

Chairman: Cr Neville Castle
Mayor
Lithgow City Council

25 August 2008

Reference: nc: bjs 080825
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Drought Support Inquiry
Locked Bag 2
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MELBOURNE VIC 8003

Central NSW Councils (Centroc) represents over 236,000 people covering an area of more than 70,000sq kms comprising Bathurst Regional, Blayney, Boorowa, Cabonne, Cowra, Forbes, Harden, Lachlan, Lithgow City, Oberon, Orange City, Parkes, Upper Lachlan, Weddin, Wellington and Young Councils and Central Tablelands County Council.

The Centroc Board supports the Mid Lachlan Alliance's commentary regarding the impacts of the ongoing drought in Central NSW and drought support. Accordingly, Centroc commends the Federal Government on initiating this review of drought support measures.

Centroc members request you consider drought support measures in the context of:

- National and international food security
- Peak Oil
- Climate change
- Working with what we have with a view to sustaining it

Centroc commends to the Federal Government the importance of maintaining farming communities and infrastructure. This requires the provision of assistance while sharpening up their capacity during climate change to ensure that food and energy security can be assured for all Australians well into the future.

It is of concern to Centroc that the rationale for the past few decades has weighted heavily on economic outcomes only. The protection of the environment and of social cohesion in Central NSW is an essential element in sustaining agriculture. The decimating of communities will only lead to less and less services within rural communities including medical services having a multiplying downward spiralling impact for rural and regional Australia.

Centroc believes that Australia should focus on self reliance and preparedness on both the national and local levels. The need for food and energy in the coming decades will create calls on the rural community to step up to the plate. We need to have people on the ground who have been supported in managing agriculture through climate change to deliver on this challenge.

Centroc submits to the Federal Government that is difficult for any business, no matter how effective the operator, to manage and prepare for an unprecedented seven years of zero cash flow. Further, the Centroc Board would like to emphasise that the drought is not over. Member Councils report ongoing problems with water security and Centroc has accordingly progressed a drought proofing feasibility study, the results of which will inform the development of infrastructure, policy and management changes to position the region to best deal with the predicted changes in climate. The region is doing its best to tackle sustainability by identifying solutions with a view to working with government in their implementation.

Centroc commends the attached submission to you where it provides advice regarding skills shortages, commodity prices, the changing pattern of employment on and off farm. Further it offers suggestions such as the use of taxation incentives for example the enterprise zone model that would encourage development in regional Australia. It further provides advice regarding EC declarations, farm counsellors, the current Federal program for farm exit strategies and Farm Management Deposits.

Current drought support programs are simply a means of survival for farm families, they do not discourage farm businesses to become more self reliant rather they enable the retention of our farmers and crudely holding together our rural communities. Were these drought support programs not in place the size and number of farm holdings would be substantially different, with the resultant social costs being fading rural communities, as well as a corresponding increase in unemployment and food prices. Accordingly Centroc suggests that the Government needs to review the short term costs of current drought support measures in the context of such long term substantial opportunity costs.

Of concern with current programming is that it is encouraging the conglomeratisation of farms with real impacts on rural communities. Australia does not have the population to support this US-like strategy and the net effect will be the death of rural communities the long term of which will be the incapacity of the nation to be self reliant or ready for peak oil or international food shortages.

If government genuinely wishes to maintain rural communities, strategies must be put in place to support their future including research and development to facilitate sustainable farming, training and drought financial assistance measures. The effects of incorporating these elements will be to mitigate the financial and social devastation of drought as well as signal confidence in the future of Australian agriculture.

The government via drought support measures provides an important means of survival for not only farm families but the Australian agriculture sector. This also extends to rural contractors and businesses that all form part of the agriculture economy and who without their support and service provision the farming process would be incomplete and in some cases obsolete. Support payments should be based on an appropriate combination of drought and individual circumstances with no relationship to equity.

Centroc commends the commentary of the Mid Lachlan Alliance regarding drought management from a national perspective and welcomes an opportunity to come and meet with you to provide more information from the region regarding its ongoing efforts to ensure resilient communities that can feed Australia and the world well into the future.

Centroc seeks to play a role in providing the necessary intelligence to ensure policies best meet and address the needs of local communities. Accordingly the Board requests greater and wider

consultation by the Federal Government in reviewing and developing policies relevant to the needs of our communities.

For enquiries regarding the above please contact me or the Centroc Executive Officer Ms Jennifer Bennett on 0428 690 935.

Yours sincerely

Cr Neville Castle
CHAIR
Central NSW Councils