

**Submission
No 19**

**INQUIRY INTO ECONOMIC AND SOCIAL DEVELOPMENT
IN CENTRAL WESTERN NEW SOUTH WALES**

Organisation: NSW Rural Assistance Authority

Date received: 26/08/2011

STANDING COMMITTEE ON STATE DEVELOPMENT

**Inquiry into economic and social development in central western
New South Wales.**

Submission

**NSW Rural Assistance Authority
Locked Bag 23, Orange, NSW 2800**

August 2011

NSW Rural Assistance Authority

Submission to: Standing Committee on State Development – Inquiry into economic and social development in central western New South Wales

The NSW Rural Assistance Authority can trace its history back to the creation of the Farmers' Relief Board in 1932, which was charged with preventing creditors taking action against farmers on debts. In 1939, the Board became the Rural Reconstruction Board and in 1971 evolved into the Rural Assistance Board.

The current NSW Rural Assistance Authority was established as a result of the Rural Assistance Act 1989 which amalgamated the Rural Assistance Board with the Rural Industries Agency of the then State Bank of NSW

The NSW Rural Assistance Authority operated from Sydney in its various guises until early 1997 when it completed relocation to Orange in central western NSW. The relocation to Orange was designed to strengthen services to rural industries and give the Authority a regional presence with greater access to its client base.

In broad terms, the function of the Authority is to administer a wide range of assistance measures to the rural sector. These assistance measures are both Commonwealth and State funded. Whilst the rural sector is its core client, the Authority is also responsible for small businesses which have suffered loss or damage due to natural disaster

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The information contained in this submission is provided by Fran Rowe, Chair, of the NSW Rural Assistance Authority (Authority) however, all Authority board members have endorsed the views in this submission which focus on concerns previously identified by board members who serve as leaders and members of rural communities engaged in agricultural production and –or contributing as professionals working to serve local communities.

Comments within this submission on particular terms of reference are provided to the Inquiry for general use to assist public knowledge and discussion and to help improve the development of a sustainable central western region of New South Wales.

NSW Rural Assistance Authority board members include: ¹

- **Andrew Brown**(LLB, LLM) is a law practitioner with extensive experience on trust and corporate structures, corporate governance, legislation and regulatory systems Andrew is a Fellow of the Australian and New Zealand College of Notaries and the Financial Services Institute of Australasia ,
- **Dr. Rae Cooper**, BA (Hons.) PhD, Research Fellow in the Faculty of Economics and Business at the University of Sydney. Dr. Cooper is a member of the NSW Premier’s Council for Women and Review Editor for the Journal of Industrial Relations. Rae is Vice President of the Association of Industrial Relations Academics of Australia and New Zealand. Rae was an appointee to the Australia 2020 summit for the Productivity Agenda Panel and in 2008-2009 was a visiting scholar at two North American Universities,
- **Rob Gledhill** is a farmer in the Boorowa and Barmedman areas and former mayor of Boorowa Council. Rob is Chair of the Lachlan Catchment Management Authority and a member of the Noxious Weeds Advisory Council NSW Landcare Advisory Committee and the NSW Pest Animal Council.
- **Wayne Joliffe** is a finance Broker with extensive experience in the financial industry Wayne expertise is in the areas of loan assessments and submissions with all major and second tier Australian lenders.
- **Mal Peters** is a sheep and cattle farmer from Ashford in northern NSW .Mal is a director of the Border Rivers Gwydir Catchment Management Authority and the Australian Centre for Agricultural Health and Safety. Mal is also a member of the NSW Department of Primary Industries Ministerial Advisory Council and Scientific Advisory Council. He is past president of the NSW Farmers’ Association
- **Fran Rowe** B.Econ. Dip Ed is chair of the NSW Rural Assistance Authority and a primary producer of grain and sheep in central western NSW. Fran is also a Rural Financial Counsellor with the Rural Financial Counselling Service NSW –Central West. Previous service to agriculture includes member of the Agcost Analysis Unit, member of the Commonwealth Bank’s Consultative Council, co chair of the NSW Rural Women’s’ Network, member of the National Rural Advisory Council, member of the Agricultural Finance Forum and member of the Agriculture and Food Policy Reference group

¹ Non-executive board members of the NSW Rural Assistance Authority.

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Acknowledgements

NSW Rural Assistance Authority Board members

Jeff Caldbeck, Chief Executive Officer, Rural Financial Counselling Service Central West, NSW

Centre for Rural and Remote Mental Health – (CRRMH) University of Newcastle

Professor Margaret Alston, Monash University, Melbourne (formerly Charles Sturt University)

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Introduction

This submission responds to an invitation to the Chair of the NSW Rural Assistance Authority from the *Standing Committee on State Development Inquiry into economic and social development in central western New South Wales*

The NSW Rural Assistance Authority board acknowledges that a diverse and growing central western population with access to employment, health, education, transport and cultural facilities is essential for a thriving region. Authority board members believe that this Inquiry will assist public knowledge and discussion and will help improve the development of a sustainable central western NSW region.

The Inquiry into economic and social development in central western New South Wales was established on 7 July 2011 to inquire into and report on the factors restricting economic and social development in central western New South Wales.

In particular

- The provision of health, education and cultural facilities
- The reasons for population decline or growth in different areas
- The adequacy of transport and road infrastructure
- Ways to encourage development of local enterprises and the potential of the region overall
- The comparative level of government business activity located within the region
- Methodologies for local government to collectively cooperate to achieve increased infrastructure funding and economic growth
- Any other factor restricting economic and social development in central western New South Wales

This submission responds to those terms of reference, which correlate with concerns previously canvassed by board members given that the timing of board meeting did not permit a discussion on all of the terms outlined above.

The Provision of Health²

Primary producers and small rural businesses in the state of New South Wales have over the past decade grappled with an extended drought situation, flood, plague locust and mice and coupled with these impacts extremely fluid global market conditions. It is difficult to flourish in an environment where there is ongoing financial strain with its resultant pressures on individuals, relationships, children and communities.

While it is acknowledged that the central western region of New South Wales requires the provision of a comprehensive, quality range of health care services, members of the Authority board hold particular concerns regarding the state of rural mental health given the impact of prolonged and continuing financial stress on central western region farmers and small rural businesses.

In particular, the Authority board shares with the parliamentary *Inquiry into economic and social development in central western NSW* the outcome of discussions between the Centre for Rural and Remote Mental health and the chair of the Authority which resulted in formal advice to board members that suicide prevention is a critical priority for rural and remote regions of Australia.

The following evidence is given in support.

Suicide prevention is a priority for all rural and remote regions of Australia given men in rural and remote areas in Australia have higher suicide rates than their urban counterparts (Caldwell et al, 2005)

Farmers and farm workers have a higher suicide rate than non-farming men in rural areas, and represent an important high-risk group for targeting preventative interventions (Page and Fragar, 2002)

Factors likely to contribute to this pattern include the impact of financial and business pressures within farming in the context of isolation and limited access to and utilisation of health services.

The most effective strategies for suicide prevention in general include those that improve access to appropriate services and the quality of response received from those services. (Mann et al, 2005.)

There are substantial barriers to the delivery of mental health services in rural areas. For example it is known that in general there are fewer reported representations to GPs for mental health problems in rural than in urban areas. (Caldwell et al, 2004).

Attitudes towards mental health problems and perceived stigma can also discourage seeking help from health services. (Wrigley et al, 2005)

In addition to the information provided to the NSW Authority board, the Rural Financial Counselling Service Central West Inc. has co-operated with research undertaken by the Centre for Rural and Remote Health and Charles Sturt University providing both organisations with (client authorised) access to farming families to discuss mental health and other social issues.

² This section on mental health is based on discussions and report by the Centre for Rural and Remote Mental Health to Ms. Fran Rowe, Chairman, NSW Rural Assistance Authority

Research by Charles Sturt University noted that 83% of surveyed respondents indicated they had made positive change arising from their use of Rural Financial Counselling services.

In addition, Professor Brian Kelly, formerly of the Centre for Rural and Remote Mental Health has advised a previous parliamentary inquiry that *as trust and rapport builds between farmers and Rural Financial Counsellors- often farmers begin to confide about stress and sometimes even the depression that they are feeling.*³

Both organisations identified the Rural Financial Counselling Service (RFCS) as a uniquely trusted, front-line service with direct contact with isolated farmers and their families noting that Rural Financial Counsellors are often the initial contact point for families suffering financial and emotional stress.

Authority board chair discussions with Jeff Caldbeck, Chief Executive Officer of Rural Financial Counselling Service Inc.- central western region revealed that in the financial year ending 2011, fifteen central western region counsellors has each managed an average of 51 cases (10 more than any other region in NSW and 18 more than other services across Australia.) In the past 12 months the number of active clients in the RFCS central west service has increased by 34% (as of March 31 figures) to total 1190 clients⁴ In recent months funding pressure on RFCS - Central West has resulted in the loss of staff and the threatened closure of at least one (Gilgandra) RFC service.

Improved access to mental health referrals and appropriate responses requires developed linkages between health services and front line community groups working with primary producers. In addition, central western farmers and small businesses require access to rural financial counsellors to facilitate ongoing opportunities for positive change

The Authority board notes the uncertainty surrounding future funding of the Rural Financial Counselling service and supports the need for state funding to be tailored to meet the Commonwealth government RFCS funding periods thus increasing the potential for NSW counselling services to meet more effectively the needs of financially and emotionally stressed clients.

Recommendation No. 1

that New South Wales state funding contribution to the Rural Financial Counselling Service match the funding periods confirmed by the Commonwealth government thus enhancing the ability of each service to plan appropriate strategies to meet the needs of financially stressed primary producers and small rural businesses

Recommendation No. 2

That improved linkages between health services and front line community groups working closely with primary producers and small rural businesses be developed to facilitate referral and timely response

Recommendation No. 3

That support continue for the dispersal of information about mental illness and where and how to access help for central western residents using a variety of methods and venues

³ Standing Committee on State Development Report 32 – November 2007 page 81

⁴ Jeff Caldbeck CEO, RFCS-CW 9 June 2011

The provision of education (retention of skilled labour)

The future prosperity of central western regional NSW is reliant on the availability of relevant industry education and training opportunities to ensure a skilled and responsive workforce

Many primary producers in the central western region of NSW responded to reduced farm income as a result of extended drought by decreasing labour requirements. This strategy has the potential to result in a movement away from agricultural labour and the loss of skilled and unskilled labour to the industry and region in the longer term.

It is critical to the future prosperity of the central western region of NSW that the skills of the agricultural workforce are maintained and enhanced and employment and training opportunities in the central western region are promoted through career advisers and industry support.

The extended drought conditions experienced over the past decade in New South Wales has resulted in many older farmers deferring decisions on the transfer of assets, management and control⁵ As a consequence of this deferral in decision making the sons and daughters of many producers have moved from rural towns and villages seeking better education, career opportunities and social lives beyond the central western region. The Rural Financial Counselling Service NSW Central West has rural financial counsellors located throughout the region with the skills to assist families in the succession planning process

In addition to the need for skilled and unskilled farm labour, the identification of skill gaps beyond the farm gate requires consultation with businesses in central western towns and villages in order to align education and training opportunities to skill shortages .Training relevant to industry needs cannot occur without industry input however, it is probable that industry requires support in building its capacity to identify skill gaps, shortages and future needs and to link with education and training providers to develop training and recruitment partnerships

Improved seasonal conditions generally result in the implementation of drought deferred intergenerational transfer and property sale decisions however Herron Todd White has noted that while the fundamentals for investing in NSW rural land remain relatively sound, the uncertainty of recovery, water politics and human nature mean that investment levels (sales volumes) are currently in decline in most regions including the central western NSW region with subsequent impact on farm business equity.⁶This impact on the ability to achieve a speedy sale of agricultural property will result in delayed adjustments with families are “locked in” to agriculture. In addition to the stress associated with accumulating debt and the desire to move forward to a life outside of farming, primary producers can no longer access re-establishment-exit assistance, which has been available to adjusting families for many years.

⁵ A consequence of this deferral is the impact on population with the sons and daughters of many producers moving from rural towns and villages seeking better education, career opportunities and social lives beyond the central western region.

⁶ Herron Todd White, Independent Property Advisors – Brisbane Rural Breakfast Presentation – “*New South Wales Rural Property Market*” – Robin Gardiner – February 2009

In August 2011 the Department of Agriculture, Forestry and Fisheries announced that the Exceptional Circumstances (EC) Exit Grant was closed to all new applicants from 10 August 2011 given that funds for 2011-2012 financial year (\$9.6 million) were fully committed. This decision is of concern to Authority board members given the normal lag associated with adjustment from agriculture following extended drought

The Exceptional Circumstances Exit Package was available to farmers with relatively low equity who had decided to leave the land. The package consisted of the following components.

- EC Exit Grant up to \$150,000 maximum (if net assets were less than \$350,000)
- EC Advice and Re training Grant of \$10,000
- EC Relocation Grant of \$10,000

Recommendation No. 4

That movement back to the central western region by both skilled and unskilled farm labour be promoted and encouraged through the promotion of central western regional agriculture and re-training programs.

Recommendation No. 5

That the Inquiry promote the free, confidential, succession planning services available to central western NSW regional farmers through the Rural Financial Counselling Service NSW Central West Inc.

Recommendation No. 6

That central western NSW regional industry be supported to develop industry capability for identifying skill gaps, shortages and future skill needs with the aim of providing accurate data for the alignment of training and education programs with industry needs

Recommendation No. 7

That the Inquiry support the continuation of enhanced Exceptional Circumstances (E.C.) Exit assistance measures by the Commonwealth government to facilitate farmer adjustment from agriculture in the post drought period, assist with the re-establishment, retraining and retention of families within the region.

The adequacy of transport and road infrastructure and ways to encourage development of local enterprises and the potential of the region overall.

The Blue Mountains remains a proverbial wall to the central western region's economic development. The new member for Parkes, Mark Coulton noted in his maiden speech to federal Parliament that he intended to *work tirelessly to establish an inland rail link*. Mr. Coulton told parliament that *It is a disgrace that in the 21st Century the main connection between Sydney and western New South Wales was built nearly 200 years ago by convicts*.

The premier of NSW, the honourable Barry O'Farrell recently announced the establishment of *Infrastructure NSW*. This is an exciting initiative with *Infrastructure NSW* required to develop a 20-year State Infrastructure strategy from which a detailed 5-year infrastructure plan will be developed with funding locked in through budget forward estimates.

The central western region of NSW is represented on Infrastructure NSW board by food exporter Roger Fletcher, chair of the National Export lamb, sheep and goat industries council and director of the Australian Meat Industry council. Mr. Fletcher is a welcome addition to the Infrastructure board as a long-term advocate of a bypass tunnel or highway around the Blue Mountains following the route of the Bells Line of Road.

Other advocates to tackling the adequacy of transport in the central western region advise that the location of medium to heavy industry with the capacity to swiftly freight to Sydney businesses requires dual track heavy gauge electrified lines through the mountains.

A detailed, costed response with bi-partisan support for implementation to this important transport issue will promote central western region economic development facilitating the establishment of industry and encouraging services and infrastructure support to the region

Recommendation No. 8

That Infrastructure NSW board consider as a priority a way through the mountains, which will unlock the potential of the central western region of NSW, attract industry, encourage services and further infrastructure