for this to be sustainable long term planning and support around drought proofing rural communities is required to prepare them for future droughts. This would include taking preventative steps early and providing continued support to offset future drought events. Water access is also key as it is the lifeblood of rural communities – maintaining access brings sustainability to local economies through improved financial factors, maintaining populations and preserving productivity. By engaging with rural communities in the development stage, policy makers can tap into agricultural experts, rural business owners, primary producers and those employed in not only the agricultural sector but rural communities as well to implement processes that, in the long term, have more positive outcomes.

Expansion and continuation of the Farm Innovation Fund beyond this current financial year would increase the capacity of farm holders to explore on farm infrastructure needs for the future. This fund has already expended almost 50% of its \$1billion allocation with only five months of the financial year past. This means almost 500,000 farms have taken the option to proactively develop the capabilities of their properties to withstand future drought events. Making provisions within the May 2020 State Budget to expand the program would greatly improve the capacity of farming families to implement the projects they determine would best insure their properties from future drought periods.

(f) assessment of current Government programs;

Ensuring those who need financial support receive it directly is perhaps the most critical element of any consideration of current Government programs. While funding announcements make great media fodder, the devil of the programs is often in the detail. An example of this is the application of income testing and inclusion of revenue from destocking as income. In many cases, farmers have created that income because the option was sell the animals or watch them starve as they had no resources with which to feed them. In addition to this assessment is the inclusion of land which, while an asset, cannot be used to feed stock. However it is included in the assessment with the outcome being that some farmers who are struggling to put food on the family table are considered to be “too wealthy” to receive Farm Household Assistance.

With regards to the Farm Household Assistance, accessing this assistance is time limited to four years. This funding was implemented in September 2018, approximately one year after the drought commenced. This means those who received money in the first allocations will continue to receive funds until September 2022. Given that the last significant drought experienced ran for a period of almost 10 years, for this type of assistance to be available to support farming families a significant review of the funding requirements would need to take place.

Recent funding announcements too, while benefitting communities provide little in the way of direct financial assistance to those on the land. These funds are to be utilised for local infrastructure and drought relief projects. Improving employment and/or retraining opportunities for farmers will certainly provide short term economic relief with the intention that projects provide ongoing employment, such employment is unlikely to be taken up by those whose substantive roles are on the land.

(g) temporary relief from state taxes, charges and levies for drought affected businesses;

Providing rate relief to those from farming properties, while an obvious option for Local Government is not one which could be easily implemented given the reliance of local Councils on rate income to fund much of the services and facilities delivered to the community. Councils are already restricted in the area of rates income through rate-capping which has hampered many Councils in meeting own-source revenue targets established by the State Government.

However, options for tax relief which could positively impact drought affected communities would be the area of fuel excise, stamp duty on vehicle registrations and payroll tax. Options for providing relief to retail operators could come through across the board tax relief programs. With larger businesses impacted by payroll tax, its removal or suspension could create opportunities for improved employment options in regional areas. It has been reported that some businesses on the cusp of the payroll tax threshold do not pursue recruitment to avoid the resultant operating expense.

(h) capacity and coordination of town water supplies and further recycling opportunities;

Greater consideration by regional communities on the efficacy of water harvesting of reclamation processes is also an option which could be considered to alleviate water shortages in the future. This process could be as simple as providing rebates for rainwater tank purchases to those living in urban areas of regional communities to reduce their reliance on water supplies through to more complex proposals such as infrastructure for water reclamation or recycling.

(i) particular impacts on Indigenous communities; and

(j) any other related matter.

With regard to these specific matters, Bland Shire makes no specific commentary.

Thank you for considering this submission to your inquiry in this extremely important issue affecting not only the Bland Shire community but communities across New South Wales and Australia.

Yours sincerely



Mr Ray Smith
General Manager

Cc The Hon Ms Stephanie (Steph) Cooke MP, Member for Cootamundra