



**Centroc**

**Drought issues paper**

October 2018

## DEFINITIONS AND ACRONYMS

<b>Term</b>	<b>Meaning</b>
ABARES	Australian Bureau of Resource Economics and Sciences
ABS	Australian Bureau of Statistics
Centroc	Central NSW Region of Councils
GDP	Gross Domestic Product
GRP	Gross Regional Product
GSP	Gross State Product
GVP	Gross Volume of Production
JO	Joint Organisation
NIEIR	National Institute of Economic and Industry Research
RAA	Rural Assistance Authority

The Western Research Institute (WRI) acknowledges the assistance of Centroc and those interviewed in preparing the data that underpins the report.

### EXECUTIVE SUMMARY

Central NSW Councils (Centroc) sought an issues paper that could be used to assist with informing governments and other stakeholders of the impact of the drought on the Central West region of NSW.

Centroc has identified a need to improve drought preparedness in addition to managing and assisting its regional communities suffering under the current drought conditions.

The impacts of drought are long term and much more than the small amounts of recent intermittent rain plus current drought assistance programs can address. Better coordination of the drought assistance packages is also needed. We also need to assist our communities through drought recovery periods and this applies to the primary producers, their families plus the business communities in regional areas. Local Government is a solid conduit for improving the understanding of local drought conditions and how to apply drought support to regional communities and this connectedness with our communities is the most efficient basis for delivery of drought monitoring and drought assistance package success and equitable funding distribution to be provided in collaboration with other tiers of government, the business sector and other stakeholders.

The recommendations in this issues paper are made from a whole of community basis to recognise the impact changes in the agricultural sector has across other sections of regional communities.

Farmers suffer through droughts and bear the brunt of the impacts, both professionally and personally. Monitoring and aiding the strength of our farming communities and focusing on the welfare of farming family units is essential.

The interconnectedness of the local farming community with the local businesses also needs acknowledgement. Some local business are very reliant on the farming community and suffer when there is less money to pay bills. When bills or wages can't be paid, businesses suffer and workers leave regional communities taking their children and partners with them. Moving to regional locations can be a challenging experience albeit a rewarding one, but once gone it is difficult to encourage workers back to regional areas. The risk of losing population is a constant concern for regional communities given falling population has a wide range of impacts. The risks include the closure of essential services such as schools, banks and in some cases business – and once closed, they often don't re-open. People have to work and without jobs they need to look at alternate locations. Regional communities can not afford to lose workers and better ways of supporting both the farming community and business community and their families health and well being is essential.

There is also a need to put in place improved drought preparedness processes to better plan for droughts of the future. Droughts are inevitable and planning for better ways to monitor and identify the triggers that can be indicators for when actions should be taken will assist in management through worsening farming conditions.

Local Government is well placed to assist and improve the substantial efforts being implemented to support drought affected areas. However, better coordination is required to ensure the right people are getting the right sort of assistance and barriers to accessing the assistance are reduced.

While drought preparedness and planning for drought conditions has been discussed over time, it is still not a given that regional communities are ready when drought strikes. It is essential that farming and other regional businesses are equipped with skills to plan for management in period of drought.

There is a raft of information services available, but the integration and interpretation of these data sources to develop an understanding of triggers and how they should be used to initiate actions to manage the impacts of future drought is still lacking.

Local Government is closest to those directly affected by drought. A better collaboration with other tiers of government and the business sector will improve the outcomes of the efforts to assist those impacted by drought as well as offering those offering assistance the means to maximise the outcomes from their activities.

This Issues Paper key points are summarised in the Central West Drought Fact sheet which is attached.

## RECOMMENDATIONS

The recommendations arising from the research undertaken in the Issues Paper creation are:

### Immediate actions

- 1. Drought assistance programs need to be created that offer support to business as well as producers in regional areas. In September 2018, 33% of businesses in the Central West identified they were heavily impacted by the drought.<sup>1</sup>**
- 2. Drought assistance programs need to be better coordinated and easier for those needing assistance to access and understand. They don't need complicated length forms to fill in – they need assistance in both completing the paper work and the financial assistance that approval allows.**
- 3. Coordination of drought assistance programs needs to be improved.**
  - a. Local Government can offer office accommodation for an increased number of coordinators/ advisors from State and Federal governments to ensure on the ground drought assistance resources are available when regional communities need them.**
  - b. It is not sufficient to direct people seeking assistance to online services. Telecommunications services remain insufficient in many rural areas and some skill levels to enable access to**

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<sup>1</sup> NSW Chamber of Commerce, Drought Survey, September 2018

- online resources are lacking. Offering face to face services also improves connectedness at a time when isolation can impact on the mental health of those needing help.
- c. Determining the best outcomes and directing funding to those areas is needed. Local Government can assist by providing local information from an informed basis.
  - d. Consideration of reduced price of additional water releases in regulated areas with releases offered to primary producers and proceeds of sales going towards environmental improvement programs.
4. Building drought preparedness is required and a future drought management plan that deals with actions over the next 12-24 months plus longer term planning to build future drought preparedness and drought management action plans. It is time to complete the drought management processes that have been discussed since the Intergovernmental Agreement on a National Drought Program of 2013.
  5. Improve management of media commentary, particularly social media, when drought conditions arise.
    - a. Regional communities need communication that continues to encourage visitation to drought impacted areas rather than negative, ill informed commentary on lack of water and bad farming practices which only adds pressure in already highly stressful situations.
    - b. Local Government can work with the State and Federal Governments to get messaging consistent and on song so that regional communities are not further impacted by, for example, declining tourist visitation, with visitors frightened to come to the regions because of misleading media coverage.
  6. Increase security in the Lachlan Valley and complete the feasibility modelling processes so an action plan can be implemented for Lachlan River management is essential.
  7. Local Government to identify and work with NSW and Federal Governments to finalise the critical areas where drought assistance funding would be best placed. For example, funding flowing directly to councils to offset land related rates for farmland (and possibly business who deal primarily with the farming sector) would provide an equitable means of support across communities in regional areas. There is an existing systematic approach to calculating rates which is based on valuations of land prepared by the NSW Government. It provides an equity basis to assist all farmers (and possibly business) to pay a critical account that has broad community impacts given councils' reliance on the preservation of their limited income streams.
  8. The Central NSW Joint Organisation could lead a standardised Local Government approach to the provision of water from stand pipe to farmers. Presently a mixture of free, subsidised or no concessions for water is applied and this is confusing for advisors and for farmers to know how and

at what cost and under what circumstances they can access water. This also needs to be considered with a view on the availability of water to all of the communities given water made available is often potable and drawn from the towns' water supplies and aligns with the longer term recommendation below on long term water access management strategies.

9. The importance of maintain social engagement and reducing isolation can be assisted with the engagement of Local Government working with other tiers of government to host events/fund community led events. Suggestions of social events that give farmers a reason to leave their farm and engage with others in similar circumstances were made during the consultation processes.
10. There is an opportunity to maximise the impact of the allocation of funding such as the \$1M to additional councils in the expansion of the Drought Communities Program to improve outcomes of funding allocations. The Central NSW Joint Organisation is an entity that is underpinned by a set of strategic priorities that are set in consultation with its member councils. Where appropriate, consideration of how combining expenditure into regional wide initiatives, such as drought preparedness training, could be highly beneficial to our region and offer value for money from the better allocation of the funding to programs to issues with broad needs.

### Long term actions

11. Better drought preparedness is essential – the three tiers of government need to work together to develop tools and advisory services that build on best practice drought management techniques. Finalising drought preparedness processes and policy at a national level which is built on understanding triggers and how to act when they are pulled is critical. These responses should be place based and in some cases, farm based, to ensure the best allocation and actions are taken.
12. Central NSW Joint Organisation is well placed to assist in the creation of an integrated strategic approach to drought impacts on water management processes, including the urban water systems, as the member councils have collaborated in this area for many years. With drought impacting on the management of all water sources, a consistent and collaborative approach is recommended with Local Government working with the State and Federal Governments on water management planning to specifically include water supply actions to be activated in drought situations. This is much more than standpipes offering free water. It extends to water infrastructure planning, water supply management and acknowledgement of the impacts drought has on urban water supplies.
13. We need a better understanding of triggers that would signal when we need to instigate drought management actions and case by case/place based management approaches to enable the

minimisation of worsening conditions of untreated impacts. Local Government can work with State and Federal Governments to improve current approaches.

14. Investigate and support sound investment options that would provide drought relief such as the sale of additional water to farmers in river systems at prices that can support fodder growth and stock maintenance. Examples that offer investment outcomes include:
  - a. Awareness of the impact of when to de-stock should be raised along with land management impacts when water management provisions are considered.
  - b. Incentivise programs such as the Farm Management Deposit scheme by increasing return on investment outcomes.
  
15. Regional long term water infrastructure upgrades/renewals and water management planning must include consideration of management during drought periods.
  
16. Central NSW Joint Organisation to assist in the standardisation (where possible) of Local Government's response to drought assistance processes. This may be suitable across other Joint Organisations regions also. Issues that could be considered include the following ideas raised in the consultation processes:
  - a. Standard approach to the supply of potable water rather than varying approaches from different councils makes it harder for drought coordinators to advise their clients. This issue could also be discussed with Local Government NSW to identify industry wide interest to standardise approaches.
  - b. Engagement with charities to see some funding raised go directly to Local Government to be used to pay outstanding farmland (and possibly businesses very reliant on the rural sector) rates.
  - c. Management of facilities (such as saleyards) to assist farmers via fee reduction/waiver and ensuring facilities maintenance is delivered so quality is maintained.
  - d. Consideration of bores in areas where road works are to be done to enable the works to be completed without having to cart water.
  - e. A strategic approach to support tourism during drought periods, primarily through consistent and positive messaging plus marketing campaigns highlighting while there is a drought, there can still be visitation. The message of how this helps a drought stricken community is needed.
  - f. Explore the opportunity of the engagement with city areas who have responded so encouragingly to assisting the rural areas with funding raising activities. The aim would be to create ongoing relationships in addition to assessment of the impacts of the funding provided so lessons on the application of funding can be learnt and improved on for future droughts. This would also improve city understanding of rural issues.

- g. Consideration of how drought funding could be channelled to local businesses as credit for farmers to spend in local stores. This provides businesses with income and farmers with donations – bolstering local economies and sustaining farmers.**

**17. Identify the level of trade local businesses derive from the rural sector they service. This will assist in developing a better understanding of the reliance non-rural businesses have on income from the rural sector and of thus the impacts the rural sector has at a local level. It will enable a better understanding of impacts and create data that could be an input into assessment of any drought assistance offered to business. This would be undertaken via primary data collection coupled with collaboration with key stakeholders such as the Department of Premier and Cabinet, NSW Business Chamber regional office and Regional Development Australia Central West.**

**18. Local Government consider the impact of drought conditions and the impact on assets maintenance regimes and revise asset plans accordingly. In particular, roads maintenance needs can be heavily impacted by climatic conditions (in terms of the temperature, dryness and access to water for example) and should be reviewed to accommodate this issue.**

## INTRODUCTION

The impacts of drought are being felt across Australia. This Issues Paper provides a profile of the Central West of NSW to highlight the issues the region is facing and actions that are needed in the short term and the longer term.

A collaborative approach from all tiers of government and the rural and business sectors is needed to best deliver drought assistance and ensure sustainability of regional areas.

The Paper provides ideas for future management of drought and how drought preparedness skills needs to be improved.

The collaborative approach proposed for short term and immediate drought assistance coordination should continue in the creation of the means to better manage and identify interaction points and triggers to provoke actions in future droughts in the longer term.



## Centroc region

Centroc is a region of councils body representing 14 councils in the Central West of NSW.

Centroc is in a transitional stage following the NSW Government's proclamation in May 2018 that joint organisations of councils (JOs) are to be formed to replace the region of council entities. While Centroc is working through this transition, it is still acting as an advocate for the communities it represents in the Central West of NSW. Advocacy is a role the JO will take on once fully operational.

The Centroc region was comprised of the following local government areas (LGAs):

- Bathurst
- Blayney
- Cabonne
- Cowra
- Forbes
- Hilltops (amalgamated council of Harden, Young and Boorowa)
- Lachlan
- Lithgow (withdrew from Centroc)
- Oberon
- Orange
- Parkes
- Upper Lachlan
- Weddin
- Central Tablelands Water.

When the NSW Government proclaimed the creation of the Central NSW JO it identified the councils in Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Oberon, Orange, Parkes and Weddin would be members. Central Tablelands Water has identified itself as an associate member of the JO.

The JOs have three core functions:

- Strategic planning and priority setting
- Intergovernmental collaboration
- Shared leadership and advocacy

## Aims of the Issues paper

## DROUGHT ISSUES PAPER

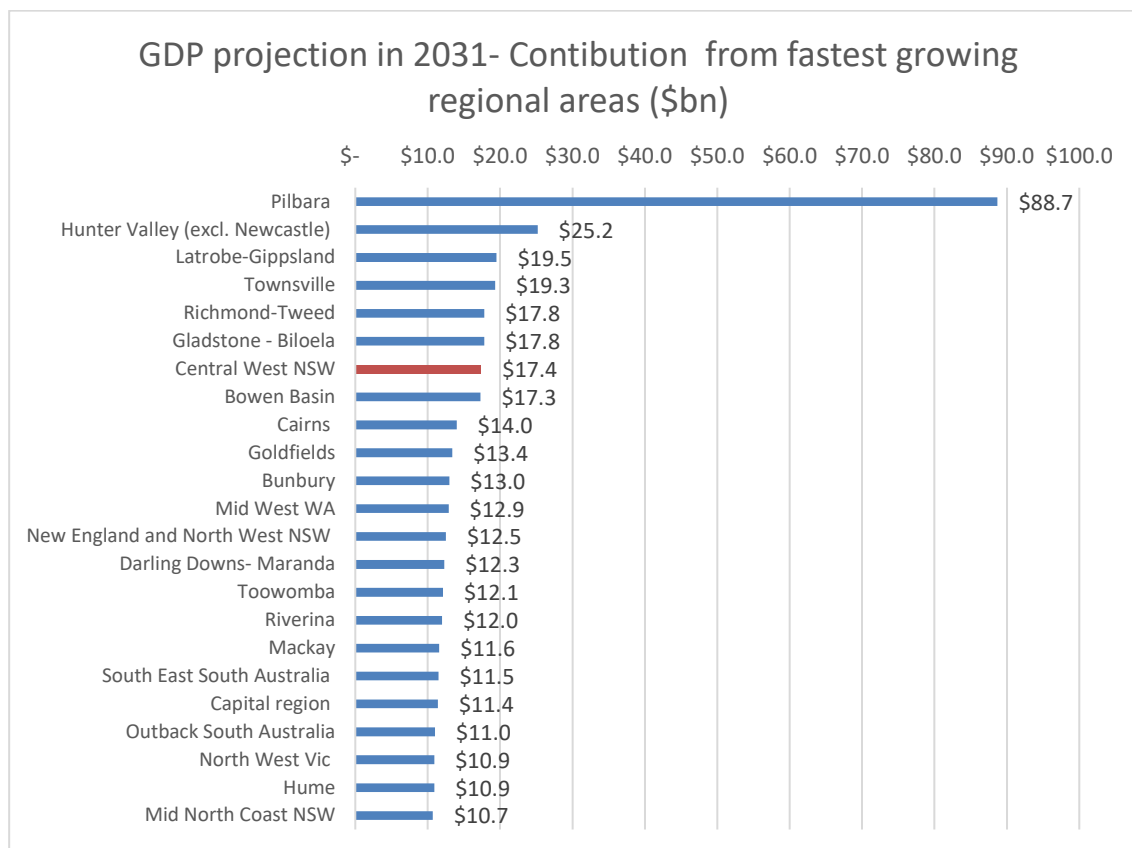
This issues paper provides a summary of key issues arising from the drought conditions and the impact upon the Central West of NSW. The audience for the issues paper is state and federal government plus stakeholders such as the business communities in regional areas where the paper will be used as a conversation starter to assist in identifying initiatives and solutions to the challenges being faced by communities in the region.

Centroc has identified a sense of urgency prevails to provide a high level issues paper that looks at identifying the issues and policies needed over the next 5 years and beyond.

## SIGNIFICANCE OF THE CENTRAL WEST NSW REGION

The Central West NSW region is a substantial agricultural production basin for Australia. More than 80% of Australia's population can be reached from Parkes within the Central West region.<sup>2</sup>

Infrastructure Australia identified the Central West as one of the fastest growing areas in Australia estimating its GRP will be the 7<sup>th</sup> largest contributor to the National economy in 2031. The graph below illustrates the other regions assessed.



Source: Infrastructure Australia, Australian Infrastructure Plan 2016 p 61

<sup>2</sup> NSW Department of Planning and Environment, Central West and Orana Regional Plan 2036, p74

The region has 15.2% of the NSW farmland over 3,903 farms.<sup>3</sup> The Central West contributed \$1.7 billion in gross value of agricultural production in 2016/17. 52% of the contribution came from three sectors:

- Wheat contributed \$366M (22%)
- Cattle and calves contributed \$303M (18%)
- Wool contributed \$235M (14%)<sup>4</sup>

The region provides significant levels of other NSW agricultural products with 93% of brussel sprouts, 83% of cauliflowers, 21% of sheep and 19% of poultry grown locally. It also provides high levels of production of oats, wine grapes, apples, pears, cherries, cabbages and sweet corn.<sup>5</sup>

NSW Department of Primary Industries report "*Performance Data and Insights 2017 – Primed for Growth*" identified the Gross Value of Production (GVP) for NSW at a value of \$15.44 billion for the 2016/17 year of which \$6.8 billion was in crop production. The report noted that the July-September 2017 period was the driest on record across the state.<sup>6</sup> Noting the areas listed above that are major products from the Central West, the report's NSW GVP data and WRI's extrapolations on the Central West contributions on key product basis is as follows:

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<sup>3</sup> Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), <http://www.agriculture.gov.au/abares/research-topics/aboutmyregion/nsw-central#agricultural-sector>. Last reviewed June 2018. Accessed October 2018.

<sup>4</sup> *ibid*

<sup>5</sup> Australian Bureau of Statistics (ABS), Cat: 7121.0 Value of Agricultural Commodities Australia 2016/17. Accessed online [abs.gov.au](http://abs.gov.au) October 2018.

<sup>6</sup> NSW Department of Primary Industries (DPI), "*Performance Date and Insights 2017 – Primed for Growth*", 2017, [www.dpi.nsw.gov.au](http://www.dpi.nsw.gov.au), accessed October 2018

## DROUGHT ISSUES PAPER

Key Products produced in the Central West	Gross Value of Production NSW (GVP) \$M	Comments on Central West contribution
Wheat	2,613	The Central West contributed 22% to this result in 2016/17. <sup>7</sup> Wheat prices fell on previous year in 2016/17 diminishing returns on price /volume basis. <sup>8</sup> Wheat production in Australia fell by 11% in 2016/17 and production is expected to fall in 2018/19. <sup>9</sup>
Beef Cattle	2,376	Central West contributed 18% of the State's cattle and calves production value in 2016/17. <sup>10</sup> ABARES identifies 11.4% of production value from grain beef and sheep is contributed from the Central West. <sup>11</sup> ABARES also reported that beef and cattle production fell by 14% nationally in 2016/17. <sup>12</sup>
Wool	1,137	Central West contributed 14% of this figure. <sup>13</sup> ABARES estimated 22% of the State's production value for sheep farming came from the Central West. <sup>14</sup>
Vegetables	444	Central West supplies 93% of brussel sprouts and 83% of the state's cauliflower production. <sup>15</sup> The region also contributes significantly to the NSW production of cabbages and sweet corn.
Wine Grapes	154	8.5% of the state's grapes for wine are produced in the Central West according to DPI. Note the DPI Central West region includes Mudgee. The Central West region produces the second highest volume of wine grapes after the Riverina with a 2016/17 regional crush of 16,591t. <sup>16</sup>

Source: NSW DPI *Performance Data and Insights 2017 – Primed for Growth*, ABARES website and WRI analysis

ABARES analysis of the Australian agriculture sector predicts worsening impacts of the drought conditions affecting crop and pasture production in eastern Australian in 2018/19. This is on the back of downward estimated forecast trends in key areas such as crops and livestock production in 2017/18 compared to the small rebound in 2016/17. Soil moisture levels are low and winter cropping is expected to be very much lower than the previous year.<sup>17</sup> Clearly, given the significance of these sectors in the Central West, the impacts of drought can be expected to be worsening.

The significance of farmland rates to Centroc Councils as a proportion of the revenue from continuing operations in 2016/17 is provided below. The data is extracted from the Office of Local Government

<sup>7</sup> ABARES op cit

<sup>8</sup> DPI op cit

<sup>9</sup> ABARES op cit

<sup>10</sup> ABARES op cit

<sup>11</sup> ibid

<sup>12</sup> ibid

<sup>13</sup> ibid

<sup>14</sup> ibid

<sup>15</sup> ABARES op cit

<sup>16</sup> DPI op cit

<sup>17</sup> ABARES website – [agriculture.gov.au/abares](http://agriculture.gov.au/abares). Accessed October 2018

comparative statistics collected across all 108 councils in NSW. This data illustrates the impact if farmland rates were not paid. Councils have limited ability to raise funds and rating income increases are capped by NSW legislation. In some cases, planned infrastructure programs would be impacted by the reduction in rates if farmland rates were not paid. This illustrates the benefit of offsetting the farmland rates with some of the funding raised to ensure the broader community is not impacted due to declining income streams for services such as road maintenance/renewal and other key service delivery.

There was some commentary in the consultation processes that the rates paid by businesses, particularly those who have as a larger percentage of income from the farming community when a region is in drought. It is recommended that the option to see funding channelled to the payment of rates consider both farm and business rates, where a business can demonstrate its income has been significantly impacted.

FARMLAND RATING (2016/17)	Total Number Farmland Assessments	Total Farmland Rates Revenue (\$'000)	Average Farmland Rate (\$)	Total Number Farmland Assessments	Total Revenue from Continuing Operations 2016/17 (\$,000)	% of total revenue from Continuing Operations that farmland rates contribute
Bathurst Regional	1,445	1,886	1,305	1,445	128,580	1.5%
Blayney	756	1,968	2,603	756	22,649	8.7%
Cabonne	1,974	4,908	2,486	1,974	50,305	9.8%
Cowra	1,623	2,848	1,755	1,623	41,822	6.8%
Forbes	1,441	3,285	2,280	1,441	36,783	8.9%
Hilltops	Not available	Not available	Not available	Not available	Not available	Not available
Lithgow	1,269	1,714	1,351	1,269	56,809	3.0%
Oberon	1,150	1,776	1,544	1,150	19,453	9.1%
Orange	375	664	1,771	375	119,603	0.6%
Parkes	1,426	3,639	2,552	1,426	68,959	5.3%
Upper Lachlan	2,735	4,719	1,725	2,735	37,571	12.6%
Weddin	994	1,439	1,448	994	16,758	8.6%

Source: Office of Local Government, *Your Council time series*, <https://www.olg.nsw.gov.au/public/my-local-council/yourcouncil-website>, accessed Oct 2018 and WRI analysis

## INFRASTRUCTURE IN THE CENTRAL WEST NSW REGION

It is not just the agricultural sector contributions that showcase the Central West NSW as a significant region.

The Central West is also a major contributor to the growth in Australia. Infrastructure Australia produced an estimate of the value of infrastructure to the Australian economy in its 2015 report *Australian Infrastructure – Our Infrastructure challenges*<sup>18</sup>.

Infrastructure Australia estimated the value-add or economy wide impact of expenditure attributed to infrastructure spending in Australia in 2011 at 13.3% of Gross Domestic Product (GDP). Projected impact of infrastructure spending is expected to double by 2031 taking it from \$187 billion in 2011 to \$377 billion in

<sup>18</sup> Infrastructure Australia, "Australian Infrastructure – Our Infrastructure Challenges." 2015, Accessed on [infrastructureaustralia.gov.au](http://infrastructureaustralia.gov.au) website October 2018

2031. The Infrastructure Australia report identifies the Central West NSW region in the top 20 regional areas as a contributor to this important economic driver with expenditure of \$1.2 billion in 2011 expected to grow to \$1.8 billion in 2031.<sup>19</sup>

### METHODOLOGY

WRI used the following methodology to develop this Issues Paper.

- Inception meeting with Centroc Executive Officer to finalise the Project methodology.
- An environmental scan was undertaken to define the drought policy and funding offerings and to build the Central West profile.
- 7 interviews were conducted.
- Consideration of the issues raised and content of papers from the Centroc Drought Subcommittee.
- Research from interviews and environmental scan have been summarised in this Issues paper and recommendations made for actions in the immediate and longer term.
- A 2 page fact sheet (attached) was prepared that highlights talking points for engagement of State and Federal governments and other stakeholders.

### CONSULTATION PROCESSES

- Interviewees were:
  - Farmer, member of Centroc's Drought subcommittee, former RDA committee member and former Councillor
  - Executive Officer, Centroc
  - Executive Officer, Lachlan Valley Water
  - Chief Economist, NSW Farmers
  - Director, NSW Department of Primary Industry managing drought issues
  - Broadacre farmer and business owner, Lake Cargelligo
  - Cherry producerInterviews are thematically summarised in the appendices.
- A review of the Centroc Drought sub-committee minutes and papers was undertaken.

All of the above elements were used to prepare the environmental scan and to inform the recommendations made in this Paper.

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<sup>19</sup> *ibid*

## ENVIRONMENTAL SCAN

### Issues raised by the Centroc Drought Subcommittee

The Centroc Drought Subcommittee has met on several occasions and the following summarises issues discussed at the meetings:

- Councils monitor water supplies and water quality on an ongoing basis
- Water related capital planning is required
- Tools such as pricing and water restrictions can impact on consumption levels
- Social media is not the “friend” of areas impacted by drought
- In the previous drought there were options for stock relocation – this time stock are being retained with anecdotal evidence that some farmers are spending \$1,000 per day on feed
- Stock sale prices and stock condition are falling
- Significant risk of running out of stock feed
- Prices to purchase stock feed are significant and farmers are having to compete with export markets
- Last drought gave rise to some practice improvements but these are not managing the current drought conditions
- Money that comes into a farmer’s pocket should be considered a money for the community

Key issues to be considered in developing responses:

- This is an emergency – as of August 2018
- This is a drought like no other – no precedent
- Social media commentary is often negative and needs to be managed
- Investing in rural communities now is better than picking up the pieces later
- Coordination across all tiers of government is critical
- A regional approach to Natural Disaster Funding is needed utilising Local Government to assist in the dissemination of funds
- Costs, such as electricity used to pump water, need to be reviewed
- Funding for freight costs should be increased from \$20K to \$40K
- Household support documentation (82 pages) is onerous and needs to be simplified. Use of locals who could assist with application completion would be useful.
- More case workers on the ground are needed

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- Farm Management Deposits need to be incentivised – possibly to 150% - to encourage investment and enable cash flow management
- Water releases for fodder production should be considered with income arising spent on environmental improvement outcomes. Price point of the water to be lower than market price, possibly at 50%



## Agricultural profile of the region

### Agricultural production

The Central West is a significant region for agricultural production in Australia with a total agricultural land area of 4,881,915 hectares and a total annual agricultural commodity output value of \$1.74 billion.<sup>20</sup>

Ninety four percent of the total value of brussels sprouts production in NSW is from the Central West as well as 83% of the total value of cauliflower production. The Central West also produces a large amount of NSW's oats, apples, pears, cherries, cabbages and sweet corn.

Agricultural Commodity	Gross Value of Production in Central West 2016-17	Percentage of Total NSW Production Value	Percentage of Total Australian Production Value
Crops	\$890,374,814	11%	3%
Livestock	\$507,172,840	12%	3%
Livestock Products	\$344,446,347	18%	4%
<b>Total</b>	<b>\$1,741,994,001</b>	<b>12%</b>	<b>3%</b>

Source: Australian Bureau of Statistics (ABS) Cat: 7503.0 Value of Agricultural Commodities Produced, Australia, 2016-17.

Area	Total Agricultural Land (ha)	Total Crops Area (ha)	Total Number of Livestock - Sheep and Lambs	Total Number of Livestock- Cattle	Total Number of Livestock- Poultry	Total Number of Livestock- Other
Central West	4,881,915	1,297,886	5,773,996	676,386	1,525,111	41,193
As a percentage of NSW	9%	17%	21%	13%	19%	11%
As a percentage of Australia	1%	5%	8%	3%	6%	5%

Source: ABS Cat: 7121.0 Agricultural Commodities, Australia, 2016-17.

The tables below show the contribution the Local Government Areas (LGAs) in the Central West NSW make to the State's economy as a whole .

Gross Regional Product (GRP) is shown for each LGA and the contribution to Gross State Product (GSP) that each LGA makes is also illustrated. These figures represent the 2016/17 year.

<sup>20</sup> ABARES, op cit

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Region	2017 GSP (\$M) (NIEIR estimates) <sup>21</sup>	Trend compared to previous year
NSW	550,431	↑

Central West LGA	2017 GRP (\$M) (NIEIR estimates) <sup>22</sup>	Trend compared to previous year	Share of GSP (%) <sup>23</sup>
Bathurst	2,121	↑	0.39
Blayney	829	↓	0.15
Cabonne	736	↓	0.13
Cowra	576	↑	0.10
Forbes	482	↑	0.09
Hilltops*	1,023	↑	0.19
Lachlan	441	↑	0.08
Lithgow	1,343	↑	0.24
Oberon	366	↑	0.07
Orange	2,354	↑	0.43
Parkes	917	↑	0.17
Upper Lachlan	508	↑	0.04
Weddin	226	↑	0.04

Source: National Institute of Economic and Industry Research (NIEIR). \*Hilltops formed after amalgamation of Harden, Boorowa and Young.

Regional Development Australia (RDA) Central West reported the Gross Regional Product (GRP) of the Central West agriculture forestry and fishing sector made up 9.7% of the NSW sector Gross State Product (GSP) in 2014.

	Central West GRP 2014 (\$m)	NSW GRP 2014 (\$m)	% of NSW GSP
Agriculture, forestry and fishing	709.52	7,336.61	10%

Source: RDA Central West, *NSW Central West Economic Profile, 2015*. Note: Central West is the RDA Central West territory.

<sup>21</sup> NIEIR Estimates from idcommunity website, accessed October 2018

<sup>22</sup> ibid

<sup>23</sup> ibid

## Agricultural employment

In May 2018, employment in the Australian agricultural sector was identified as 325,600 jobs.<sup>24</sup>

The employment outlook to May 2022<sup>25</sup> predicts that of the 19 sectors analysed, Agriculture, Fisheries and Forestry was one of only 3 that is expected to decline. The expected fall is 2,400 positions at the national level. The Central West projected employment in May 2022 is expected to fall by 4.1% which would equate to 480 jobs.

During 2006 to 2011 (part of the millennium drought), the Census employment figures in agriculture for Central NSW LGAs fell by 11.5%. This was a greater decline than for NSW agricultural employment which decreased by 10.2% over the same period. By 2016, both NSW and Central West LGAs employment in the agricultural sector had increased, although NSW increase of 2.7% on the 2011 figures showed a stronger rebound than the 2.4% of the Central West LGAs increased employment.

Region	Persons Employed in Agriculture Sector (Total) 2006	Persons Employed in Agriculture Sector (Total) 2011	Trend	Persons Employed in Agriculture Sector (Total) 2016	Trend
<b>Australia</b>	<b>280,923</b>	<b>249,827</b>	↓	<b>266,946</b>	↑
<b>NSW</b>	<b>68,296</b>	<b>61,347</b>	↓	<b>63,052</b>	↑

<b>Central West LGAs</b>					
Bathurst	564	463	↓	514	↑
Blayney	420	331	↓	354	↑
Cabonne	1,226	1,100	↓	1,072	↓
Cowra	693	649	↓	739	↑
Forbes	630	635	↑	694	↑
Hilltops*	1,472	1,291	↓	1,436	↑
Lachlan	770	765	↓	561	↓
Lithgow	188	189	↑	177	↓
Oberon	308	303	↓	315	↑
Orange	336	190	↓	217	↑
Parkes	837	607	↓	632	↑
Upper Lachlan	845	855	↑	849	↑
Weddin	578	471	↓	485	↑
<b>Total Centroc</b>	<b>8,865</b>	<b>7,849</b>	↓	<b>8,037</b>	↑

Source: ABS 2006-2016. ABS Census data is randomised to ensure confidentiality and discrepancies between sum of component items and totals may occur. \* 2006 and 2011 values for Hilltops LGA are calculated as the sum of Boorowa, Harden, and Young LGAs.

<sup>24</sup> Dept. Jobs and Small Business, *Total Australian Industry Employment May 2018*, [lmip.gov.au](http://lmip.gov.au), accessed October 2018

<sup>25</sup> Dept. Jobs and Small Business, *Employment Outlook to May 2022*, [lmip.gov.au](http://lmip.gov.au), accessed October 2018

## DROUGHT ISSUES PAPER

### Agricultural businesses

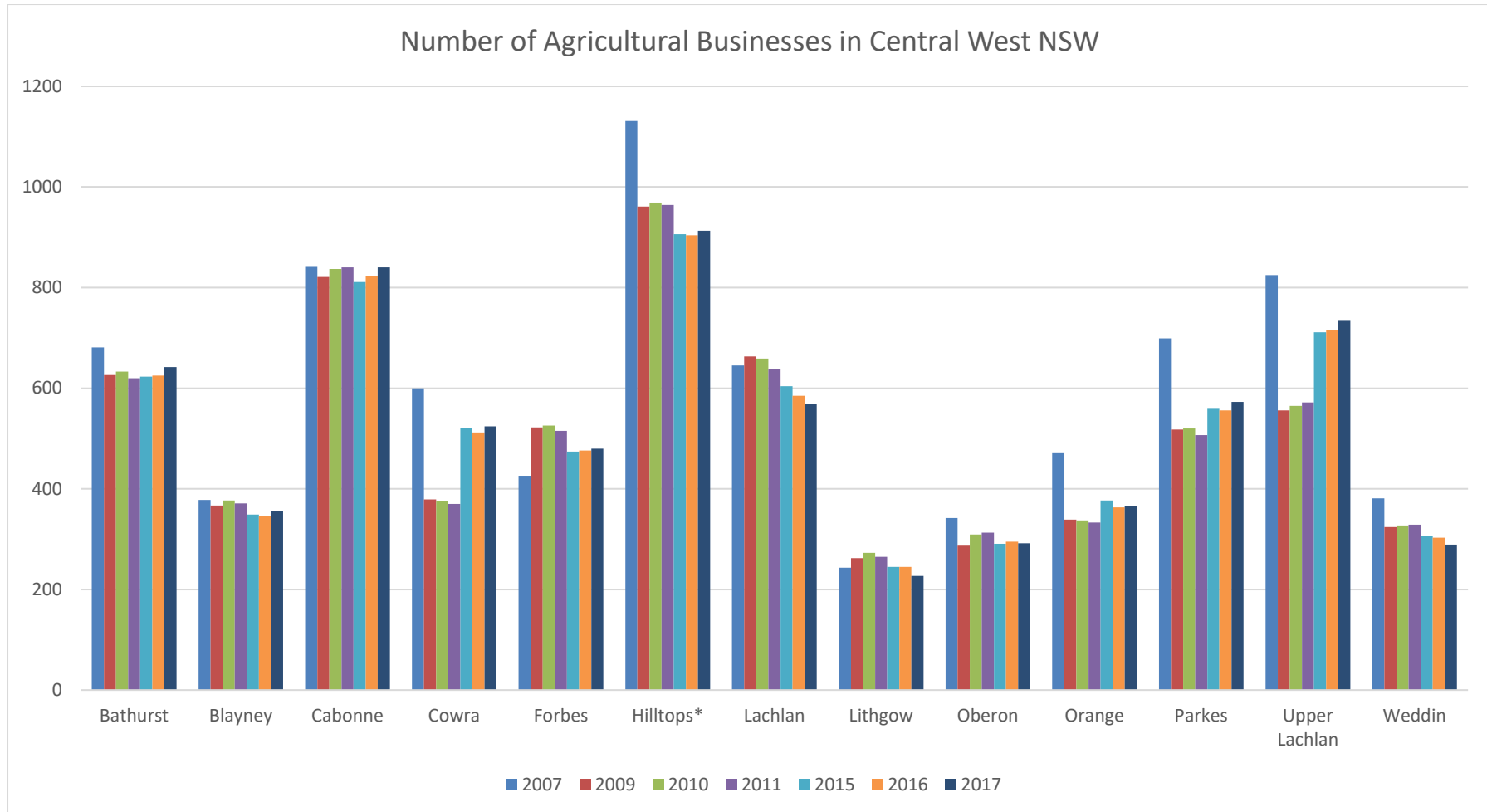
From 2007 to 2009, after the peak of the millennium drought, the number of agricultural businesses fell significantly in most Central West LGAs, before a slight recovery and relatively stable numbers in 2010 and 2011. Although agricultural business numbers stabilised in years after the millennium drought, agricultural business counts in 2017 were still significantly below their 2007 level in all LGAs apart from Forbes.

LGA	Agricultural Businesses June 2007 (total)	Other Businesses June 2007 (total)	Agricultural Businesses June 2009 (total)	Other Businesses June 2009 (total)	Agricultural Businesses June 2010 (total)	Other Businesses June 2010 (total)	Agricultural Businesses June 2011 (total)	Other Businesses June 2011 (total)	Agricultural Businesses June 2015 (total)	Other Businesses June 2015 (total)	Agricultural Businesses June 2016 (total)	Other Businesses June 2016 (total)	Agricultural Businesses June 2017 (total)	Other Businesses June 2017 (total)
Bathurst	681	2,559	626	2,544	633	2,556	620	2,636	623	2,613	625	2,700	642	2,745
Blayney	378	381	367	348	377	365	371	370	349	396	346	373	356	412
Cabonne	843	702	821	759	837	784	840	801	811	822	824	839	840	867
Cowra	600	744	379	744	376	730	370	731	521	779	512	797	524	795
Forbes	426	696	522	681	526	687	515	650	474	667	476	666	480	650
Hilltops*	1,131	1,170	961	1,259	969	1,340	964	1,342	906	1,196	904	1,245	913	1,282
Lachlan	645	408	663	433	659	445	638	451	604	426	585	448	568	441
Lithgow	243	993	262	1,062	273	1,048	265	1,029	245	1,014	245	1,054	227	1,035
Oberon	342	327	287	347	309	383	313	376	291	356	295	355	292	360
Orange	471	2,823	339	2,507	337	2,581	333	2,644	377	2,843	363	2,865	365	3,017
Parkes	699	909	518	818	520	835	507	860	559	874	556	870	573	846
Upper Lachlan	825	399	556	456	565	454	572	456	711	408	715	431	734	429
Weddin	381	207	324	187	327	216	329	204	307	217	303	223	289	229

Source: ABS Cat: 8165.0 Counts of Australian Businesses, Entries and Exits. Notes: Data has been concorded to LGA from Statistical Local Area regions. \* Values for Hilltops LGA are calculated as the sum of Boorowa, Harden, and Young LGAs.

## DROUGHT ISSUES PAPER

Agricultural business numbers by year and by LGA are graphed below.



Source: ABS Cat: 8165.0 Counts of Australian Businesses, Entries and Exits. \* Values for Hilltops LGA are calculated as the sum of Boorowa, Harden, and Young LGAs.

## Central West opportunities

The NSW Government's *Central West and Orana Regional Plan 2036* identifies the top economic opportunities for the LGAs it determined as the region's location (note that Hilltops and Upper Lachlan are dealt with in other Regional Plans).

The opportunities are reproduced below showing 8 of the 11 LGAs have identified opportunities in the agribusiness sector. Retardation of the sector as a result of drought conditions is therefore significant in terms of achieving the NSW Government's aims for regional growth.

LGA	Agribusiness	Transport and logistics	Tourism	Manufacturing	Mining	Aged care	Health	Aviation	Technology and education
Bathurst	✓	✓	✓	✓					✓
Blayney	✓				✓				
Cabonne	✓		✓		✓				
Cowra	✓			✓				✓	
Forbes	✓		✓			✓			
Lachlan	✓	✓	✓						
Lithgow		✓	✓		✓				
Oberon		✓	✓	✓					
Orange		✓	✓				✓		
Parkes	✓	✓							
Weddin	✓	✓	✓		✓		✓		

Source: NSW Dept. of Planning, *NSW Central West and Orana Regional Plan 2036*

## Socio-Economic Indexes for Areas (SEIFA) for Central West LGAs

The ABS defines the SEIFA data as providing information that will “broadly define relative socio-economic advantage and disadvantage in terms of people's access to material and social resources, and their ability to participate in society.”<sup>26</sup> SEIFA is comprised of 4 indexes with the Index of Relative Socio-economic Disadvantage shown below chosen to identify the LGAs in the Central West region in a comparative sense by the level of disadvantage the index calculates .

<sup>26</sup> SEIFA FAQ Sheet – SEIFA on ABS website, accessed October 2018

SEIFA can be used to identify areas that require funding or services.

The indexes are place not individually assigned and provide a picture of the collective socio economic characteristics of the areas profiled. ABS defines the inputs used to create the indexes as including data on income, education , employment, occupation, housing and a range of other miscellaneous indicators of relative advantage or disadvantage.<sup>27</sup>

The results are best seen as a rank, with a low score indicating a higher proportion of relative disadvantage of the area.

2016 Local Government Area	2016 Rank – Australia (total 543 LGAs)	2016 Rank – NSW (total 108 LGAs)
Lithgow	105	19
Cowra	107	20
Lachlan	108	21
Parkes	142	31
Hilltops	172	37
Forbes	191	42
Weddin	200	47
Oberon	250	64
Orange	279	74
Blayney	300	78
Bathurst	314	82
Upper Lachlan	367	93
Cabonne	406	101

<sup>27</sup> ABS SEIFA technical paper, abs.gov.au, accessed October 2018

## DROUGHT ISSUES PAPER

### Water Licenses

Prior to 2018, most of the Water Access Licenses for Macquarie River above Burrendong water source were unregulated and before 2012 all of them were unregulated.

Water Access Licenses for the Upper Bogan River water source are a mix of unregulated and domestic and stock water licenses while none of the licenses for the Lachlan Regulated River water source are unregulated.

Year	Macquarie River above Burrendong Water Source Total Licenses	Upper Bogan River Water Source Total Licenses	Lachlan Regulated River Water Source Total Licenses
2018/19	1,532	26	1,606
2017/18	112	26	1,607
2016/17	112	26	1,620
2015/16	113	27	1,620
2014/15	111	27	1,583
2013/14	111	27	1,602
2012/13	112	27	1,604
2011/12	4	1	1,596
2010/11	4	1	1,587
2009/10	4	1	1,571
2008/9	4	1	1,587
2007/8	4	1	1,566
2006/7	4	1	1,554
2005/6	4	1	1,541
2004/5	4	1	1,529

Source: NSW Water Register, <https://waterregister.watarnsw.com.au/water-register-frame>, accessed 12 Oct 18.



## POLICY

### Drought related policy

A short summary of key policy on drought management is provided below:

- 1971- Federal policy recognised drought as a natural disaster – joint Commonwealth Natural Disaster Relief and Recovery Arrangement implemented
- 1989 – Drought removed from the above and review of inputs into drought assessment commenced
- 1992 – National Drought Policy – led to the Rural Adjustment Scheme and the Exceptional Circumstances framework for assessing drought assistance, Farm Management Deposits Scheme and Rural Financial Counselling Service.
- 1992-2012 – Exceptional Circumstances was main basis for estimating the level of support and which areas were eligible
- 1999 – Agricultural ministers agreed set of criteria for Exceptional Circumstances analysis
- 2008 – Expert Social Panel appointed to examine the social impact of drought on farm families and communities, released the *A Report for Government, Its About People: Changing Perspectives on Dryness* in September 2008
- 2008 – Bureau of Meteorology and Commonwealth Scientific and Industrial Research Organisation (CSIRO) reviewed climatic issues as they related to Exceptional Circumstances
- 2008 and 2009 – Coalitions of Australian Governments (COAG) Primary Industries Ministerial Council agreed to new principles (reaffirmed in 2011) removing Exceptional Circumstances declarations and refocusing on specific needs of farming families, business and communities
- 2009 – Productivity Commission review of economic assessment of drought support measures
- 2009 – Federal government commissioned a national review of drought policy
- April 2012 – last Exceptional Circumstances declaration
- 2013 – Intergovernmental Agreement (IGA) on National Drought Program Reform agreed. As an example of outcomes, Victoria has a drought preparedness and response framework in place.
- 2013 – Federal Government announced farm assistance packages with access to concessional loans, rural financial counselling service, a nationally consistent approach to debt mediation and enhancements to the Farm Management Deposit scheme.
- 2014 – 1 July IGA came into force

- 2014 – Centrelink based welfare-style farm household payment available
- 2015 – Agricultural Competitiveness White Paper
- 2015- NSW Government announced NSW Drought Strategy
- 2016 – Independent Pricing and Regulatory Tribunal (IPART) presents NSW Drought program Evaluation framework
- 2018 – In August, a review of farm household payments by Federal Government announced
- 2018 – Federal Government announced a drought summit to be held in October

### Water related policy

Significant policy work has been done on the policy of water management over the past few years.

The consultation processes in preparing the Issues Paper identified an opportunity to expand the policy framework for water management to include urban water supply.

In times of drought, there is often a call on local councils to provide free water. A consideration of the impact of supplying potable water on a community's long term water supply it is held for needs to be considered as a short term action.

Planning for how and what actions a local water authority takes in drought periods in the longer term is also needed. Urban water supply management planning should take into consideration what impacts drought has on town water supplies.

For all water management policy (supply and infrastructure), an integrated approach is needed across the three tiers of government and the impacts of droughts and actions to address these impacts should be considered.

## Selection of policy and funding programs (as at October 2018)

Package	Details	Source	Tiers/Entity	Reference
Accelerated depreciation arrangements to encourage drought preparedness - Taxation measures	Accelerated depreciation arrangements for new water and fodder infrastructure and fencing are available to help farmers prepare for drought, assist with their cash flow and encourage on-farm investment. These measures include: <ul style="list-style-type: none"> <li>• depreciation of water facilities over 1 year (previously 3 years)</li> <li>• depreciation of fodder infrastructure storage over 3 years (previously up to 50 years). This will reduce to 1 year, subject to legislation passing through Parliament</li> <li>• depreciation of fencing over 1 year (previously up to 30 years).</li> </ul>	Australian Taxation Office	Federal Govt.	For more information visit <a href="http://ato.gov.au/drought">ato.gov.au/drought</a> or ring 1800 806 218 .
Business drought assistance payments	Payments to assist business affected by drought based on assessable income, even if received from: <ul style="list-style-type: none"> <li>• private funds</li> <li>• charitable groups</li> <li>• crowdfunding platforms.</li> </ul> Also entitlement to claim deductions for any expenditure that business incurs in relation to that business.	Australian Tax Office	Federal Govt.	<a href="https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance">https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance</a>
Drought Assistance Fund	Interest free loans of up to \$50,000 are available to eligible primary producers to assist in implementing systems and management practices that enhance the sustainability of their enterprise by funding: <ul style="list-style-type: none"> <li>• Transport of livestock, transport of fodder and/or water</li> <li>• Water and Fodder infrastructure</li> <li>• Banking of genetic material of livestock.</li> </ul>	Rural Assistance Authority - Dept Primary Industry	NSW Govt.	<a href="https://www.raa.nsw.gov.au/assistance/drought-assistance-fund">https://www.raa.nsw.gov.au/assistance/drought-assistance-fund</a>
Drought Communities program	Program commissioned 2015-19 with \$35M to fund local projects that create jobs in areas impacted by drought. Originally applicable to 23 local government areas.  \$75M extension announced August 2018 for addition of 60 eligible councils.	Dept. Infrastructure, Regional Development and Cities	Federal Govt.	<a href="http://regional.gov.au/regional/programs/drought-communities.aspx">http://regional.gov.au/regional/programs/drought-communities.aspx</a>

## DROUGHT ISSUES PAPER

Package	Details	Source	Tiers/ Entity	Reference
Drought package (NSW)	<p>Announced February 2015 - \$300M focused on supporting primary producers to become more resilient and better prepared for drought conditions. Includes:</p> <ul style="list-style-type: none"> <li>• \$250M low interest loans in the Farm Innovation Fund over 5 years</li> <li>• \$45M for scholarships for farmers for farm business training to prepare for future droughts</li> <li>• \$5M for transport assistance for animal welfare and donated fodder in NSW</li> <li>• \$2.5M to develop the network of weather stations across NSW</li> <li>• Work with Federal Government and farming communities to develop a commercial multi-peril insurance product for the cropping sector</li> <li>• Ongoing primary research and development through the Dept. of Primary Industries.</li> </ul>	Rural Assistance Authority - Dept Primary Industry	NSW Govt.	<a href="https://www.dpi.nsw.gov.au/__data/assets/pdf_file/0008/542465/nsw-government-unveils-300m-drought-package.pdf">https://www.dpi.nsw.gov.au/__data/assets/pdf_file/0008/542465/nsw-government-unveils-300m-drought-package.pdf</a>
Drought transport subsidy	A subsidy of up to 50% of the total freight cost to transport fodder, and/or water, and or transport stock to/from agistment or to sale or slaughter is available to eligible primary producers to a maximum of \$5 per kilometre (plus GST) to a maximum eligible distance of 1,500 kilometres. The maximum amount available to under the program is \$30,000. Applications close 30 June 2019.	Rural Assistance Authority - Dept Primary Industry	NSW Govt.	<a href="https://www.raa.nsw.gov.au/assistance/emergency-drought-relief">https://www.raa.nsw.gov.au/assistance/emergency-drought-relief</a>
<a href="#">DroughtHub</a>	. On 13 June 2018, the NSW Government announced more than \$584 million to help drought-affected farmers. On 30 July 2018, the NSW Government announced an additional \$500 million Emergency Drought Relief Fund, which takes NSW Government Drought support to more than \$1.1 billion	Rural Assistance Authority - Dept Primary Industry	NSW Govt.	<a href="https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance">https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance</a>

## DROUGHT ISSUES PAPER

Package	Details	Source	Tiers/Entity	Reference
Farm Business Concessional Loans Scheme	Delivered three types of loans—Drought Assistance, Dairy Recovery and Business Improvement Concessional Loans. Loans were delivered by state delivery agencies on behalf of the Commonwealth. From 1 July 2018, farmers will need to apply to the Regional Investment Corporation for the Commonwealth’s farm business concessional loans. The RIC will offer two loan products for farm businesses – Farm Investment Loans and Drought Loans.	Department of Agriculture and Water Resources	Federal Govt.	<a href="http://www.agriculture.gov.au/ag-farm-food/drought/assistance/farm-business-concessional-loans-scheme">http://www.agriculture.gov.au/ag-farm-food/drought/assistance/farm-business-concessional-loans-scheme</a>
Farm Business Skills Professional Development Program	Part of NSW Government Drought Strategy. Support for farm businesses in all conditions, but particularly in response to preparing and responding to drought. Relates to list of pre-approved courses in three priority areas – risk management, financial and business management and Farm business.	Rural Assistance Authority - Dept Primary Industry	NSW Govt.	<a href="https://www.raa.nsw.gov.au/fdm">https://www.raa.nsw.gov.au/fdm</a> <a href="https://www.raa.nsw.gov.au/fdm/approved-mediation-forms">https://www.raa.nsw.gov.au/fdm/approved-mediation-forms</a> For more information read the <a href="#">Farm Business Skills Professional Development Program () PDF, 837.69 KB</a> or the <a href="#">Question and Answer () PDF, 214.76 KB</a> sheet.
Farm Debt Mediation	Farm Debt Mediation is a structured negotiation process in which the mediator assists the farmer and the creditor to communicate to resolve matters relating to farm debts, and to formalise that resolution in an agreement. The object of mediation under the <i>Farm Debt Mediation Act 1994</i> is to provide for the efficient and equitable resolution of matters involving farm debts. Mediation is required before a creditor can take possession of property or other enforcement action under a farm mortgage.	Rural Assistance Authority - Dept Primary Industry	NSW Govt.	<a href="https://www.raa.nsw.gov.au/fdm">https://www.raa.nsw.gov.au/fdm</a> <a href="https://www.raa.nsw.gov.au/fdm/approved-mediation-forms">https://www.raa.nsw.gov.au/fdm/approved-mediation-forms</a>

## DROUGHT ISSUES PAPER

Package	Details	Source	Tier/Entity	Reference
Financial hardship assistance	If producer is having difficulty meeting the basic costs of living, or other financial hardship, will prioritise paying any income tax or activity statement refunds due to producer, or see that they are not used to pay other government debts. In special circumstances release from paying some taxes, if paying the taxes would cause serious financial hardship is available.	Australian Taxation Office	Federal Govt.	<a href="https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance">https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance</a> Phone on 1800 806 218.
Farm Household Allowance	Offers financial support to farmers and their families experiencing financial hardship.	Dept. Human Services	Federal Govt.	<a href="https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance">https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance</a> To see if you are eligible and apply for assistance visit the Department of Human Services - phone the DHS Farmer Assistance Hotline 13 23 16
Farm management deposits	Early access may be available without changing the deduction claimed. Financial institutions may require advance notice of a request for early withdrawal.	Australian Taxation Office	Federal Govt.	<a href="https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance">https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance</a> Phone on 1800 806 218.
GIVIT - Charity assistance management	The NSW Government partnership with not-for-profit GIVIT to manage offers of assistance for farmers, their families and rural communities.	Rural Assistance Authority - Dept Primary Industry	NSW Govt.	<a href="https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance">https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance</a>

## DROUGHT ISSUES PAPER

Package	Details	Source	Tier/Entity	Reference
Investing for future sustainability	Primary producers can get immediate tax deductions for new fencing infrastructure and accelerated depreciation is available for new fodder storage and on-farm water storage facilities.	Australian Taxation Office	Federal Govt.	<a href="https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance">https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance</a>
Managing Farm Risk Program	Encourages farm businesses to consider insurance options to cover against drought and other production risks. The program provides one-off rebates for advice and assessments to help farmers prepare and apply for a new insurance policy. Rebates will be for half of the costs incurred by eligible farm businesses up to \$2,500 (GST exclusive).	Department of Agriculture and Water Resources	Federal Govt.	Further information can be found at <a href="http://agriculture.gov.au/mfrp">agriculture.gov.au/mfrp</a> .
Mental Health Line	Telephone help on mental health issues	NSW Dept. Health	NSW Govt.	1800 011 511

## DROUGHT ISSUES PAPER

Package	Details	Source	Tier/Entity	Reference
Rebate on fixed charges for water licences	A rebate of up to \$4,000 per licence will apply to the fixed component of bills for general security licence holders (and supplementary water access licence holders) in rural and regional NSW across surface and ground water systems, and to customers of Irrigation Corporation Districts for water entitlement costs incurred.	Rural Assistance Authority - Dept Primary Industry	NSW Govt.	<a href="https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance">https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance</a>  1300 662 077.
Regional Investment Corporation	The Regional Investment Corporation (RIC) delivers on farm business loans and the National Water Infrastructure Loan Facility. Two types of farm loans are available – farm investment loans and drought loans.	RIC	Federal Govt.	For more information, including loan guidelines and application forms, visit <a href="http://ric.gov.au">ric.gov.au</a> or phone our loan specialists 1800 875 675 (8:30am – 5:30pm Monday to Friday local time).
Rural Adversity Mental Health Program	Major project of the centre for Rural and Remote Mental Health. 14 coordinators in regional and remote areas.	Department of Health.	NSW Govt.	<a href="http://www.ramhp.com.au/about-us/">http://www.ramhp.com.au/about-us/</a>
Rural financial counselling service	A free and confidential service that provides information and assistance on financial position, budgets and submitting applications. 30 counsellors throughout NSW.	Rural Financial Counselling Service	Federal Govt.	<a href="http://www.agriculture.gov.au/ag-farm-food/drought">http://www.agriculture.gov.au/ag-farm-food/drought</a>  Also: <a href="https://www.raa.nsw.gov.au/assistance/drought-assistance-fund">https://www.raa.nsw.gov.au/assistance/drought-assistance-fund</a> <a href="https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance">https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance</a>  phone 1800 686 175
Rural Resilience Program	Work in partnership with farming communities and service providers to strengthen networks and exchange information.	Dept. of Primary Industries.	NSW Govt.	<a href="https://www.dpi.nsw.gov.au/about-us/rural-support/rural-resilience-program">https://www.dpi.nsw.gov.au/about-us/rural-support/rural-resilience-program</a>

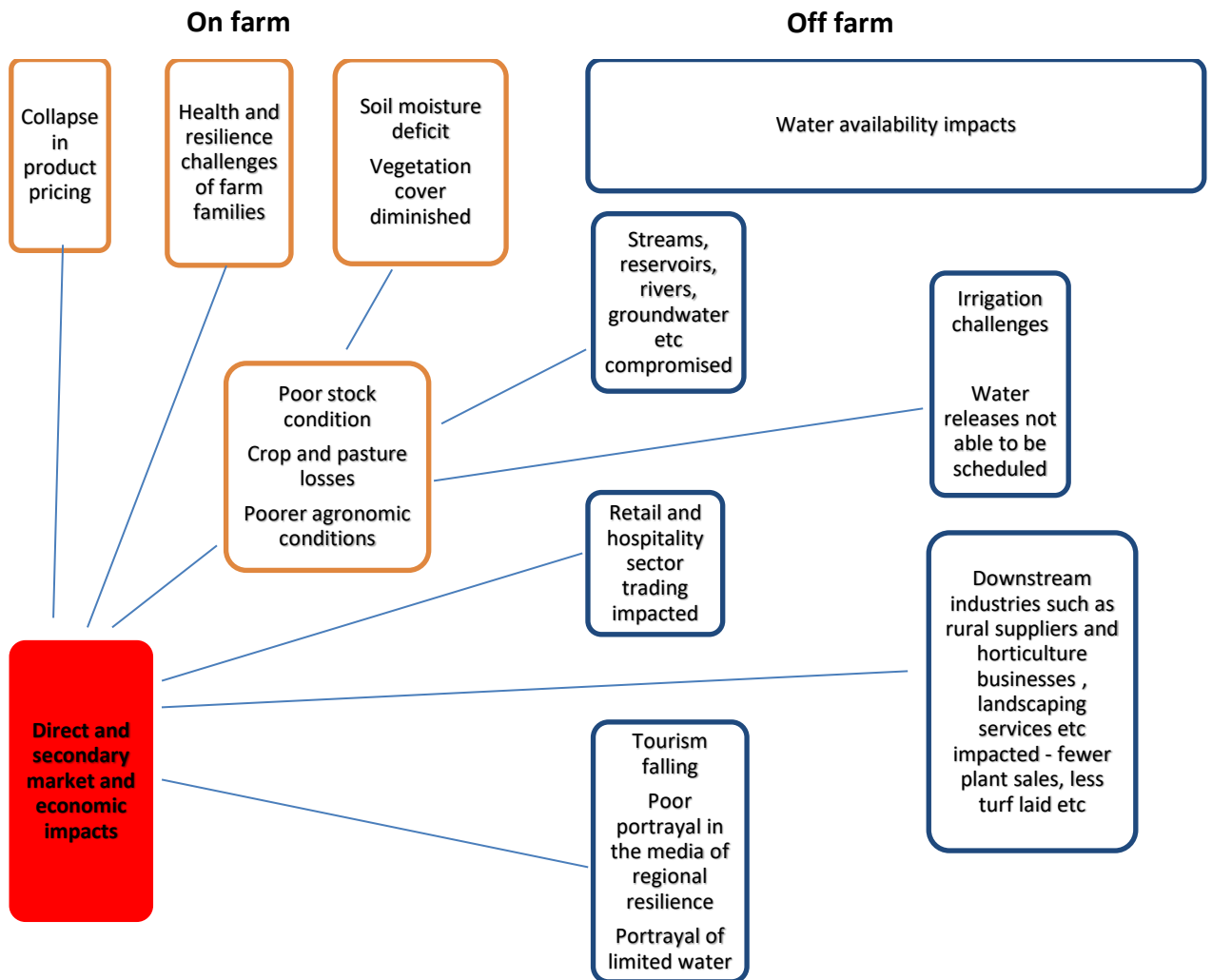


## DROUGHT ISSUES PAPER

Package	Details	Source	Tiers/Entity	Reference
Small Business Tax Concessions	Small business entity concessions include a reduced company tax rate and PAYG instalment concessions.	Australian Taxation Office	Federal Govt.	<a href="https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance">https://www.ato.gov.au/General/Financial-hardship/In-detail/Help-for-drought-affected-taxpayers/?page=1#Financial_hardship_assistance</a>
Waiver of NSW Local Land Services rates	All LLS rates, including General Rates and Rates for Animal Health and Pests, the Meat Industry Levy, and costs of Routine Stock Moving Permit and Stock Identification will be waived for 2019.	Rural Assistance Authority - Dept Primary Industry	NSW Govt.	<a href="https://www.dpi.nsw.gov.au/climate-emergencies/droughthub/drought-assistance">https://www.dpi.nsw.gov.au/climate-emergencies/droughthub/drought-assistance</a> more information on <b>1300 795 299</b> .
Waiver of Class 1 agricultural vehicle registration	Class 1 agricultural vehicles will be exempt from the next annual registration charge.	Rural Assistance Authority - Dept Primary Industry	NSW Govt.	<a href="https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance">https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance</a> more information on <b>13 22 13</b> .
Waiver of Farm Innovation Fund interest charges	All existing Farm Innovation Fund customers and all applicants who submitted an application on or before 30 July 2018 will have applicable interest charges for the 2017/18 financial year and 2018/19 financial year refunded and waived.	Rural Assistance Authority - Dept Primary Industry	NSW Govt.	<a href="https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance">https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance</a>

**IMPACTS OF DROUGHT**

A number of impact areas from drought have been identified as both on farm and off farm activities in Ding et al. The schematic shows a representation of some of the flow on impact areas that augments this research with the addition of other areas of impact as have been identified in the creation of the Issues Paper.



Source: WRI , adapted from Ding, Y., Hayes, M. and Widhalm, M. , 2010, p23

## Business impacts

The NSW Business Chamber 2018 Drought survey indicated that 84% of business in NSW have been negatively impacted by drought with 93.9% of Central West businesses indicating they had been negatively impacted. The only region that recorded a higher impact was the Far West and Orana.

A key issue raised in multiple ways throughout the consultation was the need to include in drought assistance programs assistance for businesses in regional communities. The overwhelming sentiment was that rural areas are communities and drought impacts all those entities operating in drought affected areas. Assistance to communities as a whole is needed.

There is a need to better understand the downstream business impacts. An action to identify businesses impacted by drought and the percentage of their reliance on the rural sector would enable a better understanding of the interconnectedness of the rural and non-rural business sectors.

Some respondents noted that there was a challenge in ensuring equity conditions underpin funding of both the rural and the business sectors.

The NSW and Federal Governments have announced programs/intentions that will extend assistance packages to businesses while this issues paper was being prepared. The Prime Minister has announced a drought summit to be held on 26 October 2018 and appointed community leaders to assist in developing an understanding of broader impacts of drought. The NSW Government has launched GIVIT to manage donations being collected by various charities.

It is also noted that the impacts, on both farm and other businesses, is often felt long after the drought event has concluded. Planning for drought preparedness should include an assessment of how to manage post drought when impacts will still be felt.

## Health impacts

Health impacts that can arise in times of drought include:

- Compromises to the quality and quantity of drinking water
- Effects on air quality (e.g. increased dust)
- Impacts arising from lower quality of food and reduced availability and thus nutritional impacts
- Mental health impacts on farm families and businesses who support the rural sector
- Animal welfare impacts

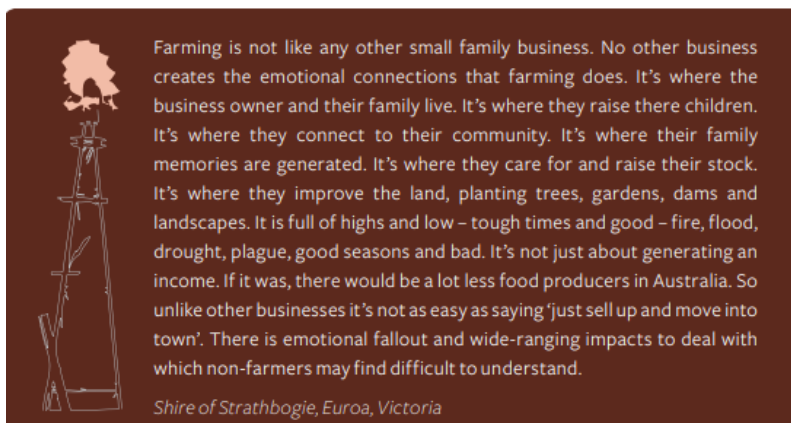
The NSW Department of Primary Industries 2015 Drought Preparedness Survey<sup>28</sup> identified that 59% of respondents rely on family and community to get them through times of drought. 13% of survey respondents were from the Central West NSW area. Key findings of the survey were:

- The need for strong personal resilience was noted with those who had support they could reach out to in times of drought and who actively managed their health and sought support when necessary fairing the best in managing through drought into recovery.
- Effective management of financial assets and operational processes were also identified as means to sustaining farms through drought periods. This included effective and realistic stock level management and pre-planning for destocking programs if they become necessary.
- The ability to access and understand the sorts of assistance was also noted as enabling the farming community to survive. 42% of respondents thought there needed to be improvements to government support.

In the interviews that have informed this Issues Paper, a comment was made on attendance at a recent conference for women in rural areas being down because they felt they couldn't leave their partner at home alone without their immediate support. The impact on families of drought needs to be acknowledged.

The recommendations include elements to address social isolation and manage mental health.

The Drought Policy Review Expert Social Panel reported<sup>29</sup> on the social impacts of drought in 2008 and identified the particular issues relating to farming and the farming family's particular connection to its community. An excerpt below summarises the sentiment in the report.



Source: Its About People: Changing Perspectives on Dryness, p 11

<sup>28</sup> NSW Department of Primary Industries "2015 Drought Preparedness Survey, Rural resilience program". Accessed from [dpi.nsw.gov.au](http://dpi.nsw.gov.au) October 2018

<sup>29</sup> Dept. Agriculture, Fisheries and Forestry, *A Report to Government, Its About People: Changing Perspectives on Dryness*, 2008

The Drought-related Stress Among Farmers survey<sup>30</sup> obtained responses from farmers and farm workers. Personal drought-related stress was found to be higher in male farmers aged between 18-34 years. This cohort also experienced greater financial hardship and residents in the outer regional, remote and very remote areas of NSW more frequently reported as have drought-related stress. Those who both lived and worked on a farm were more likely to show the effects of personal drought-related stress given work and home environments are intrinsically linked. The survey identified

*“The influence of adverse life events on personal drought-related stress and community drought-related stress is consistent with drought compounding existing stress or contributing to adverse events – such as illness or injury to oneself or a close relative marital separation, unemployment and major financial crisis...”*

A summary of the key issues relating to the stress caused by drought conditions is summarised below.

#### Personal drought-related stress impacts

Issue	Response
Money/financial pressures	57.3%
Business pressures	49.4%
Loss of contact with friends	16.4%
Not going out as much	33.9%
More work to do	50.7%
Less time for family	28.1%

Community drought-related stress - the effects respondents thought drought had on their community:

Issue	Response
People leaving the areas	45.2%
Losing business and services in town	46.0%
Not getting together as much	35.6%
Countryside has changed	60.2%
Reduced water quality	43.8%

<sup>30</sup> Austin et al, 2018

### DROUGHT PREPAREDNESS AND IDENTIFYING TRIGGERS

There has been an acknowledgment of the need for drought preparedness for a long period. It was a feature of the Intergovernmental Agreement on National Drought Program Reform in 2013 where it was recognised that farm businesses needed to prepare for drought rather than rely on government assistance as provided in Exceptional Circumstance funding.

Austin et al discovered more than 100 drought indices (as at July 2018) but noted there “*is no consensus about which of these is most appropriate indicator for a given circumstance.*”

While Exceptional Circumstance funding is criticised on its application to generic condition assessment on an area basis, place based well informed programs targeted at areas assessed on local conditions is a solid means of determining where drought is impacting and how assistance should be applied.

The Centres for Disease and Prevention and National Environmental Health in the United States have published a guide entitled “*Preparing for the Health Effects of Drought- A Resource Guide for Health Professionals*” which identifies a range of drought preparedness techniques. The report outlines how the preparation of “jurisdiction-wide hazard and vulnerability assessments” can assist in managing the impacts of drought and indicated the approach can also be applied for assessing readiness for emergencies such as fire and flood. <sup>31</sup>

Consideration of this technique could provide a framework to assess drought preparedness and complete the creation of a framework of resources to monitor conditions and initiate actions based on triggers plus ensure preparedness is maintained and resilience built.

A list of new, existing and repeatable sources for information are identified below that could be used to build the framework to assist in drought monitoring, identify triggers so actions can be initiated, create drought preparedness and build resilience.

The aim of a drought prepared approach to assist in the management of future droughts is to be able to answer questions like:

- How do these climatic conditions stack up against similar statistics/information?
- What actions worked when these conditions occurred previously?
- How do these conditions compare to previous droughts?
- What equivalent stage are we at compared to previous droughts taking into consideration forecasts for rain?

It is clear from the research done in preparing this paper that rainfall is not the only issue that should trigger drought management responses. It is also identified that a consistent national

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<sup>31</sup> Centres for Disease and Prevention and National Environmental Health in the United States have published a guide entitled “*Preparing for the Health Effects of Drought- A Resource Guide for Health Professionals*”, p6

approach is needed to establish what triggers should be monitored and what responses to those triggers should be.

The following issues and possible data sources provide a basis for establishing a framework to identify and manage triggers in times of drought.

Issue	Possible data source
<p>Regions' areas of strengths and weaknesses and identify impacts of drought on maintenance/growth targets</p>	<p>Utilise analysis in Regional Economic Development Strategies prepared by the NSW Government that identify the competitive advantages of the areas they have accessed. Look at how attainment of targets and development of ideas/business/outcomes in the competitive advantage areas has been achieved on an annual basis and map against past climatic conditions. This would enable a better understanding of the impacts that can affect regional development.</p> <p>Assess and monitor progress of opportunities for the region identified in the NSW Government Regional Plan to determine if actions are required to address impact of drought that may hamper achieving the opportunities. With 8 out of 11 LGAs in the region covered by the Plan having opportunities identified in agriculture, the opportunities analysis effectiveness should be monitored and impact of drought on the opportunities identified by the State re-assessed.</p>
<p>Identify vulnerable populations</p>	<p>Demographic analysis to identify vulnerability level of communities. Monitoring access to welfare payments over time, defaulting on loans, population changes, unemployment etc will illustrate how these indicators can assist in determining trigger points to activate drought assistance.</p> <p>Other issues that could be monitored to determine how vulnerable an area is to drought impacts include:</p> <ul style="list-style-type: none"> <li>• Assessing how reliant the business sector is on the agricultural sector of the region</li> <li>• How financially resilient are businesses (farming and non farming and the local Council</li> <li>• Business entries and exits over the year</li> </ul> <p>Monitoring how regional areas are performing relative to the Infrastructure Australia's predictions for contribution to GDP would also illustrate where a region is being compromised by prevailing drought conditions</p>
<p>Environmental and conservational health</p>	<p>Use the NSW DPI NSW State Seasonal Update (and seasonal condition reports prior to 2018) data supplemented with other information to record longitudinal data and form the basis for developing critical action points for future droughts.</p> <p>Hydrology data longitudinally is needed including: available water by source, evaporation levels, rivers and dams health, streamflow, water licensing, water releases, water management monitoring (reservoir, riverine and potable water supplies) and water quality.</p>

## DROUGHT ISSUES PAPER

Issue	Possible data source
Crop and stock management	<p>Crop production actuals and forecasts.</p> <p>Stock production, export and slaughter levels.</p> <p>Future planting plans.</p> <p>Stock water availability.</p> <p>Fodder availability x location (i.e. to assist in cost estimates for transportation)</p>
Employment	<p>Sectoral analysis of agricultural employment current and future by regional area, state and nationally.</p> <p>Downstream industries employment current and future.</p>
Health statistics	<p>Health incidence reporting.</p> <p>Impacts of social integration of new comers to the region may indicate the social health of the area.</p>
Communication strategy	<p>Develop communication strategies that enable the delivery of consistence messaging. This includes social media savvy messaging to reduce the impact of negative stories.</p> <p>Identify key stakeholders and include specific communication action plan items in the communications strategy. This would include charities who have developed assistance packages. Coordination of assistance is crucial in ensuring the right people are getting the right assistance and there is an equity basis for the distributions of goods/money.</p> <p>Build awareness of the place based issues of drought to ensure governments understand the individualised regional impacts. Local Government is a direct link to communities and could provide assistance to other tiers of government to deliver programs that improve connectedness.</p>



Issue	Possible data source
<p>Resilience and drought preparedness mapping</p>	<p>Repeat the 2015 DPI Drought preparedness survey and NSW Chamber of Commerce Drought Survey 2018 and track the longitudinal changes in producer and business reactions in drought periods <b>and</b> in recovery periods post drought. The longitudinal nature of this suggestion enables a process of identifying trigger points to assist in planning in drought period before issues become intractable.</p> <p>Build awareness that while some triggers for drought management processes can be standardised, sometimes issues need to consider local issues. Local government is well placed to assist in confirming where areas are different.</p> <p>Need to acknowledge that water conservation and restrictions are not drought management plans.</p> <p>Coordination of drought assistance programs from government and private sector is needed. Local government offices could be utilised to house officers to increase the number of advisors and improve access when services are needed. A simplification of the range of assistance packages and processes to gain support is needed.</p> <p>Assistance packages need to target households and communities rather than farmers only.</p> <p>Assistance packages need to be aware of processes that would place additional a pressure on land and natural resources. This includes responsible management of stock levels and de-stocking before animal health and price points are impacted.</p>

### CONFIDENTIALITY

Confidentiality of information is fundamental to the success of WRI and is a core policy of WRI's quality assurance processes.

All employees of WRI (both permanent and casual) agree as a condition of employment with WRI not to disclose any material, written or verbal, that they come into contact with in the course of carrying out their duties.

WRI will destroy and/or return any confidential material on the written request of the client.

Employees agree not to discuss any part of projects or confidential matters that arise in the course of their duties with another third party outside WRI.

## RESEARCH TEAM

WRI has built a dedicated team of professional research staff and associates with the expertise necessary to provide our clients with robust and reliable research solutions.

### **Ms Kathy Woolley – Chief Executive Officer**

GAICD, IIA, Change Management Qualification (AGSM), BComm (Economics with merit - UWO), Public Participation Certificate (IAP<sup>2</sup>), Cert. IV Workplace training and assessment (NSW TAFE)

Kathy joined the WRI team in February 2018 having previously worked on a variety of boards and in many senior management roles across sectors including media, health, education, regional development, government, event management, research and sales. For a number of years Kathy also ran a consultancy specialising in services for not for profit entities, focusing on best practice techniques in management and governance.

With formal qualifications in change management, company directorship, community engagement, economics and training, and well developed skills in human resources, information technology, finance and economic development, Kathy offers a unique skill set to assist with most business needs. She is a member of the Australian Institute of Internal Auditors.

Kathy worked for 16 years in local government at the Director and General Manager level. She led the strategic planning processes for three Central West councils including managing the processes required for the Integrated Planning and Reporting framework. She was a member of the Office of Local Government committees to review service delivery processes and management as part of the recent reforms in the sector.

Other council responsibilities included management of finance, information technology, human resources, communications, governance, legal, insurance, risk management and internal audit.

### **Mr Alistair MacLennan – Senior Research Consultant** BA Political Economy, First Class Honours (UNE)

Having served in a variety of parliamentary, public service and private sector roles, Alistair brings research experience to WRI. Alistair has skills in data analysis, economics and business, and has a wide understanding of government. He also has experience in the energy sector where he engaged with industry, government agencies and NGOs to inform policy. Alistair's experience in engaging with clients, stakeholders and the public assists WRI to fully understand its client's needs and provide tailored research.

### **Mr Chris Mullen - Research Officer** BEcon (UNE)

Chris is an Economics graduate from the University of New England, currently undertaking a Master of Economics course. Chris has a great interest and passion for macro and microeconomics, policy analysis, and development economics. Throughout his degree, Chris has gained skills in benefit-cost analysis, business statistics, and economic modelling. Having grown up on a property on the mid-north coast, Chris has a strong understanding of life in regional Australia and the issues rural communities face.

### **Ms Dale Curran – Executive Officer** BA (ANU)

Dale is responsible for all administrative processes at WRI including executive support, finance, management of the Board of Directors and maintenance of policies. Dale has worked in a variety of roles at WRI, including Fieldwork Supervisor and Research Assistant, and has worked on several community and business surveys. As a result, she brings a strong understanding of research processes to her administrative role. Dale brings a high level of organisational skill and efficiency to her role as Executive Officer.

# DROUGHT ISSUES PAPER

## APPENDIX 1: ISSUES RAISED IN INTERVIEWS AND CENTROC DROUGHT SUBCOMMITTEE BUSINESS PAPERS

The following is a summary of comments made in interviews. Interviewees were advised their comments would not be directly attributed. Comments have been grouped into thematic areas as listed to assist in the collation of common thoughts.

Climatic impacts	Measures/policy to support drought management	Whole of community support	Business performance and support	Farm management
Drought “all starts with rainfall deficit” so need to measure and monitor rainfall trends.	<p>Drought coordinators appointed – attempting to summarise/co- ordinate activities. Hard when different support is offered in different regions.</p> <p>Identified 100 different measures (as at Sept 2018) – need to assess their effectiveness.</p>	Drought impacts across farming family and in community.	Difficulties arise if propping up unprofitable businesses – across all sectors, not just farming related.	<p>De-stocking needs to be managed so it doesn’t occur too late when stock aren’t in a condition to be transported or prices that could be achieved will be compromised.</p> <p>Animal welfare needs to be maintained.</p> <p>Risk that charities aid packages by providing hay prolongs decision point for de-stocking.</p>
Every drought is different and we need to understand each drought’s elements and triggers.	Need an immediate response as well as complete work on drought management for future droughts and build drought preparedness.	Businesses in regional areas are impacted when the rural sector is struggling.	Councils could review access to saleyards and ensure their infrastructure is maintained.	<p>Rewarding those with practices that haven’t kept pace with best practice is a risk in the current drought assistance processes.</p> <p>Those farmers who have put sound management practices in place seem to be punished by not having access to funding (one identified they had started using grain stored underground 14 years ago in this drought).</p>

## DROUGHT ISSUES PAPER

Climatic impacts	Measures/policy to support drought management	Whole of community support	Business performance and support	Farm management
<p>Recent rain doesn't "cure" the drought.</p>	<p>Exceptional Circumstances program had some critics – but does it have merit if the process of awarding funding is improved?</p>	<p>Drought co-ordinator reviewing household support program need.</p>	<p>Farmers worrying that businesses that have closed will never come back – threatening viability of communities.</p>	<p>Stock water is expensive to transport.</p> <p>There are some areas that don't have transport solutions to cart water.</p>
<p>Availability of water – need to consider and plan.</p> <p>Sources of water need to be managed with a view on all the solutions. Legislative impacts around preserving water flows in rivers and water quality issues need to be observed.</p> <p>Town water supplies – low water supplies can quickly compromise quality.</p> <p>Water infrastructure planning – most options take a long time to action. Need to contemplate drought management in water infrastructure and riverine management planning. Review of planning processes for approval of water infrastructure is needed.</p>	<p>Councils need to ensure programs address impacts of drought in infrastructure maintenance programs.</p> <p>Reluctance to do road works because of lack of water could be alleviated by considering bores near worksites and not postponing roads maintenance/renewal.</p>	<p>Social activities are essential. Get people out of the house and then able to realise they aren't alone.</p>	<p>Have had to lay off staff – they've left the community.</p>	<p>Currently farms have cash flow issues. A farmer might have a great business model and high value assets but limited ready cash. Their underlying business practices can be strong while not holding short term cash in large volumes. Others might have good cash reserves but difficulty managing when have limited information on how long they will need to hang on.</p> <p>Councils could look at how they could ease the cash burden. Like how LLS rates and other waivers have been implemented.</p>

## DROUGHT ISSUES PAPER

Climatic impacts	Measures/policy to support drought management	Whole of community support	Business performance and support	Farm management
<p>There won't be a good harvest because those who did get rain got it too late.</p>	<p>NSW Govt. offering transport subsidy. Could Councils offer reduced fees or rates to assist farmers.</p>	<p>Why do some communities get assistance while other miss out?</p> <p>How can the anomalies be smoothed out?</p>	<p>Flow on impacts of drought assistance should be acknowledged. It isn't money into "my" pocket but rather is a benefit to the region and the flow on impacts preserve local businesses throughout drought times.</p>	<p>Care needs to be taken when accepting loans assistance packages – does it just push the problem to two years hence? – when things are starting to improve, farmers will be hit by another round of operating limitations if have debt to be paid. Fine balancing act.</p>
<p>Additional water releases from water earmarked for environmental management should have income earned preserved for environmental purposes. Or establish a drought fund with the income.</p> <p>Water releases weren't delivered over previous years to farmers and yet the environment release was done.</p> <p>If opportunity to sell environmental water occurs again, offer it to farmers as part of drought assistance packages. Use any proceeds from environmental water sales to set up drought assistance or to fund environmental management solutions.</p>	<p>Variation in the \$1M allocation across councils in terms of how they will use it.</p> <p>Consistency would improve the perception of outcomes.</p>	<p>Hay makers and agronomists and other associated industries get nothing in current packages.</p>	<p>A group of farmers was employing an agronomist but some can't continue to pay. Where will we get an agronomist now? Area lost the agronomist plus 3 children from local school and partner.</p>	<p>Some conflicts arise if land is bought up cheap – seen as opportunistic.</p>

## DROUGHT ISSUES PAPER

Climatic impacts	Measures/policy to support drought management	Whole of community support	Business performance and support	Farm management
Does imported fodder risk bringing in weeds?	Communications infrastructure (internet) inadequacy remains an ongoing problem in rural areas.	Centroc needs to be a voice of the community on drought issues.		Need better drought preparedness plans.
Breadth of this drought is more than previous droughts.	Children not returning to rural areas because of fewer options.	Mental health issues and social welfare issues need to be better considered in drought times. Sometimes it is necessary to give a farmer a reason to get out of bed in drought periods.		Hard to identify who has prepared well and who hasn't.
Putting sheep on grain crops to preserve grain stored underground. Will result in no crop but have maintained minimum stock levels.	Bring back cabinet over the mountains – in touch with regional communities.	People are drought fatigued.		Need better means to engage people to prepare better.
Use councils' knowledge to advise what the local conditions are and assist in policy creation and assistance allocation.	Acknowledge a lot of different packages have been tried in the past and are being tried in this drought – but question the effectiveness and how well this has been monitored and outcomes assessed used to inform the next round of drought assistance packages.	Farm household support program – is difficult to apply for. 2 inches high paper work for one application. Onerous application process at time when support not questions is needed. Need accountant to help. BUT realise it is necessary to justify eligibility.  Too limited with only 16,000 eligible. Low uptake – only 3,000 applicants.		It will be 2 years until the next cash injection into farms – and crops need to be planted in the mean time.

# DROUGHT ISSUES PAPER

Climatic impacts	Measures/policy to support drought management	Whole of community support	Business performance and support	Farm management
20 year rural options study had little about water strategic management.	Farm innovation fund – little interest but is a solid program.	Off farm local business of farmer’s partner makes them ineligible for assistance. Had in place drought preparedness solutions and feel being punished even though doing the right thing and have long term plans in place.		
<p>Long term water management needs to be established that offers consistency and be based on water efficiency outcomes.</p> <p>Medium term plans need to consider town water supply management and critical human needs.</p>	<p>Centroc should continue lobbying role.</p> <p>Need to have a short and long term program of assistance in the advocacy.</p>			
	Snowy 2.0 money – spend on water infrastructure/water solutions.			
	Current tax incentives are ineffectual.			
	Responses must be solution based not political responses.			



## DROUGHT ISSUES PAPER

Climatic impacts	Measures/policy to support drought management	Whole of community support	Business performance and support	Farm management
	Funding should be paid to councils and used to pay farm rates for all farms – equitable. It should be restricted the “real” farmers not hobbyists.			
	Bring counsellors under council control so they are available in more places. Councils also know local situation and understand issue better in place based approach.			
	Consider special economic zones while areas in drought.			
	Long term tax relief needed – as will take longer than 2 years to recover.			

APPENDIX 2: FACT SHEET

# DROUGHT IN THE CENTRAL WEST NSW

## What is happening now?

The Bureau of Meteorology has reported September 2018 was the driest September on record. The Central West of NSW has had a small amount of rain in September and October 2018, but at best we are in a “green drought” with worrying concerns about future conditions, levels of stock and cropping production. NSW Department of Primary Industries<sup>1</sup> (DPI) reported in September 2018 that 98% of the state remains in drought. Farmers have kept stock for longer this drought than previously and therefore fodder needs are heightened.

Regional towns are feeling the pinch. 93.9% of businesses in the Central West have been impacted by the drought according to the August 2018 Drought survey by the NSW Business Chamber. The Survey also identified that 87.9% of businesses in the region have experienced a decrease in sales/revenue – equating to a 33% fall in revenue raising. 44.1% of businesses identified this drought is more severe and is hurting their business more than other droughts have impacted. Only 9.4% of businesses considered they were well equipped for drought impacts – this is the fourth lowest level of preparedness in regional NSW areas.

## Where is it happening?

The Central West of NSW is a major contributor to the Australian economy. The 3,903 farms in the region represent 15.2% of the NSW farmland.<sup>2</sup> Infrastructure Australia’s Infrastructure Plan identified the Central West region as the fastest growing areas across Australia and predicts by 2031 the region will be the 7<sup>th</sup> largest contributor to GDP in the country with an estimated \$17.4bn of production<sup>3</sup>.

## What are the future impacts of drought?

In addition to the impact on the farming sector, the sustainability of towns is at risk. Food and fibre production falls will impact every Australian. ABARES<sup>4</sup> is predicting worsening conditions and forecasting downward trends in livestock and cropping production. Soil moisture levels are low and if any winter cropping occurs, production will be significantly reduced. NSW DPI indicates in the September 2018 Seasonal update that most on farm practices remain unchanged despite recent low level rainfalls.<sup>5</sup>

Understanding the flow on effects of drought on regional communities is critical to ensuring regional jobs are maintained and services kept. Farmers are making decisions on what bills to pay – so local businesses are impacted. Jobs are being lost. This threatens the sustainability of regional Australia. If jobs go, people move, and this threatens the livelihood of Central West business and the ability for areas to retain schools, post offices, banks and government and other services. Getting people back into regional Australia is challenging – so preventing them leaving is paramount.

## When does it need to happen?

We need action now - but we also need to think long term and plan for the future.

## Major issues raised by locals

**“This is a once in a lifetime drought that is impacting both the farming and business community”**

**“All droughts are different – what is needed is a suite of solutions of when to pull triggers to assist regional communities”**

**“Placed based solutions are needed to manage in times of drought”**

**“Action planning is needed so that when triggers are pulled in future there is a known set of actions that can be activated”**

**“Water infrastructure planning now for the future droughts is essential – these projects take a lot of time to happen”**

**“A group of us employs an agronomist. A family with 3 kids will leave town and how will we ever get another agronomist back?”**

**“We’ve planned for the future and have had grain stored underground for 14 years. So, we have been responsible, but when we sought assistance we were told our practices that have sustained us, make us ineligible for funding”**

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<sup>1</sup> NSW Department of Primary Industries (DPI) , <https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/information-and-resources/seasonal-conditions/ssu/september-2018>

<sup>2</sup> ABARES Central West NSW Profile, , <http://www.agriculture.gov.au/abares/research-topics/aboutmyregion/nsw-central#agricultural-sector> accessed Oct 2018

<sup>3</sup> Infrastructure Australia, *Australian Infrastructure Plan, 2016*

<sup>4</sup> Australian Bureau of Resource Economics and Sciences, [agriculture.gov.au/abares](http://agriculture.gov.au/abares) Accessed Oct 2018

<sup>5</sup> DPI ibid

# What do we need to assist those impacted by drought?

## Short term

- Review assistance packages and the complexity of processes required to apply for funding. Simplify applications where possible – the last thing a drought-stricken farmer needs is an onerous application form to complete to access funding.
- Funding of farmland rates – if rates are unpaid, council programs to maintain roads and other infrastructure is compromised. Sending funding to Councils for the payment of farmland rates gives an equitable distribution of funding can make its way to the farmers – and possibly regionally based business reliant on the primary sector could be included - without the need to assess applications as the rating structure already has a comparative and fair basis underpinning the levels of rates charged.
- Direct funding to Councils is welcomed but needs to go to all affected communities
- All farmers are impacted by drought. Making funding available to all farmers enables those who have planned well for drought to benefit – let's reward those that offer solid farm management practices.
- Acknowledge the broader impacts of drought on the regional business sector and develop financial assistance packages for business – tax incentives, access to loans programs with limited/no repayment for 2 years etc. We need assistance for regional businesses to ensure the businesses stay local and keep employing staff.
- Establish social engagement opportunities to ensure the mental health of farmers is monitored and isolation reduced. Local Government is well placed to assist in facilitation of functions and has the means to contact locals and drive these mental health improving engagements.

### Agricultural profile of the Central West of NSW

In 2016/17, the gross value of agricultural production in the Central West region was \$1.7 billion, which was 12 percent of the total gross value of agricultural production in NSW of \$14.5 billion. 52% of the gross value of the region was from three sectors -wheat (\$366M), cattle and calves (\$303M), and wool (\$235M). 94% of the total value of NSW's brussel sprout and 83% of the NSW cauliflowers are produced in the Region.<sup>6</sup> 21% of sheep and 19% of the NSW poultry are farmed in the Region<sup>7</sup>. The Region contributes significantly to the state's oats, apples, pears, cherries, cabbages and sweet corn production.

The Region is a significant source of food and fibre for Australia and the agricultural health of the Central West of NSW is vital.

## Longer term

- Drought preparedness is critical and governments should be planning for the future – so we are ready when the next droughts occur and implementing actions before issues are at a critical stage.
- Identify and understand what triggers for action against drought should be observed and at what time they need to be acknowledged. Design programs that will respond to the triggers. This requires a multi tier government collaboration to ensure we properly assess the impact of drought and are ready with tools in place to manage drought impacts. Finalising drought preparedness tools is critical.
- Infrastructure planning, particularly for water infrastructure, needs to be forward looking and contemplate the impacts of drought. Better capital upgrade programs that are future looking are needed. This acknowledges planning for upgrades such as the \$650M required to raise Wyangla Dam's wall by 10 meters to improve water security requires a long term commitment to capital renewal.
- Better coordination of drought management advisory services is essential. Local Government can assist in the coordination efforts and be the regional conduit for service delivery.
- Potential solutions for the delivery of better coordinated drought recovery and management solutions range from Local Government providing office accommodation for State/Federal officers to make services more accessible and advice easier to obtain for our communities through to assistance in the three tiers of government collaborating on training our communities in drought support responses while being mindful of privacy.
- Place based solutions that can operate on multiple levels and be tailored for Local Government areas are needed. Local Government can help to identify what differentiates regions from others when drought impact consideration is made.
- We should consider how money raised by selling water earmarked for environmental impacts can be used on projects with an environmental improvement outcome and ensure the money is spent as proposed.

## What do we need?

- To collaborate with State and Federal government for actions to address this drought and to create better drought preparedness processes across the three tiers of government for future droughts.

Prepared by



<sup>6</sup> ABARES Ibid

<sup>7</sup> Australian Bureau of Statistics Cat: 7121.0 Value of Agricultural Commodities Australia 2016-17

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