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14 November 2011

Senator the Hon Joe Ludwig  
Minister for Agriculture, Fisheries and Forestry  
PO Box 6022  
Parliament House  
CANBERRA ACT 2600

Dear Senator Ludwig

### **Drought Support**

The Local Government Association of NSW and Shires Association of NSW (the Associations) are the peak bodies for NSW Local Government.

Together, the Associations represent all the 152 NSW general-purpose councils, the special-purpose county councils and the regions of the NSW Aboriginal Land Council. The mission of the Associations is to be credible, professional organisations representing Local Government and facilitating the development of an effective community-based system of Local Government in NSW. In pursuit of this mission, the Associations represent the views of councils to NSW and Australian Governments; provide industrial relations and specialist services to councils and promote Local Government to the community.

The Associations have long advocated the need for an overhaul of the current drought support measures and supports the Federal Government's objective of a more equitable system for drought support and mitigation activities.

This letter provides the Associations position on the WA Drought Pilot, comments on the WA Drought Pilot Review and drought support generally.

#### **WA Drought Pilot Programs**

The Associations responded to the initial announcement of the WA drought pilot programs in 2010 raising concerns about the pilot drought programs. These concerns included an excessive focus on training, the exclusion of support for agricultural dependent small businesses, inadequate emergency relief for farmers in extreme drought conditions and the removal of support via interest rate subsidies.

The Associations have and continue to advocate the inclusion of stronger social and rural communities support programs in the WA Drought Pilot. The Associations request that the Government include these programs as part of any new national drought policy.

The Associations consider that while the WA drought pilot introduced several areas of welcomed improvements, it fails to deliver adequate support for farmers and communities in extreme drought conditions and leaves farmers and agricultural businesses essentially further disadvantaged. These deficiencies must be addressed in any future national drought policy programs.

#### **WA Drought Pilot Review and Recommendations**

The Associations are concerned whether a review of the WA Drought Pilot after only 14 months provides a sound basis for determining new national drought policy and programs.

While the Associations welcome further funding for advancing farmers knowledge and drought mitigation capacity and it is reasonable to expect farmers to prepare for 2-3 years of drought. It is unrealistic be able to plan and manage a drought that moves beyond 2-3 years no matter how much preparation has taken place. Adequate emergency support is essential for farmers and business when extreme drought conditions occur.

The Associations are strongly supportive of the Review panel's recommendations to continue and improve social support programs, have eligibility based on assessments of demonstrated need and strengthening farm managed deposits.

#### Farm Planning program

While the benefits of farm planning are well recognised, the Associations are concerned that the Farm Planning program appears to be onerous and may cause distortions because of the disproportionate representation of different age groups accessing the program and completing strategic farm plans. This is highlighted by the statistics provided in the review panels report, 2.3 Participant Snapshot and Table 2.1.

#### Stronger Rural Communities program

It is vital to provide support to all communities to assist with population retention and to support social and economic development. Generally this type support is provided across Australia through the Regional Development Australia Fund and Committees. However, the Associations consider it essential to provide additional social and economic support to drought affected communities as part of a comprehensive drought support policy to ensure that drought support is holistically provided to all that are negatively impacted by drought, not just farmers.

The critical need for the Stronger Rural Communities program is emphasised by the response to the program. The program's fund of \$900,000 received 48 applications totalling \$5 million of which 8 projects received funding. As such, the Associations are disappointed that the Stronger Rural Communities program was not continued as part of the WA Drought Pilot extension and left to be taken up at the discretion of State Governments.

The Associations note that the Review Panel made no recommendations regarding this program. The Associations believe that the Stronger Rural Communities program should be included as part of any new National Drought Support policy.

#### Farm Exit Support and Beyond Farming program

The Associations believe that it is very important that drought support policies encourage farmers to remain in farming rather than exit farming.

It is vital that drought support is focused on maintaining farm occupancy rates and retaining experienced farmers in rural communities to ensure the long term survival of the industry and rural communities.

The Associations notes that the Review Panel made no recommendations regarding these programs.

### **Drought Declarations**

The Associations are of the view that the Exceptional Circumstances (EC) Declaration concept needs to be retained, but with its processes reviewed and amended to provide a more equitable and sustainable system. It is the Associations view that the process of identifying and recognising areas in drought is important to drought affected communities. Terminating the process completely could have negative social and economic impacts.

### **Exceptional Circumstances**

The Associations objected to the recent premature removal of Exceptional Circumstances declarations and associated support from NSW communities even though farmers, families and businesses had not financially recovered.

The Associations continues to strongly advocate that the EC support programs and any future drought support programs should include a phased transition period to allow for financial recovery and mitigation activities, rather than the current practice of removing support prematurely after just improved climatic conditions.

### **Rural Financial Counselling Service**

The Associations supports long-term funding to the Rural Financial Counselling Service (RFCS) that delivers vital assistance in rural and regional Australia. The Associations seek assurances from the Australian Government that they will not to reduce the extent and range of services provided by the RFCS whilst there is a significant need in rural and regional Australia.

Additionally, due to the recent events that occurred in NSW due to funding delays and increases in service demands the Associations request that the Australian Government conduct a review of the funding structure of the RFCS including considerations for increases in service delivery demands and state funding arrangements.

If any new drought policy and programs are implemented in NSW the RFCS must be retained and involved in the delivery process of Drought Support. The RFCS has demonstrated a good understanding and network of rural and regional needs and programs.

### **Proposed Alternate Direction for Drought Policy**

Severe drought is a natural disaster and just like a major flood or bush fire. There needs to be a natural disaster type of drought declaration after an area has been in drought for an extraordinary period.

After an area being in drought for an extended period and the declaration of a natural disaster, affected farmers and communities should be then able to access drought support. With approval for drought support being based on individual assessments of finances.

The Associations would like to highlight that Australian farmers have a proven record of preparing for reasonable expected droughts of 2-3 years by conserving resources such as fodder, water, and finances, but no level of training or mitigation could prepare a farmer for extreme droughts such as the recent 10 year drought. As such, a suitable balance between support, training, and mitigation is needed for an effective future Australian drought support policy and that any new drought reform package must recognise and provide for the occurrence of extreme drought conditions.

Should you wish to discuss these matters further please contact Shaun McBride, Senior Strategy Manager Finance, Infrastructure & Planning by phone 02 9242 4072 or email [shaun.mcbride@lgsa.org.au](mailto:shaun.mcbride@lgsa.org.au).

Yours sincerely

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