

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

Organisation: Federation Council

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1. Introduction

Federation Council welcomes the opportunity to provide this submission on the Inquiry into Support for Drought Affected Communities in New South Wales.

2. Federation Council

Federation Council is positioned on the banks Murray River, Lake Mulwala and Lake Urana, and is located only 3 hours from Melbourne, 4 hours from Canberra and 6 hours from Sydney. With a great climate and vibrant atmosphere, the region is an ideal location for businesses, families and retirees to experience exceptional lifestyle and opportunity. It sits within the Murray Region of New South Wales.

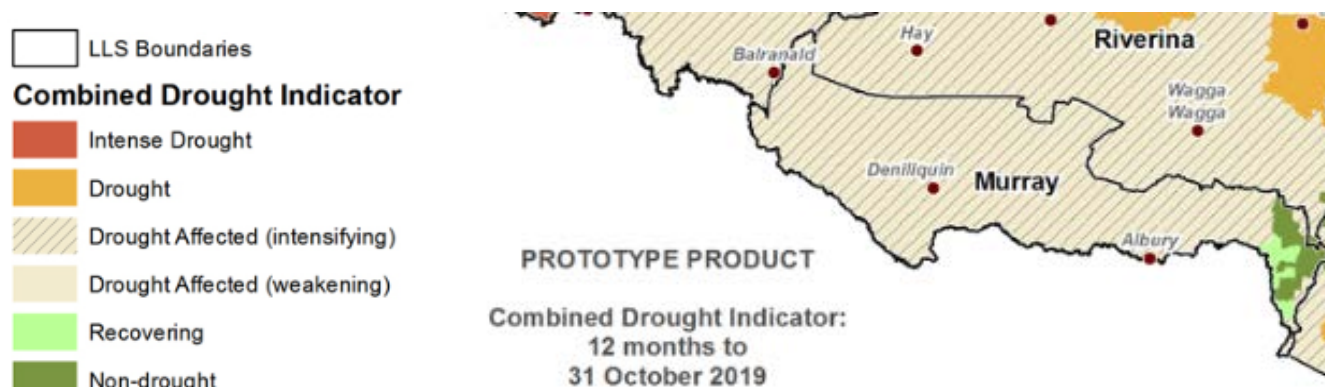
All addresses in Federation Council are within easy travelling distance to the regional cities of Albury, Wodonga, Wangaratta, Wagga Wagga, and Shepparton. Federation Council is home to a wide array of small to medium sized enterprises ranging from tourism and hospitality to manufacturing and agriculture. Farming provides the main source of employment in the area, although this has evolved with the diversification of the economic base to include tourism and various other rural industries.

The major industries include a piggery feedlot and abattoir, agriculture machinery sales and services, food processors, munitions factory, many freight transport companies and tourism, retail and trade businesses. Federation Council's economy supports 1299 businesses and a labour force of 5005 local jobs, and Gross Regional Product annually is equivalent to \$597 million.



3. Background

Currently, according to the NSW Department of Primary Industries using the Combined Drought Indicator (CDI), the entire Federation LGA, (part of the Murray District), is classified as drought affected (intensifying). The effect of meagre rainfall has had a significant impact on the region. The agribusiness sector is strongly connected to community as the largest industry sector in the LGA employing 1100 people and injecting over \$271 million into the local regional economy.



4. Population loss and loss of key trades, skills and businesses, and community services;

The Federation Council has its major town centre based in Corowa, a Murray River town bordering the state of Victoria. Since 2012 Corowa's population has fallen from 5772 to 5486 in 2018. This represents a negative change in population of minus 286, a decrease of 4.9% in six years. Over the same period, the towns of Howlong and Mulwala have seen increases in population. Howlong's population has grown by 165 residents (a 5.9% increase) whilst Mulwala also grew by 165, representing a 4.4% increase. Whilst this might be seen as a positive, the reason for this growth is primarily due to those towns' proximity to the larger town centres of Yarrawonga (Victoria) and Albury Wodonga. This proximity has a negative impact on retail expenditure within the LGA and much of residents discretionary expenditure occurs out of the area. This in turn effects local traders viability (see point 6).

Corowa

2012	2018	Change (#)	Change %
5772	5486	-286	↓ 4.9%

Howlong

2012	2018	Change (#)	Change %
2673	2838	+165	↑ 5.9%

Mulwala

2012	2018	Change (#)	Change %
2094	2190	+165	↑ 4.4%

A key measure of the financial impact of these population trends are evident in the retail escape expenditure figures. In early 2019 Federation Council commissioned a study to identify the retail escape expenditure within the LGA. The study identified that overall, escape spending from the three main towns, combined, and is estimated at 33% (approximately \$60 million a year). This is forecast to increase to 37% (approximately \$79 million) of available spending by 2029. To place these estimates in context, \$60 million per year of escape spending (2019) would support an estimated 400 retail jobs (2019 data), while \$79 million (2029) would support an estimated 480 retail jobs. A summary of these results are represented in the figures below.

Estimated levels of escape spending from Corowa, Howlong and Mulwala 2019 and 2029 based of \$2019

Town Centre	2019 Escape Spending	2019 Escape Spending as Share of Available Trade Area Spending	2029 Escape Spending	2029 Escape Spending as Share of Available Trade Area Spending
Corowa	\$21.3m	21%	\$30.0m	25%
Mulwala	\$20.8m	47%	\$27.9m	52%
Howlong	\$17.5m	54%	\$20.7m	56%
Total	\$59.6m	33%	\$78.6m	37%

Whilst the population loss in Corowa and the proximity to larger centres are the main issues impacting these figures, the impacts of drought compound the financial impact for the LGA.

The population demographics show that since 2012 Federation Council has seen a loss of population across the key family related demographics in the babies and toddlers, high school age, and parents and homebuilders groups. These age groups are the key “family” demographics, which help to build and stabilise population. A reduction in these age groups would indicate a downward trend in local key service provision due to decreased demand. The other key statistic for the major town in Corowa is that almost one in three households are single person households.

Age Group	Descriptor	Population (#)	% of Overall Population	Change since 2011
0 - 4	Babies and Toddlers	250	4.6%	↓ 89 (6.1%)
12 - 17	High School Age	383	7.0%	↓ 111 (8.8%)
35 - 49	Parents & Homebuilders	820	15.1%	↓ 160 (17.5%)
60 - 69	Empty Nesters / Retirees	828	15.2%	↑ 135 (12.4%)
70 - 84	Seniors	892	16.4%	↑ 34 (15.3%)

5. Direct and indirect impacts of drought on businesses and industries;

The Gross Regional Product (GRP) of an area is the amount of the nation's wealth, which is generated by businesses, organisations and individuals working in the area. This dataset is derived from the National Economics microsimulation model, and is a broad indicator of the growth or decline of the local economy over time. Data is presented for each year back to 2001. The Federation Council area's Gross Regional Product was \$591m as of the 30th June 2018.

	Federation Council area			NSW			
Year (ending June 30)	GRP \$m	% change from previous year	Cumulative change	GRP \$m	% change from previous year	Cumulative change	Federation Council area as a % of NSW
2018	591	-3.2 ▼	83.3	559,452	+1.9	146.5	0.11
2017	610	+3.8 ▲	86.0	549,031	+2.6	143.8	0.11
2016	588	-2.0 ▼	82.9	534,876	+4.2	140.1	0.11
2015	600	-0.1 ---	84.6	513,352	+2.8	134.5	0.12
2014	601	-4.0 ▼	84.7	499,157	+1.8	130.7	0.12
2013	626	-1.4 ▼	88.2	490,222	+3.3	128.4	0.13
2012	635	-3.4 ▼	89.5	474,625	+1.6	124.3	0.13
2011	658	+2.6 ▲	92.7	467,194	+3.0	122.4	0.14
2010	641	+1.0 ▲	90.3	453,425	+2.1	118.8	0.14
2009	635	+2.2 ▲	89.4	444,234	+1.5	116.4	0.14
2008	621	+0.3 ▲	87.5	437,677	+2.5	114.6	0.14
2007	619	-7.9 ▼	87.3	426,878	+1.3	111.8	0.15
2006	673	-2.8 ▼	94.8	421,601	+0.7	110.4	0.16
2005	692	+0.3 ▲	97.6	418,707	+1.6	109.7	0.17
2004	690	+1.7 ▲	97.3	412,063	+4.0	107.9	0.17
2003	679	-5.9 ▼	95.6	396,323	+2.2	103.8	0.17
2002	721	+1.6 ▲	101.6	387,900	+1.6	101.6	0.19
2001	710	--	100.0	381,785	--	100.0	0.19

Source: National Institute of Economic and Industry Research (NIEIR) ©2018. Compiled and presented in economy.id by [_id](#), the population experts
 Data are based on a 2016-17 price base for all years. NIEIR-ID data are inflation adjusted each year to allow direct comparison, and annual data releases adjust previous years' figures to a new base year. [Learn more](#)
 *Cumulative change uses 2010 as the base year.

The above graph shows that the GRP for Federation Council has been in overall decline since 2001 when it was \$710m. This represents a 17% fall in economic activity over an 18 year period.

Given the environmental and subsequent social factors influencing local business in Corowa and the wider Federation LGA, there are two main concerns that agricultural, and other, business owners have expressed in relation to the existing drought conditions and its impact:

The first is the rapid response and business agility required to meet the shifting needs of the market. This requires significant resourcing which for some businesses has meant that there has been a need to access new product chains and access materials in vastly different quantities from what has been common practice. This process has placed considerable demands and pressures on a local business economy that was already experiencing significant hardship due to drought. A number of large-scale farmers and producers also turned to larger, remote suppliers in order to access products and materials.

The second is local businesses inability to sustain employment opportunities for casual/part-time staff into the future given the decline in non-essential and discretionary spending throughout the region (both in terms of commercial and per capita spending).

A number of local businesses linked to the Chamber of Commerce locally have indicated that the effects of the drought are clearly being felt with trade leading into the Christmas period being down on previous years. <https://www.corowafreepress.com.au/news/2019/11/13/908929/business-dries-up-as-drought-worsens>.

Additional examples of the broader impact can be seen in the following tables which show the impact on businesses which rely on the agricultural sector for its raw materials.

IK Caldwell, Corowa - Rural Supplies Business			
	Canola	Wheat	Hay
2017	1.7 tonnes/hectare @ \$850/hectare	4 tonnes/hectare @ \$220/tonne = \$880/hectare	
2018	Nil harvest	1.2 tonnes/hectare @\$420/tonne (price rise based on supply and demand)	\$250/hectare

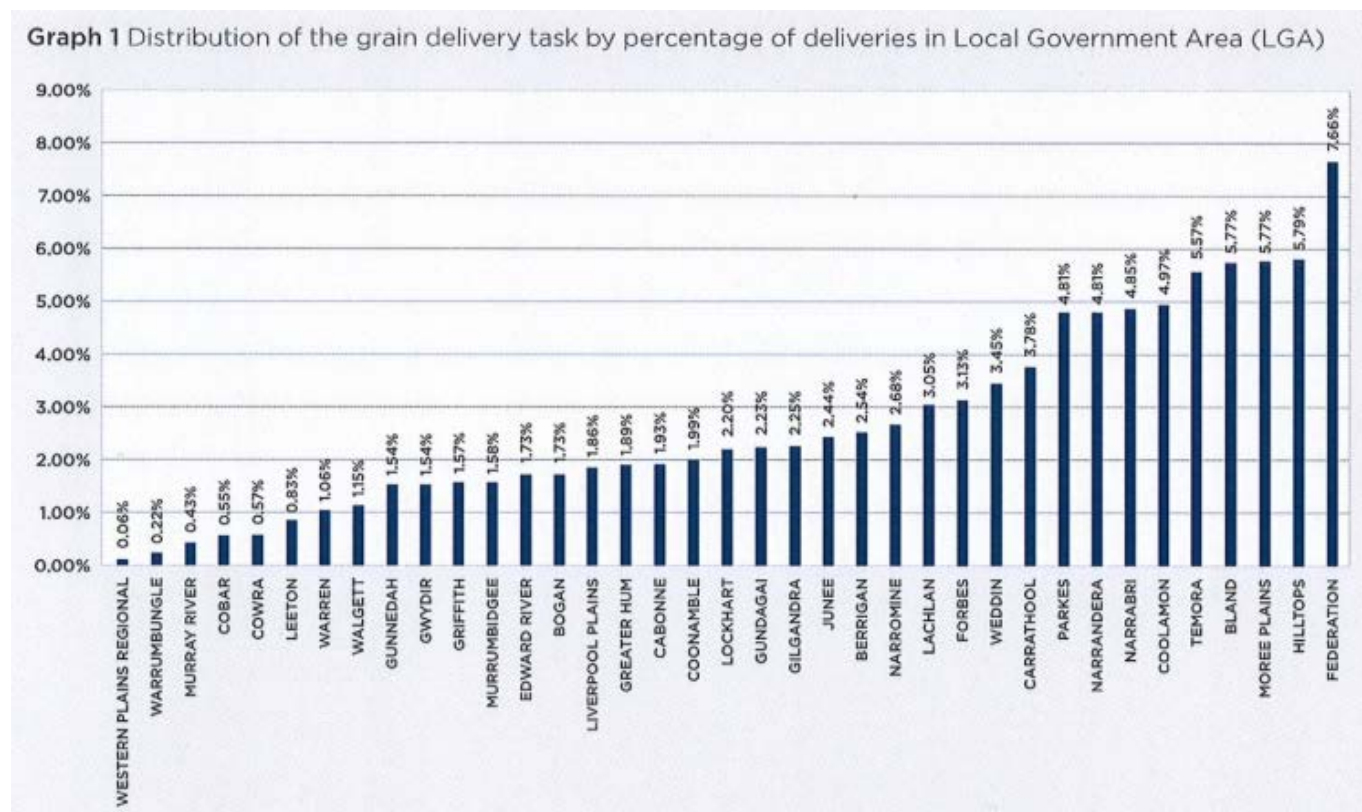
It is too early to get a clear picture of the impacts of the 2019 harvest.

Nestle Oceania (Uncle Toby's) – Wahgunyah Factory, VIC
<ul style="list-style-type: none"> - Pre-contract at the beginning of the year for an amount of cereal grain(s) - In 2018 the amount was 10,000t (as it was in 2017) - Contractor will only be able to deliver on 1,500t <p>*Questions by Nestle raised around the quality of the crop that will be provided and capacity of the supplier to deliver on the 1,500t</p> <ul style="list-style-type: none"> - Nestle's priority is to source their materials locally (within 100km of the factory) - Given the inability of local producers to fulfil the requirements of the contract, Nestle will need to source the balance of their grain from interstate at a highly (supply and demand) increased cost to them <p>Uncle Toby's identified 34 redundancies at the factory in October 2019 as a result of a lack of available grain and production cost factors.</p> <p>https://www.bordermail.com.au/story/6416642/uncle-tobys-jobs-set-to-be-sliced/</p>

Whilst Uncle Tobys is not in the LGA, the factory is a big part of the local community only being five minutes from Corowa. Most of the impacted employees are from the local area.

As a point of comparison when climactic and weather, conditions are within what is considered average conditions Federation Council grain production has ranked very highly. The table below shows that during the 2015/16 harvest the Federation Council agricultural sector accounted for the largest proportion of grain delivered to grain silos

compared to any other LGA in the state. This meant that almost 8 percent of the NSW grain harvest came from Federation Council LGA.



6. Assessment of current Government programs;

Local businesses believe that the \$500,000 loans available to farmers through the concessional loans program should be made available to all impacted businesses, not just farmers as is currently the case. This was spelled out by the Corowa Business Chamber president Mr Stuart Whisson in a recent article in the Corowa Free Press, published 13 November 2019. <https://www.corowafreepress.com.au/news/2019/11/13/908929/business-dries-up-as-drought-worsens>.

7. Temporary relief from state taxes, charges and levies for drought affected businesses;

A Drought Forum was conducted on 24 September 2018, involving elected representatives and staff of Federation Council, along with a broad scope of community members, representing varying community groups. The purpose of this forum was twofold, to understand the local impact from drought and recent frost events, and to consider Council's role in supporting local communities impacted by these events.

As a result of this community engagement, Federation Council committed to investigate the viability of a number of actions in order to support the members of the community most significantly impacted by these environmental disasters, these included:

- Council to assist in the promotion of the DPI Farm Tracker Application
- Council to lobby the NSW Government to consider the region for natural disaster declaration due to the impact of drought and frost
- An investigation into the reduction of yard fees at the Corowa Saleyards in the form of a rebate
- Council to consider a free supply of stock and domestic water being made available to rural landowners
- Council to explore an initiative to access the NSW State Government freight subsidy for water cartage
- Council to advocate for the introduction of an interest rate subsidy on behalf of primary producers
- Council to prepare a response plan to assist in addressing the widespread economic impact of drought and frost events
- Support for the Farm Business Skills Professional Development Program

Council's view of the availability of the state based rebates for Saleyard yard fees and access to the freight subsidy for water cartage are still issues that Council would identify as measures of support from the NSW state government.

Interest rates subsidies and low interest loan schemes and taxation measures are already support measures offered by the Federal Government. Whilst they are seen as important, they are seen by many as being too difficult to obtain. Each come with their own significant application processes, which do not allow support to be received when needed. Any additional support measures provided by the State Government need to ensure that the guidelines and application processes are as easy to complete and assessed quickly.

8. Capacity and coordination of town water supplies and further recycling opportunities

Federation Council believes there is much that can be done to ensure water supplies can be secured for future use by both residents and those in the agricultural sector. At the New South Wales State Government Conference held in Sydney in mid October 2019. Federation Council put forward the following motion in relation to water management which was well supported by those at the conference.

Water Management

That Local Government NSW call on the NSW Government to develop in consultation with Local Government and Aboriginal Custodial Communities:

1. A comprehensive, integrated and funded emergency plan to address the immediate water supply crisis afflicting NSW towns and communities, and a disaster recovery plan for when the drought breaks. These plans should:

- a) provide greater flexibility, such as allowing temporary transfer of water where the water does not have current allocations/licencing and it is within the same water source:
- b) ensure that town water supplies will be secured and maintained and:
- c) ensure that appropriate consultation is undertaken, when issuing bore licences and other relief measures

2. Long Term (30-40 year) water supply strategies for catchments throughout the state that mitigate the risks from future drought and the predicted impact of climate change to help ensure population and economic growth targets can be achieved and supported. These strategies should not exclude ambitious infrastructure projects of the scale of the Snowy Mountains Scheme, whilst storm water harvesting, reuse, recycling, and demand management initiatives should feature as key elements of those plans.

Version	Date	Changes / Amendments

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