

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

**Organisation:** Liverpool Plains Shire Council

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25 November 2019

*Attention: Justin Clancy, Chair*

Legislative Assembly Inquiry on Support of Drought Affected  
Communities in NSW

C/- Clerk of the Legislative Assembly

NSW Legislative Assembly

Parliament House, Macquarie Street

**SYDNEY NSW 2000**

**E: [investmentindustry@parliament.nsw.gov.au](mailto:investmentindustry@parliament.nsw.gov.au)**

Dear Sir

**Re: SUBMISSION TO DROUGHT SUPPORT INQUIRY**

The NSW Legislative Assembly has recently tasked the Committee on Investment, Industry and Regional Development to inquire into and report on, the impacts of drought on regional NSW and identify potential government action with particular reference to regional businesses, economies and communities. Liverpool Plains Shire Council's response to the inquiry focus areas is provided accordingly in this submission.

As context, Liverpool Plains Shire Council is located in the north west of NSW between the Upper Hunter and Tamworth Regional local government areas (LGAs). The population of the shire was 7,687 persons at the last census, with an economy strongly underpinned and driven by the agricultural sector.

The Shire has two (2) primary population centres in Quirindi and Werris Creek. Numerous other villages and hamlets are located throughout the vast and largely productive area of the Liverpool Plains, which is also internationally recognised as Australia's food bowl.

The Liverpool Plains Shire is located in one of the most drought-affected regions in Australia. Acknowledging the likelihood of protracted and extreme drought conditions, in early 2018 Council prepared a *Drought Relief Strategy* (copy available upon request), which established a strategic focus and associated framework for Council's drought support activities. This strategic approach equipped Council comparatively well with dealing with the drought crisis, and at the time of writing of this report, all identified objectives have been delivered. In delivering the associated actions identified in the Strategy, Council has continued to be hamstrung in its efforts by both levels of government. Examples will be provided throughout this submission.

Council requests that this submission be read in conjunction with the Namoi Unlimited (Joint Organisation) representation which provides details of the associated regional response and experiences from the macro perspective. The Liverpool Plains Shire Council submission presents a collation of LGA-specific experiences coordinated from a range of information sources, both primary and secondary.

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

Anecdotally, Council has experienced significant population decline as a result of the protracted drought conditions. Many individuals and families have 'moved on' in search of permanent or more secure employment within less drought-affected or metropolitan areas.

Preliminary results from a Regional Development Australia Northern Inland (RDANI) survey have revealed that the impact of the drought on non-farm business turnover (ie sales income) during the 2018-19 financial year was substantial. Interim results are that 59% of businesses report a turnover reduction in the range of 11-50%, 12% of businesses recorded a reduction of between 51-75%, and several businesses reported a turnover reduction of 76 – 100%. Only 5.7% of non-farm businesses reported a turnover increase. Forward expectations were also identified as being poor with 54% of businesses expecting their turnover to be down 11 – 50% in the next financial year.

RDANI has also identified that a large number of businesses had been forced to lay staff off during the drought, with 34% reporting a reduction of 1 – 2 staff members, and 6% of businesses reducing staff by more than 5 employees. 51% of businesses expected to retain all staff next financial year, but 34% expected to have 1 – 2 fewer employees in 2019-20 and 12% expect to have 3 or more fewer staff.

Commensurate with the above trends is a loss of key trades and skills from our Shire. Unfortunately there has been limited and no demonstrable affirmative action by key training organisations such as TAFE to address this issue. Local businesses and community are reporting a loss of apprentices in the building, mechanical and fabrication areas. The re-opening of traditional course offerings at local TAFE campuses should be a priority within drought affected areas, with the view of trades being taught in local communities. This approach would also assist in addressing ongoing regional skill shortage issues. There have been further opportunities identified in this regard in collaborative partnerships with local government organisations such as this Council.

The Liverpool Plains LGA has been relatively fortunate with respect to retention of medical services and facilities with no direct loss of services directly attributable to the drought. Notwithstanding, these already stretched services have, however, been pushed to the limit, particularly with respect of mental health referrals.

The drought has seen the closure of one (1) school in Premer Public School. Another local educational facility, Blackville Public School is also well below anticipated enrolment levels and is considered 'at risk'.

The corresponding social impacts from the loss of long-standing educational institutions are immeasurable. Rural schools are frequently the hub and focus of social and community life within small communities. With the loss of students comes the loss of teachers and their respective families fuelling further decline. The current rigid and unresponsive approach to school closures has little regard to climatic trends.

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

As reflected in the recent RDANI research detailed earlier in this submission, allowing clients more time to pay their accounts is a tactic businesses are often forced to adopt during drought conditions in order to support and retain their customers. Many rural businesses are presently suffering significant financial hardship due to the necessity to carry the burden of credit for farmers and graziers (and allied businesses). The provision of interest free loans for rural supplies and allied services to remain in business and retain staff has been recommended by the local industry as a pragmatic and relatively straightforward mechanism of relieving

hardship and providing the necessary certainty for local businesses and professional staff, whom are difficult to attract and retain in the first instance.

Community feedback on the response of financial companies to the drought conditions has been mixed. Some landholders have reported good support and guidance from their respective financial institution(s); others have reported limited concessions and flexibility. What is evident is that there has been a marked increase in properties being offered for sale, both in the rural and urban settings. A significant loss of equity has also been widely cited. Development Applications (DA) are also well below anticipated levels with limited new builds programmed.

Where financial institutions and government organisations have failed to provide the necessary support, community and religious organisations have filled the void. A range of grass-roots assistance programs have developed out of both necessity and desperation. A notable local example of this is the activities of the Quirindi Branch of the Country Women's Association (CWA). At last count over \$300,000 in donations has been distributed to members of the local community that are in need. The CWA has coordinated and distributed drought assistance packages (including shop local vouchers) for critical human needs such as prescription medications, fuel, groceries, trade subsidies and educational grants. Assistance has also been provided in distribution of water and donated gifts. The community organisations have proved incredibly effective in expeditiously reaching those most in need without the prevalence of bureaucratic red tape. The contributions and importance of these organisations should not go unrecognised.

Council has heavily relied on cooperation and partnerships with its Sister City Council – Blacktown City Council. Council's Sister City Program with Blacktown has been incredibly effective and pragmatic during the current drought event. Examples of the type of support provided are fully detailed in the Blacktown City Council Inquiry submission and include the supply of a potable water tanker. The benefit of this support framework to the local community cannot be understated. Blacktown have demonstrated incredible altruism and kindness, and always in an apolitical fashion, to the immense benefit of the Liverpool Plains community. The social awareness and understanding is reciprocated by the various partnership events including, for example the Hangi in the Country event.

This metro/rural-regional support framework is a model for other communities. Without this collaborative partnership, the local community would have suffered far greater hardship.

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

As detailed previously, local businesses have experienced a significant down turn and business confidence is at all time lows. On-farm machinery purchases have also effectively ceased and only minimal maintenance is being conducted on equipment. Contract harvesters, spray operators, carriers and associated suppliers of farm inputs and services have been severely impacted. The cost of purchasing quality feed is now beyond the majority of stock owners.

### **(d) transition and recovery from drought when drought conditions begin to improve AND**

### **(e) preparedness for future drought events**

From an environmental perspective, there has been a complete loss of ground cover in many areas. There are a range of concerns in respect of current and future weed management, particularly in respect of priority weeds given financial stresses, both currently and during the recovery period. Conversely, with the importation of sometimes suspect fodder across vast distances, new weed incursions are imminent.

In the interest of effective biosecurity controls these new incursions must be proactively managed and landholders and producers provided with the necessary support, both financial and advisory, to ensure effective biosecurity controls remain in place.

Given that large tracts of land have become denuded, rainfall events that are high in intensity will create a range of negative impacts for landholders and asset owners such as Councils. Stormwater drainage infrastructure is likely to be deleteriously impacted with a reduction (or loss) of functionality and predicted life. This will be further compounded by unbudgeted maintenance and replacement costs. Important water related infrastructure, including farm dams and community water supplies, will also be impacted by siltation and future maintenance demands. Associated impacts from the increase in turbidity and poor water supply quality, including toxic algal blooms, are also predicted to occur.

The restocking of properties has been identified as a key area of community concern. Many producers will not have the upfront capital to invest in replacement livestock and access to remaining stock is likely to be competitive and expensive. Innovative breeding and restocking programs will be required to satisfy this future demand and associated investment in research and development (R & D) is required to improve community resilience to future drought events.

A formalised Drought Transition Program, focusing on the issues highlighted in this submission, is considered a necessity. A whole of government approach using a well-designed and supported program, with appropriate input from regional communities, is considered imperative to the reconstruction process.

The planning for the recovery period should also commence immediately. Government and industry-led recovery programs need to be underpinned by a foundation of community involvement in order to promote ownership and ultimate take up and acceptance. It is recommended that Drought Committees be formulated in each State to plan and manage for future, inevitable drought events.

Considerable opportunities exist in both the transition and recovery period to facilitate future preparedness. Rebates and infrastructure incentives should be fully explored with the view of improving future community resilience. Examples include improvement in farm-based facilities, silo construction, hay and silage storage, and augmentation of tanks and troughs on private properties and travelling stock reserves (TSRs). Rebates on the installation of water tanks, similar to the solar rebate scheme, should also be implemented.

Prior to the finalisation of any future Program(s) a comprehensive debrief should be undertaken as part of the recovery phase to both quantitatively and qualitatively assess the success of measures undertaken by government agencies during the drought. These findings should underpin future drought relief efforts and facilitate a robust and meaningful assessment of program effectiveness, and a more strategic approach to be pursued.

The impacts of climate change, and the interrelationships with extreme weather conditions (including a horror bushfire season) must be considered as part of the drought conversation. Ongoing investment will be required to support emergency organisations to ensure that they are adequately equipped for these conditions into the future. The current concerning trends in the ageing and decline of volunteer emergency services personnel needs to be urgently addressed. Frequently these volunteers, particularly in respect of the NSW Rural Fire Service, are local producers under extreme hardship and suffering themselves.

#### **(f) assessment of current Government programs**

Council has been the beneficiary of funding in the order of \$1 million under the Federal Government's *Drought Communities Programme*. Council's observations in respect of this particular programme are as follows:

- The funding was generally welcomed by the community and considered timely.

- The very narrow window for expenditure (less than 6 months) in respect of capital upgrade projects placed immense pressure on Council staff and trades to deliver the projects within the prescribed timeframes.
- The programme name was considered misleading by the community. A clearer indication that the funding was intended for 'economic stimulus' as opposed to drought relief would have assisted in managing negative feedback received by Council from the community and perceived 'wastage'.
- The corresponding funding guidelines had a narrow focus of eligible projects with exclusion of water and infrastructure related projects. Such projects were identified as priority items by the community in corresponding community consultation activities.

Other programs have had limited access by Council and Council has no direct interaction with Federal or State Government personnel specifically assigned to drought relief or support efforts. The lack of working relationships with assigned drought officers is considered a significant impediment to the drought response and recovery efforts.

Universal feedback has been received that the drought grant funding applications are unnecessarily complex and beyond the capability of many producers and local businesses. Opportunities to streamline these processes must be investigated.

Council has continued to play an active role in cross-promoting drought support opportunities and associated events. There has been little to no recognition that Council as an organisation is suffering itself from hardship. Examples include payment delays, decreases in user-pays charges, an expectation from other tiers of government that Council will waive or absorb fees and costs for in-kind support such as for event promotion, administrative support and venue hire with no allocated budgets or access to additional funds.

The personal impact on Council staff has also gone largely unrecognised. Council is the largest employer in our Shire and many employees' immediate families reside and/or rely on the agricultural sector to support their respective households. As off-farm income is available these families are frequently denied financial assistance under current financial support and aid programs. In terms of the human cost, staff absenteeism has increased, mental health has declined markedly and there has been an uptake of participation in the Employee Assistance Program (EAP) support and counselling service. In recognition of the current pressures, Council has recently extended availability of this program to family members.

The "NSW Drought Hub" has proved a useful resource, but fails to acknowledge technological challenges in rural areas (including internet connectivity) and comparatively low levels of computer literacy. An overall lack of understanding and appreciation exists in this regard and this particular program would benefit from a review to better understand its effectiveness (or otherwise). A review of the effectiveness of communications with stakeholders should also be undertaken as a matter of urgency. Numerous surveys have been completed at the request of various government agencies with no follow up nor tangible outcomes arising.

State government support to Councils has been negligible during the drought. Apart from access to 'information sessions' there has been an overall lack of acknowledgement of the financial, social and environmental impacts, nor have effective strategies been put in place to assist Councils in helping their communities in a meaningful way during the drought. An example of this is the restructuring of the historically very successful Small Business Month activities wherein funding had been directly provided to Councils to pursue events in partnership with their business community. In 2019, and without consultation, the program was centralised requiring local business owners suffering terribly from the drought to drive over an hour away to attend offerings that had no direct relevance or interest to them. This was perceived as a direct affront and confirmation to many that the government is out of touch with the current crisis, or has no particular interest in the issue. It is understood that all events were poorly patronised with bureaucrats outnumbering participants in some areas. A stark contrast to the sold-out event(s) held locally the year prior.



Current government programs, in general, appear to lack rural input. There is a perception that available funds have been wasted on projects that bring no tangible relief to rural communities. Under the current model freight and fodder subsidies also appear to provide limited relief to buyers but serve to force up the price of the commodity.

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

Opportunities for rating relief for businesses and farming operations require further exploration. Future programs should not, however, create undue hardship on local government nor an expectation that these costs should be absorbed as an unfunded mandate.

Similarly, tax concessions (including reduction or elimination of payroll tax) requires further consideration as part of future drought responses.

Council supports the short and medium term relief programs identified in the Namoi Unlimited (Joint Organisation) submission. Support is also provided to the recommendations made by *"Rebuilding the FHA: a better way forward for supporting farmers in financial hardship – An independent review of the Farm Household Allowance (FHA)"*, as follows:

Recommendation 1: Decouple from social security legislation

Recommendation 2: Strengthen the mutual obligation

Recommendation 3: Revise the Rural Financial Counselling Service (RFCS) role towards business support

Recommendation 4: Improve communications

Recommendation 5: Distinguish the FHA from drought

Recommendation 6: Build in regular assessment of performance

<https://www.agriculture.gov.au/ag-farm-food/drought/assistance/farm-household-allowance/review>

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

Council has been working over the past decade to deliver its Regional Water Supply Strategy. The remaining component of this particular strategy entails the replacement of an ageing water treatment plant (WTP) and enhancement of water security through the integration of improved storage in Quipolly Dam and the linking of a different water sources to the scheme.

Unfortunately, Council has recently had to call on the Department of Planning, Industry and Environment (DPIE) to urgently provide comment and concurrence on its Section 60 request from 12 months ago, for the Quipolly Water Project design concept after not receiving any feedback in the approval process to date. This pressure was needed to be applied to prevent further delays to get work underway on the vital project. A section 60 approval is a requirement of the NSW Local Government Act that requires a Council to seek Ministerial approval before the construction or modification of any water treatment works.

The issue has been that without comment on our Section 60 request Council stands the risk that if DPIE does not concur with the proposal at a later stage, and further changes are necessary after a contractor has been committed to design, the contractor can legitimately claims for variations in scope and increased costs to make the changes. This presents a large financial risk that will solely be borne by Council who believes ratepayers should not be exposed to and who are already under extreme duress during the drought. As a small, rural

shire, already devastated by drought, Council cannot responsibly afford to take any more risk with finite ratepayer resources already stretched to the limit.

Furthermore, delays in obtaining the necessary section 60 approval increase the cost of the project through escalating prices. Because of at least 12 months of waiting, the project has now lost its competitive edge with the construction market currently inundated with other drought projects across the State. It also threatens increased costs if delays force another contractor selection process to be run and coupled with the administrative costs with staff having already provided numerous studies and reports to facilitate a decision to enable Council to 'get on with the job'.

The abovementioned predicament is particularly frustrating as this project was planned well in advance of the current drought event and could be contributing to avoiding issues of drought to the community. With all the delays and received outputs to date, the Section 60 process does not seem to add any value to water supply projects.

Council has also experienced similar frustrations in its recent dealings with the Natural Resources Access Regulator (NRAR). Responses, even to routine enquiries are not timely and it is abundantly clear that the unit is not well equipped to deal with the current drought crisis. Council has been waiting several months for an endorsement of a simple application for the redrilling of an approved and licensed bore on Council-owned land within the former bore's existing footprint.

Similarly, no concessions or practical assistance has been made to local government organisations to access alternate water supplies for community purposes. This position has been a source of great frustration to Council and the rural community alike.

Water reuse schemes require urgent action if a practical application of available waste water streams is to be realised during drought. Whilst it is acknowledge that community health must be protected through the control of potentially harmful substances contained within wastewater, current regulation stifles the use of wastewater as a resource.

Unless there is a specific opportunistic situation where a Council could utilise reused water e.g. an adjacent woodlot establishment, it is often considered that pursuance of a reuse scheme will either be too hard, or too expensive to achieve. If these restrictions are to remain to the same extent as now, then assistance for Council's to undertake effluent reuse projects should be made available and help contribute to gainful purposes in drought, such as the production of fodder for stock.

#### **(i) any other related matter**

The following additional recommendations and suggestions have been put forward by representatives of the local business community:

- Farm management deposits – in good times, primary producers are permitted to set aside surplus funds tax-free with the view of later drawing on these funds in times of extreme drought. This facility would not be available for rural-based businesses but would permit a degree of certainty for the local business community.
- Government subsidised training – for staff that lose their jobs during extreme drought conditions or suffer a reduction in hours. This approach would allow re-training in other industries and for individuals to improve their skills levels through structured upskilling.
- Formalisation of a drought assistance fund – inclusive of interest free loans. Eligibility schemes tend to be turnover based and it should be acknowledged that many rural merchandise businesses operate under very low margins. It is therefore recommended that gross profit be considered as a basis as opposed to turnover.



- Increased levels of tax write-offs on asset purchases than currently permitted. This would allow investment in new equipment in technology in more difficult times.

Council wishes to thank you for the opportunity to provide feedback. Should you require any further information or clarification in the interim, please contact Council's Director of Environmental and Economic Development Services, by phoning this office on [REDACTED] or by emailing Council at [REDACTED]

Yours faithfully

[REDACTED]  
(RS) Ron van Katwyk  
**GENERAL MANAGER**