

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

Organisation: St Vincent de Paul Society NSW

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Submission to the Inquiry into support for drought-affected communities in NSW.

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Introduction

The St Vincent de Paul Society NSW (the Society) has been assisting marginalised and disadvantaged people in New South Wales for more than 130 years. People are assisted by the Society either by Conference members (groups of voluntary members established in local areas to provide assistance to people experiencing disadvantage), or through specialised professional services tailored to meet the needs of people experiencing poverty or disadvantage.

Over the course of the last 18 months, the Society has been actively involved in responding to the drought in NSW. We have independently raised and distributed over \$2 million in assistance, as well as contributing close to \$3 million from Society reserves. We were also one of three charities who delivered Round 1 of the Federal Government's Drought Community Support Initiative (DCSI), and together with The Salvation Army, we are now delivering Round 2 of this initiative. Our drought response is in addition to the direct financial assistance our Conferences provide to households across NSW, including the distribution of Telstra vouchers, Energy Account Payment Assistance (EAPA) scheme vouchers and food relief in drought-affected areas.

Our members are deeply concerned about the impact of the drought on people who live in rural and regional communities. As one member – who has conducted over a thousand household visits in order to provide assistance – told us, many people are now starting to lose hope: “When visiting farmers late last year (2018), a predominant statement was ‘Do not worry, we will get through it and it will rain in three months’. It has not rained and these same farmers are now pleading for assistance... What the farmers want now is assistance with the everyday things, electricity, food, fuel, school fees, medical and rates.”

We therefore thank the Committee on Investment, Industry and Regional Development for conducting this Inquiry into the impacts of drought on regional NSW. We appreciate the opportunity to provide input into the Inquiry, and trust our submission will help the Inquiry achieve its goal of identifying ‘potential government action with particular reference to regional businesses, economies and communities’. We would be happy to provide additional information on request. Below we address five of the Inquiry's Terms of Reference.

Comments on the Terms of Reference

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

Rural and regional towns are suffering. The loss of income from farming businesses affected by the drought has impacted all parts of the community, and economic stimulus is much needed to avoid the further devastation of local communities.

In delivering Round 1 of the Federal Government's DSCI, the St Vincent de Paul Society saw firsthand the value of measures that encouraged local spending. The voucher component of this initiative provided eligible households with up to \$1000 towards an outstanding local bill. The benefits of this local investment were manifold; some businesses reported this meant they could keep the doors open, and avoid cutting back on staffing costs.

Two government actions that have the potential to both support people and families who have been impacted by the drought, while at the same time stimulating rural and regional economies, are investing in more social housing, and increasing the rate of Newstart.

The high rates of homelessness in NSW (with more than 37,700 people recorded as homeless in the 2016 census), the long waiting lists for social housing (up to 10 years in many parts of the State) and the prevalence of housing stress, are clear indications of the desperate need for more social housing across our State. Investing in building more social housing in areas impacted by the drought would have the added benefit of creating new jobs and stimulating local economies.

Similarly, raising the rate of Newstart would not only lift thousands of people out of poverty, it would result in an immediate cash injection into local communities in rural and regional areas. Recognising this potential, the Hon. John Barilaro, MP, added his voice to calls to raise Newstart at the 'Putting Regional Needs on the Map' event at Parliament House on 24 October 2019. The Reserve Bank Australia has similarly stated that raising the rate of Newstart would boost growth in the economy,¹ as have accounting firms Deloitte² and KPMG.³

We recommend that the NSW Government:

- ***invest in building significantly more social housing across NSW (5000 dwellings per year), including considering the potential for a building program to simultaneously benefit drought-affected communities***
- ***call on the Federal Government to lift the rate of Newstart by at least \$75/week.***

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

The St Vincent de Paul Society has long been concerned by the predatory behaviour of pay day lenders, many of whom target people experiencing stress and vulnerability, and whose practices are often misleading and unconscionable. Rather than supporting businesses and families affected by the drought, we see that these services add to the hardship people are experiencing. Current legislation is inadequate to the task of ensuring these companies do not continue to prey on people experiencing financial difficulties, benefiting from others' misfortunes.

We recommend that the NSW Government urge the Federal Government to implement the recommendations of the Review of the Small Amount Credit Contract laws made in 2016, and legislate a comprehensive cap on interest for all forms of credit.

(e) Preparedness for future drought events;

As the NSW Government looks to better support communities affected by the current drought, there is considerable opportunity to, at the same time, improve resilience for future drought events. In delivering Round 1 of the Federal Government's Drought Community Support Initiative, we observed that farming businesses who had adopted more sustainable technologies and practices took longer to feel the impact of the drought, and who only therefore only began seeking assistance late in Round 1 of the Initiative.

We therefore recommend assistance focus on the uptake of sustainable technologies. Two suggestions our members have put forward are:

¹ Central Western Daily (2019) 'Newstart lift an option for economy: RBA'. Available at <https://www.centralwesterndaily.com.au/story/6510903/newstart-lift-an-option-for-economy-rba/?cs=9397>

² Deloitte Access Economics (2018) Analysis of the impact of raising benefit rates: Australian Council of Social Service

³ The Guardian (2019) Accounting giant KPMG calls for Newstart to increase by \$100 a week. Available at <https://www.theguardian.com/australia-news/2019/oct/07/accounting-giant-kpmg-calls-for-newstart-to-increase-by-100-a-week>

- Sustainable energy technologies, particularly for pumping water (see our response to TOR (f) below).
- Hydropanels – solar panels that generate water from the atmosphere. These panels can provide reliable access to safe drinking water, and reduce reliance on plastic bottles. Hydropanels have been installed in Murrurundi Public School – providing safe drinking water for children at the school, as well as the wider community.⁴

The NSW Government should support the uptake of sustainable technologies in rural and regional communities that can provide relief in the context of the current drought while also building capacity to cope with future drought events.

(f) Assessment of current Government programs

In the 2018-19 financial year, the St Vincent de Paul Society delivered approximately \$7.4m million worth of support to households as part of the NSW Government's Energy Account Payment Assistance (EAPA) Scheme. The purpose of this Scheme is to help customers who are experiencing a financial crisis or emergency and need help to pay their home electricity and/or natural gas (energy) bills. In delivering this scheme in the context of the drought, our members have raised a number of concerns:

- The EAPA scheme provides a cap on the amount and frequency of assistance that can be provided to each household, but allows these limits to be exceeded during 'exceptional' circumstances. While we understand that the Department of Planning, Industry and Environment is working to develop clearer guidance around what constitutes an 'exceptional circumstance', the current application of the guidelines suggest that the program is not fit for the purpose of supporting households experiencing long, drawn-out financial crises such as those caused by the drought, but has instead been developed with short-term financial crises in mind.
- Many drought-affected households are not eligible for assistance via the scheme because their energy accounts are registered in the name of a business. We ask that the NSW Government consider improving access to energy bill relief for these households.

Many farming households have seen considerable increases in their energy bills as a result of the drought, as well as rising energy prices. In particular, farmers who still rely on electricity from the grid in order to pump water now face unmanageable bills. We note that in recognition of this issue, the Queensland Government is providing support to farmers via its Drought Relief Electricity Charges Scheme (DRECS).

We ask that the NSW Government consider how it might similarly support farming households in NSW, including helping households reduce their energy use over time by transitioning to renewable energy sources. While the NSW Government has at least two existing initiatives designed to support the uptake of sustainability improvements – the Farm Innovation Fund and the Drought Assistance Fund – at this stage the length and severity of the drought mean that many farmers are not in a position to take on additional debt, even in the form of a no or low-interest loan.

The NSW Government should consider how drought-affected farming households can be better supported to pay their energy bills, for example, by introducing a Disaster Relief Energy Account Payment Assistance Scheme, similar in nature to EAPA, but with broader eligibility criteria, and through direct assistance to support the uptake of more sustainable technologies.

⁴ ABC News (2019) 'A critically dry town's 'magical, other-worldly' solution to sustainable clean drinking water. Available online at <https://www.abc.net.au/news/2019-02-23/murrurundi-water-hydropanels-solar-technology/10836638>

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

While the NSW Government has provided temporary relief from a number of taxes, charges and levies, one area of ongoing concern for drought affected farming households and businesses is the payment of council rates. Local Councils have limited capacity to support households themselves – they are constrained both by the legislation, and by their financial capacity. Under the Local Government Act, the discount on rates available to pensioners is capped at \$250 (an amount unchanged since 1993). For other constituents, financial assistance is largely limited to waiving or reducing interest charges.

Given rates comprise an important component of Councils' revenue, requiring Councils to provide additional rate relief has the potential to impact their ability to deliver services and employ people locally. We therefore consider this is a role for the NSW Government.

We recommend the NSW Government consider ways in which it could support local Councils to assist households affected by the drought to pay their rates, including via the provision of direct financial assistance.

Concluding comment

Should you have questions about the issues we have raised in this submission, please contact Rhiannon Cook, Manager, Policy and Advocacy, on [REDACTED] or via email at [REDACTED]. We believe there is significant potential for the NSW Government to improve the situation for individuals, families and communities currently experiencing significant financial hardship as a result of the drought, and value the opportunity to inform the Committee's recommendations to this end.