

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

**Organisation:** Country Mayors Association

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# Country Mayors Association of NEW SOUTH WALES

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Mr Justin Clancy MP  
Chair, Committee on Investment, Industry and Regional Development  
Parliament House, 6 Macquarie St  
Sydney NSW 2000

Via email [investmentindustry@parliament.nsw.gov.au](mailto:investmentindustry@parliament.nsw.gov.au)

Dear Sir,

## **Re Inquiry into support for drought affected communities**

This submission is made by the Country Mayors Association of NSW which represents 68 rural and regional member Councils. The Association covers the vast majority of NSW and the communities represented by member Councils, whether west of the divide or in coastal regions, are bearing the brunt of the drought.

Drought is currently the single most significant issue affecting the viability and vitality of our rural and regional communities, and it is our responsibility as the three spheres of government, Federal, State and Local, to get drought support right. The Association commends the NSW Government for holding this inquiry, especially given the growing sense of urgency around the impacts of this drought, which are approaching catastrophic for many communities.

Australia needs a targeted and integrated approach to drought response and resilience. Each level of government must consider closely what role they can and should play - whether it be new or improved policy, boosting funding, tailored service delivery, or advocacy and facilitation. States, being the middle link, need to work closely with both Federal and Local Government to develop a truly integrated approach. Without this, efforts will be piecemeal, inconsistent, poorly targeted and not responsive to the differing needs of different drought-affected communities.

### **Many rural and regional communities have reached their limits of resilience**

Agriculture is cornerstone to regional economies, and with the current drought, growth and economic development is coming to a halt. As such, drought support measures now and in previous droughts have largely been focused on farmers; improving on-farm water infrastructure and injecting direct cash or loans to farmers' back pockets. Although farmers are only one part of rural and regional communities, and while they need and deserve every bit of support we as government can give them, the people that support those farmers and depend on them must not be forgotten. Unless we support all of the community; producers, residents, retailers, agribusiness, health providers, educators, providers of professional services, and yes, local government, the future of rural communities is at risk. Many communities have reached the end of their ability to cope, and are on the edge of a cliff.

Responding to drought means tackling the current emergency but also prioritising better policy, systems and support to build resilience for the next one. In much of Western NSW, the drought is exacerbated by the Murray Darling Basin Plan. Water buybacks have removed water, the lifeblood of our system, and with the traditional role of irrigation now being undermined, western communities are losing their ability to bounce back.

The nature of the current drought is unprecedented and drought-affected communities within regional NSW have reached, or are fast approaching, their limits of resilience. The toll is dire:

- **Partial or total income loss for agricultural producers** - Over multiple years, loss of income has significantly eaten into capital and equity to the extent that for many agricultural producers there are few, if any margins left. With the exception of the 2016 season, some producers have had no income for up to seven years. With further business loans becoming more and more unobtainable, the only option is sale of assets and large scale employment cuts, and as the last resort, selling the farm and leaving the community. ***Significant income support is required.***
- **Negative multiplier effects through the business sector** - Businesses that rely on agriculture, businesses that rely on them and the other businesses in the local economy such as retailing and personal services are struggling to survive and keep staff employed, particularly those that rely on discretionary expenditure. Shops on the main street are closing, businesses and families are relocating and no one is replacing them. ***Income support needs to be spread across the community.***
- **Substantial skills loss** – The significant losses of on-farm labour, skills and expertise will be difficult or impossible to replace when the drought breaks. With the dwindling economy, skill retention issues are being felt in essential trades and professional services. One landholder reported that the equivalent of 500 person years of experience had been lost from his property. ***Skills loss means population loss, damaging other sectors of the local economy.***
- **Reduced wellbeing of the community** – There are severe drought-related mental health and wellbeing issues within the Shire. Limited mental health services mean volunteer groups and networks are being overworked, and combined with the tendency of rural people to not ask for help, initiatives to improve mental health and boost morale are needed more than ever. In many towns there has been a significant loss of general practitioners, in part through burn-out. Many of those remaining are under severe stress and getting an appointment can take up to 6 weeks. Normal social activities have often been suspended as there is no discretionary expenditure available, even fuel to attend in-town events. ***Wellbeing is critical to resilience. Wellbeing needs events, programs and funds.***
- **Uncertain long-term recovery** – Should the current drought extend beyond another 12 months, there will be a potentially catastrophic situation for the rural communities where skills, businesses and families will have been lost to relocation, and regional economy recovery will be crippled. The challenges of re-starting agricultural enterprises through replanting or restocking may be beyond the capacity of remaining businesses. ***Drought support must continue beyond the “end of the drought”.***

### **Providing regional NSW the leg-up now and into the future**

Immediate drought relief needs leadership by the State, with funding and support from Federal Government, and programs delivered in partnership with Local Government. Local Government understands local conditions and needs, and is often best-placed to deliver tailored programs and support to meet those needs.

The scale of drought support required now is staggering. To take one example, the Shire of Moree Plains has a total output estimate of \$1.5 billion, depending on the season. With direct agricultural production being over a quarter of this, and with majority of related output being agriculture- dependent, shortfalls

in output this year are estimated up to \$750 million – half that of a normal year. Similar concerning ratios are occurring in many other agriculture-dependent communities. These deficits also put the scale of drought economic impacts into perspective. Government grants of \$1 million here or \$1 million there are trivial compared to the scale of the problem.

While regional Councils are best placed to develop and deliver targeted drought support programs specific to local needs, we do not have the financial capacity to fund anything other than small-scale initiatives. Councils' hands are tied in what they can do their communities if there is a significant increase in unpaid rates. Councils in drought affected areas are also increasingly having to bear additional costs and expenses associated with water supply to communities that are under water stress. Local government is dependent on State and Federal bodies to fund timely programs, and on the State to advocate to the Federal Government for meaningful financial assistance.

Country Mayors requests and recommends a coordinated approach across all levels of government. This needs agreement around a policy framework that acknowledges the role and needs of each sector and addresses both across-the-board responses and those which are specifically targeted to local community needs. Set out in **Table 1** are examples of the types of programs and responses which could be provided at the different government levels.

**Table 1: Drought preparedness and response actions government must take now**

|   |   |
|---|---|
| <b>What local government can do</b><br><br>(some initiatives would require/benefit from funding from other spheres)   | <ul style="list-style-type: none"> <li>• Local gift cards spent locally</li> <li>• Employ people on temporary work contracts</li> <li>• Rural water rebate scheme</li> <li>• Waive library late fees</li> <li>• Free clothes washing program</li> <li>• Free household potable water for people not on town supplies</li> <li>• Ensure water supplies to communities are resilient and that water quality is safe</li> <li>• Run/sponsor community events</li> <li>• Support sports as a key community "glue"</li> <li>• Other "bottom up" and local initiatives</li> </ul>   |
| <b>What state government can do</b><br><br>(some initiatives would require/benefit from Federal Government funding and may be best delivered through local government or the not-for-profit sector) | <ul style="list-style-type: none"> <li>• Local government rate relief (to ratepayers or to Councils)</li> <li>• Raise drought to natural disaster status</li> <li>• Remove or defer payroll tax from regional communities</li> <li>• Waive vehicle registration for local businesses</li> <li>• Fast track water infrastructure approval and funding for towns and villages</li> <li>• Tourism campaigns</li> <li>• "Buy Bush" programs</li> <li>• Expand Active Kids Voucher program</li> <li>• Develop Active Adults Voucher program</li> <li>• Further resource primary health services, for example mental health and extra locums to support local GPs</li> <li>• "One stop shops" for "all things drought"</li> </ul> |
| <b>What federal government can do</b><br><br>(some initiatives could be delivered by or with other government spheres or the private or not-for-profit sector)                                      | <ul style="list-style-type: none"> <li>• Skills retention payments to workers or employers</li> <li>• GST relief/deferral in regional areas that are drought declared</li> <li>• Cash stimulus packages</li> <li>• Income tax concessions for drought affected businesses or residents in regional areas</li> <li>• Interest free loans to producers and businesses in drought declared regional areas</li> </ul>   |

## Planning for drought support in the long-term

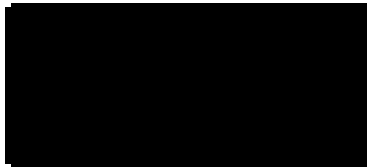
There are a number of key principles that the Country Mayors Association see as critical in any comprehensive drought response:

- 1 There is a need for both a **comprehensive long-term policy** and **effective relief policies** in the case of a drought. The first needs to set the framework for the second. A **recovery strategy** is then necessary and would extend two or more years after the technical end of a drought.
- 2 We can only design appropriate policy when we know what we are designing for. This means that we need the concept of the **“reference” or design drought**. Previously best practice was to design for the worst previous recorded drought. With inflows into some NSW rivers being less than 10% of the worst drought on record, we need to re-think this based on the best of scientific evidence and probability studies. Consideration also needs to be given to **“trigger levels”** that define when drought assistance should cut in.
- 3 The key is resilience and the **key to resilience is water**. The flaws in the Murray Darling Basin plan need to be addressed and NSW needs a comprehensive water policy.
- 4 Other essential elements of resilience relate to a complex range of economic, social and community factors. It is crucial that rural and regional NSW **be looked at holistically** rather than by interest, industry type or other filter. The high level of inter-relationship and integration within communities based on agriculture means that every single business and community member is affected by a major drought event. No one is exempt.
- 5 Policy needs to involve and recognise **all three spheres of government**. Local government is often excluded whereas local government is at the front line.
- 6 Current response frameworks and programs are **too narrow and complex**. They often revolve around what state and federal bureaucrats think should be done rather than listening to communities. Programs need to **identify broad categories of support** rather than narrow outcomes. State agencies therefore need to be both **flexible and proactive**, working directly with local communities to tailor programs to their needs. For example, rather than programs around playgrounds, programs should focus on “infrastructure to facilitate community cohesiveness”. Local, bottom-up needs would then drive what is actually put forward for funding.
- 7 There is a complete **underestimation of the economic impacts of drought**. Communities need a **rapid injection of cash** that will flow right through the local economy and they need it now. The survival of business communities and family-owned agricultural enterprises is now under **immediate and direct threat**.
- 8 Drought provides some **opportunities to address environmental and other issues**. **Feral animal control** can be significantly easier. There are opportunities to **desilt and restore natural and artificial waterways** to improve their storage capacity.
- 9 Australia has a **strong history of supporting industries going through difficult times**. Agriculture is no different. **This is not about handouts** it is about industry survival in **catastrophic circumstances**. Good policy will ensure that next time industry is more resilient.
- 10 Government overall needs to **recognise productivity as an essential driver** for providing infrastructure. Metrics are driven almost purely by population. Key infrastructure such as **water and road infrastructure** needs to recognise the importance of supporting and underpinning productivity as a key resilience factor.
- 11 There is an **increasing need for key social and community infrastructure** to encourage professional people to live and work in the region to support agribusiness as it moves into a high-tech future. This includes key sectors such as **recreation, health and education**. This infrastructure needs to be **part of building long-term resilience** rather than a response to specific drought events.

- 12 The end of a drought is not the end of the impacts of drought. Drought policy needs to specifically **address the recovery phase**. This means ensuring that agricultural enterprises have the **ability to restart their activities** and that **ongoing support will be necessary**, especially for businesses dependent upon the agricultural sector.
- 13 It **takes time to rebuild staff resources**, it **takes money to plant crops or re-establish herds**. While restarting the agricultural sector will provide some support for direct supplier businesses, it can take several years before farm incomes rebuild and discretionary expenditure becomes available to support a wider range of goods and services. This secondary recovery is made significantly more difficult because of the **higher debt burdens** that both the agricultural sector and supporting businesses carry forward after a drought.

The Association thanks the Committee for the opportunity to be part of a coordinated institutional transformation that will see regional NSW survive this drought and be more resilient to future events - securing communities' futures and way of life for generations to come. We look forward to the outcomes of this inquiry and can provide further information and case-studies from our member Councils upon request.

Yours sincerely,



Cr Katrina Humphries  
**Chair**

**CC:**

**Adam Marshall MP, Minister for Agriculture and Western NSW**

**John Barilaro MP, Deputy Premier, and Minister for Regional NSW**

**Gladys Berijikian MP, Premier**

**David Littleproud MP, Minister of Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management**

**Senator Bridget McKenzie, Minister for Agriculture**