



## **Submission to Expert Social Panel**

**~ Assessment of the social impacts of  
drought and related government and non-  
government social support services ~**

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## Summary of Recommendations

### Education and Training

1. *That the Federal Government immediately introduce a suite of measures to counteract the impact of drought on participation in tertiary level education, including, but not limited to:*
  - *first-year waivers of relevant fees for agriculture and related courses (applicable only to those who go on to complete a degree in that discipline);*
  - *a re-classification of the HECS HELP and FEE HELP banding for agriculture and related courses; and*
  - *accommodation support (applicable to all disciplines).*
2. *That the Federal, State and Territory Governments work collaboratively to ensure that students' access to vital teaching staff, including school counsellors, is not adversely affected by falling student numbers during drought. In the case of NSW, a formal and uniformly implemented moratorium on teacher transfers brought about by reduced student numbers in EC-declared areas is required, to continue for at least two years after the revocation of an EC-declaration.*
3. *That the key actions outlined in 'The impact of drought on secondary education access in Australia's rural and remote areas' be implemented as a matter of priority in order to alleviate the impacts of drought on young people's access to education.*
4. *That training organisations increase the provision of online training delivery methods for rural skills development, particularly during times of drought.*
5. *That increased budget allocations are made for FarmReady assistance during drought, recognising the importance of incentives in minimising the barriers to training participation in times of hardship.*

### Community Development and Sustainability

6. *That the Expert Social Panel's social impact assessment include consideration of the implications of changes to the provision of EC and other drought support programs, particularly from a rural communities perspective.*
7. *That decisions on the future of EC declarations be publicly announced at least six weeks prior to the scheduled expiry of EC declarations.*
8. *That the relevant authorities consider on a case-by-case basis extending authorisation to farm businesses on the boundary of EC-declared areas to apply for EC drought assistance in light of their extremely similar agronomic conditions to neighbouring properties within an EC-declared property.*
9. *That the Federal Government immediately introduce a suite of transition measures to provide farm families and rural businesses with time and support (both financial and non-financial) to adjust to drought recovery*
10. *That the Federal Government (through the Expert Social Panel) consider past, current and future access to drought assistance in the context of the changing demographics of agriculture.*
11. *That the Federal Government support the Australian Farm Institute's proposal to initiate a project to develop a topology of landholders that is embracing of the diversity of beliefs, values and aspirations of landholders.*
12. *That all levels of Government collaborate with key Non-Government Agencies to expedite the development and provision of programs to build leadership within rural communities.*

### Families

13. *That future assessments of the impact of drought on farm families extend well beyond the physical end to drought, investigating the impacts both during and after drought.*
14. *That the impacts of drought on young people, women and older farmers be a specific area of focus in order to identify future initiatives that may help overcome the barriers of drought on farm families and rural communities.*

### Employment and Professional Development

15. *That the eligibility criteria for the various state and Federal drought assistance programs be revised from the perspective of impact on families, employment and professional development, rather than simply economic efficiency.*

### Mental and Physical Health

16. *That Rural Mental Health Networks be established in every State and Territory in order to provide a collective and collaborative approach to mental health and wellbeing challenges unique to rural and remote communities, particularly in times of extreme stress and hardship, including drought.*
17. *That the State and Federal Governments work with key Non Government Organisations to conduct a gap analysis of rural chaplaincy services in every State and Territory to ensure that short, medium and long-term strategies are put in place to ensure that support is available to farm families and rural communities during times of extreme stress, notably drought.*
18. *That voluntary guidelines be introduced for media outlets and public spokespersons to encourage a more sensitive approach to the reporting of and public commentary on drought-related matters, recognising the emotional impacts of insensitive commentary.*
19. *That the State and Federal Governments work with key state and national rural health organisations to expedite practical solutions to the attraction and retention of rural health professionals.*
20. *That the Federal Government expedite delivery of the key recommendations of the Senate Inquiry into the Operation and Effectiveness of Patient Assisted Travel Schemes, recognising the impacts of drought on physical and mental health.*

### Additional Comments: Social Support Services

21. *That the Federal Government make health care cards available to all farm families in EC-declared areas.*
22. *That the Federal Government immediately amend the eligibility criteria for Youth Allowance for students in EC-declared areas with a view to streamlining the application process and removing disincentives for rural students wishing to study in metropolitan areas.*
23. *That funding arrangements for all drought social support services must be improved in terms of longevity and certainty. Rolling funding arrangements of less than 12 months must not be accepted by any level of Government for such important services to rural communities.*
24. *That State, Territory and Federal Governments work together to ensure that adequate support is provided to all relevant social support staff – particularly during times of drought – to maintain their personal and professional welfare.*

## 1. Introduction

The NSW Farmers' Association (the 'Association') is Australia's largest state farming organisation representing the interests of the majority of commercial farm operations throughout the farming community in NSW. Through its commercial, policy and apolitical lobbying activities it provides a powerful and positive link between farmers, the Government and the general public.

Rural communities form the economic heart of rural Australia, and the cultural backbone of our nation. In 2001/02 – the last financial year not dramatically impacted by drought – agriculture contributed \$10.2 billion to the NSW economy and employed over 122 000 people. This represented 26 percent of the total value of Australian agricultural production. The value of exports of agricultural commodities from NSW (ie/ sourced from agricultural industries) amounted to \$1.5 billion in 2004/05.

Agriculture is the biggest land user in NSW. Approximately 64.4 million hectares or 80 percent of the land mass of NSW was used for agricultural activity in 2004/05. Of that, approximately 10 percent or 7.7 million hectares was used for cropping<sup>2</sup>. There were 40 077 farms with an estimated value of agricultural operations of \$5 000 or more in NSW as at 30 June 2005<sup>1</sup>. This number has declined steadily from 42 758 in 1997, with the sharpest decline between 2004 and 2005. Drought has arguably been a significant catalyst for change.

The drought has had a significant impact on the gross value of agricultural production in NSW, slipping to \$8.6 billion in 2004/05, or 24 percent of the total gross value of Australian agricultural production<sup>2</sup>. In 'normal' production seasons, NSW farmers typically have the highest value of agricultural production of any State.

As of November 2006, 104 000 people were directly employed in agriculture and fisheries in NSW<sup>3</sup>. Agriculture is directly responsible for up to 40 percent of the economic activity across regional and rural NSW. However, once multiplier effects are taken into account, this is as high as 70-80 percent in most small towns in rural and regional NSW.

Despite these statistics, the ongoing success or otherwise of the industry is strongly influenced by seasonal conditions. As such, the Association has a long history of involvement in drought-related matters, particularly at a policy level. The ongoing drought has had a significant impact not only from economic, production and environmental perspectives, but also from a social perspective at family, community and regional levels. Unfortunately, this social impact has not been as well documented, researched or understood as the economic, production and environmental impacts of drought have been. It is hoped that the Expert Social Panel's assessment will help bridge this significant gap.

Through its close ties with farmers and rural communities, the Association is in a unique position to contribute to the Expert Social Panel's consultation process on the *Assessment of the social impact of drought and related government and non-government social support services* and welcomes the opportunity to do so. The Association will also be lodging a submission in response to the Productivity Commission's Inquiry into Government Drought Support later this month.

The following comments refer to the five key themes outlined in the Panel's issues paper.

<sup>1</sup> Australian Bureau of Statistics (2004/05) *Agriculture State Profiles* (cat. No. 7123.1.55.001)

<sup>2</sup> Australian Bureau of Statistics (2004/05) *Value of Agricultural Commodities Produced* (cat. No. 7503.0)

<sup>3</sup> Australian Bureau of Statistics (2004/05) *Value of Agricultural Commodities Produced* (cat. No. 7503.0)

## 2. Education and Training

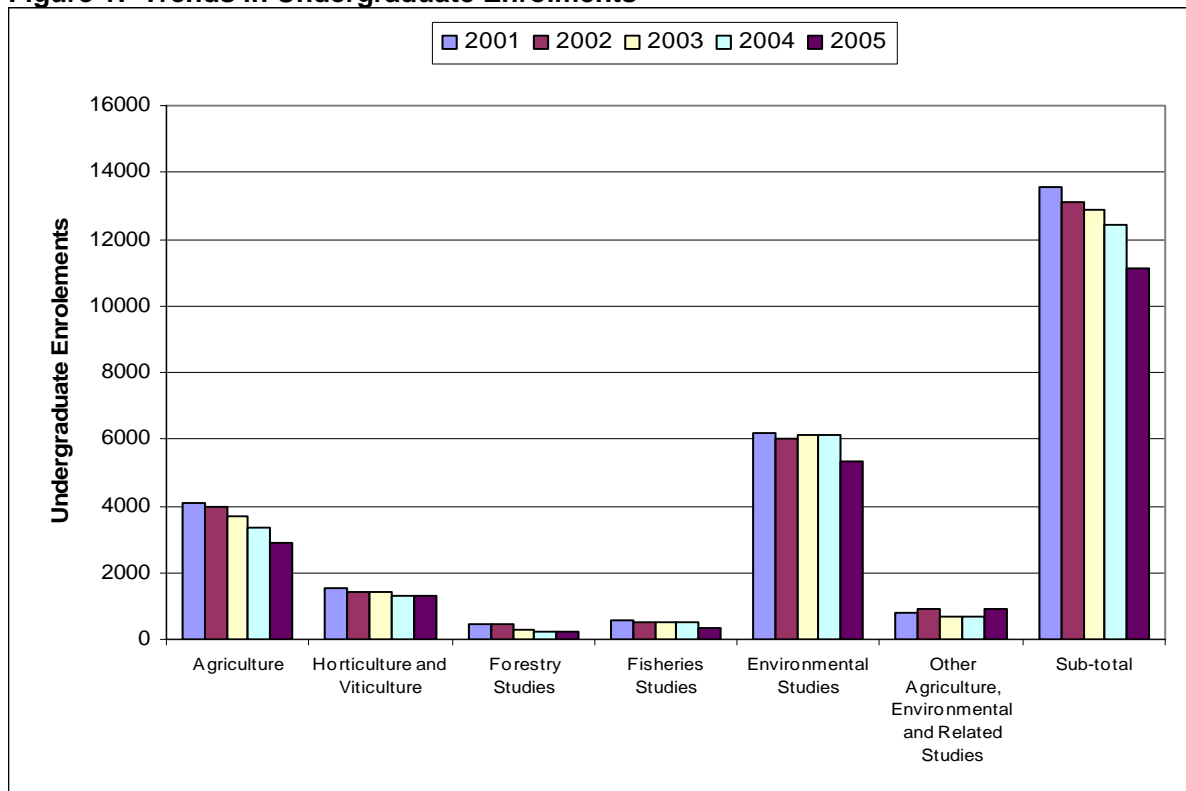
The Association shares the views articulated in the Expert Social Panel's issues paper that 'Education, training and lifelong learning contribute to building healthy regions and a healthy national economy'. It is therefore essential that the impacts of drought on education and training be better understood, with innovative solutions put in place to overcome the barriers of drought on education and training.

### 2.1 Tertiary Education

The Association conducted a Tertiary Education Roundtable on 2 July 2007 to discuss the reported crisis in tertiary enrolments in agriculture and related courses, with members and university officials alike reporting to the Association that drought was severely impacting both the attraction and retention of undergraduate students. With universities reporting a decrease in enrolments despite strong demand by employers for agriculture and related graduates, the Association saw – and still sees – the issue as a major threat to rural industry and the communities that thrive on the success of this industry.

At the roundtable, the Acting Dean of the Faculty of Agriculture, Food and Natural Resources from University of Sydney suggested that the Department of Education, Science and Training overestimates numbers entering agriculture by approximately 50 percent due to combining agriculture with environmental science in statistical reporting. This is reflected in Figure 1 below, presented by the Australian Farm Institute (AFI) at the roundtable. The influence of environmental science in undergraduate reporting was supported by all roundtable participants, who identified a strong need for more targeted and accurate reporting of undergraduate intake and retention.

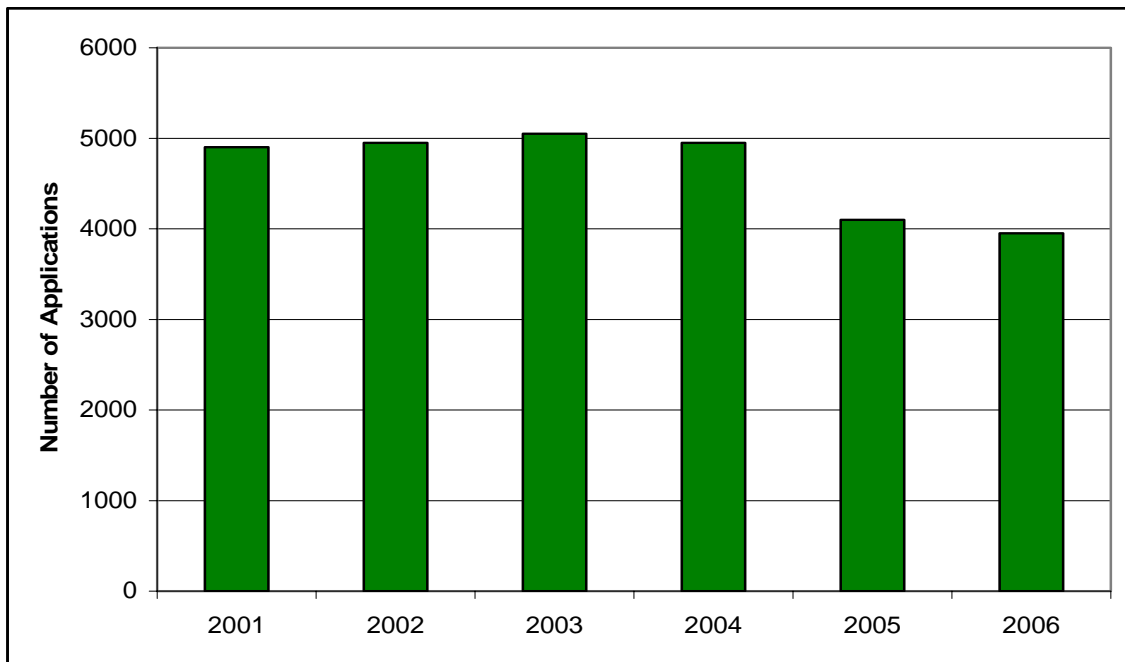
**Figure 1: Trends in Undergraduate Enrolments**



The AFI also reported at the roundtable that demand for undergraduate agriculture places fell 19 percent from 2001-06 (see Figure 2). This decreasing demand for undergraduate places is in sharp contrast to employers' demands for agriculture and related graduates, with the

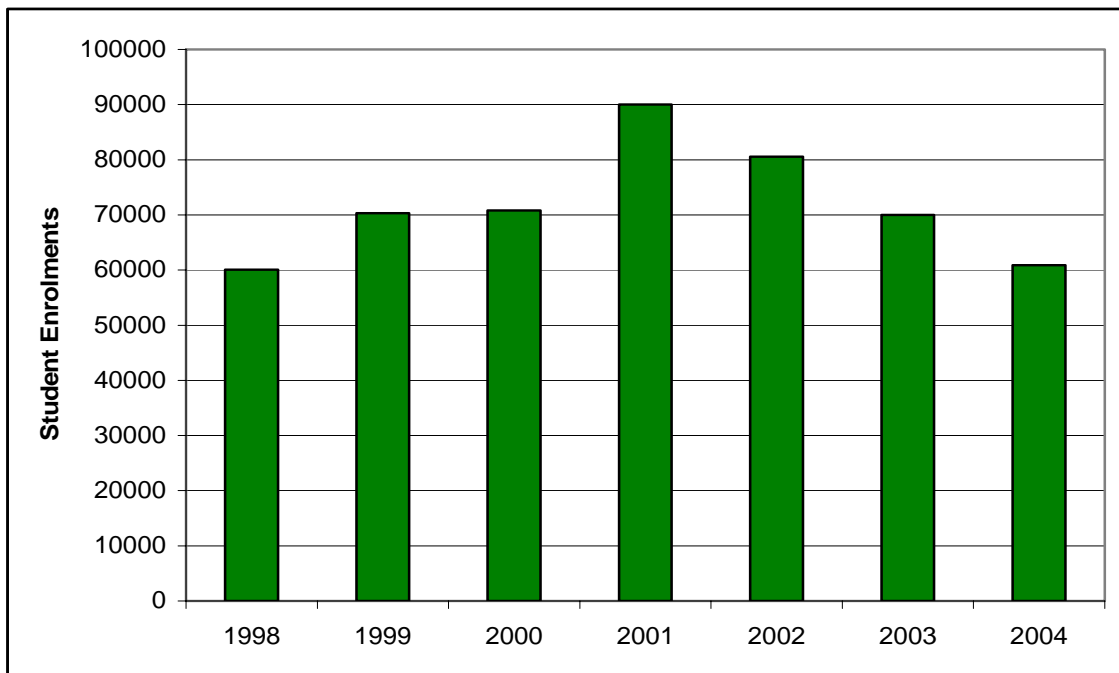
majority of universities at the roundtable reporting 95-100 percent employment for their agriculture and related graduates.

**Figure 2: Trends in Applications for Undergraduate University Agriculture Places**



This decreasing participation in tertiary level agriculture and related education is not limited to the university sector. The AFI reported at the roundtable that vocational level enrolments in agriculture are also decreasing, as indicated in Figure 3 below.

**Figure 3: Trade Level Enrolments (Agriculture)**



It is clear that the length, severity and extent of the current drought has unfortunately acted as a deterrent to young people who may have otherwise sought a career in agriculture, with enrolments at an all-time low for many tertiary institutions in NSW.

On top of the impacts of drought in terms of its influence on the perception of the future of agriculture, the financial impacts of drought on students and their families has also seriously impacted participation in tertiary level education.

Association members, including student members and representatives from the Association's Young Farmers Committee, regularly express concern about the failures of eligibility criteria for Youth Allowance, Living Away From Home Allowance and the like. These concerns are also discussed at Section 7.1.

With tertiary level enrolments in agriculture and related courses at an all time low, and the impacts of drought likely to continue well beyond any physical break in the drought, it is clear that a multilateral approach is required in order to address the tertiary level education impacts of drought. This has the full support of the Association, with delegates at the Association's 2007 Annual Conference unanimously passing an urgency motion to seek a waiver on relevant fees (such as HECS HELP and FEE HELP for the first year of study in agriculture and related courses; and seeking a re-classification of the HECS HELP and FEE HELP banding for agriculture and related courses to bring them into line with other disciplines facing enrolment challenges. The Association is also seeking the introduction of new measures to assist students from rural areas with their university-related accommodation costs.

**Recommendation 1**

**That the Federal Government immediately introduce a suite of measures to counteract the impact of drought on participation in tertiary level education, including, but not limited to:**

- **first-year waivers of relevant fees for agriculture and related courses (applicable only to those who go on to complete a degree in that discipline);**
- **a re-classification of the HECS HELP and FEE HELP banding for agriculture and related courses; and**
- **accommodation support (applicable to all disciplines).**

## **2.2 Teaching Staff**

The attraction and retention of teachers in rural and remote schools remains an issue of concern for the Association, exacerbated by the ongoing drought.

Schools in rural areas make up an integral part of the community, and service very different communities to those in urban areas. A rural teacher is often a 'jack of all trades', regularly teaching outside specialist teaching areas, and taking on extra curricular activities. As such, these positions are often difficult to fill.

In NSW, a staffing formula is used to determine teacher numbers in rural areas. The loss of a very small number of students can result in the loss of a teacher, not only affecting the children, but the whole community. The impact of the teacher allocation on a per capita basis is also discussed in *The impact of drought on secondary education access in Australia's rural and remote areas*<sup>4</sup>.

<sup>4</sup> Alston, M and Kent J (2006) *The impact of drought on secondary education access in Australia's rural and remote areas*

In 2003, the then Minister for Education and Training gave a commitment that teachers would not be transferred because of falling student numbers in schools that were located in Exceptional Circumstances (EC) declared areas. Whilst this was an enormously positive commitment, the NSW Department of Education appears to treat potential teacher transfers in EC-declared regions on a case-by-case basis, rather than as part of a consistent policy for all EC-declared regions.

The implications of the current formula have serious impacts on small rural schools. For example, in 2005, the Association was contacted by members from the Central West Slopes expressing concern about the impact of drought on student numbers at Trundle Central School. At that time, the school had a 0.6 full time equivalent of a librarian, and reduced teacher support because of school numbers, leading to Year 11 and 12 students being expected to learn via video conferencing because time with teachers is so limited under the funding formula. The Association was successful in lobbying the NSW Government for a temporary moratorium on teacher transfers arising from the impacts of drought on the staffing formula for Trundle Central School, the threat of losing a teacher because the number of children at the school dropped caused unnecessary stress on the community in an already stressful time.

This stress is not limited to adult members of the community. Rural youth are often the 'forgotten victims' of drought, facing significant pressures, not the least of which is closely observing their parents' financial and emotional stresses and strains arising from drought (see Section 2.3 below). The Association remains concerned by the number of reports from farmers, Drought Support Workers, Rural Financial Counsellors and local business people about the impact of the drought on rural youth. The drought appears to have been a catalyst in terms of family breakdowns, and high stress levels appear to be the norm. The Association has been privy to reports of self-harm and even suicide attempts amongst rural youth in drought-stricken areas. These shocking reports are further evidence of the need for young people to have regular access to school counsellors as a first step in addressing these serious problems.

The Association was forced to intervene when members reported that the school counsellor who serviced a number of schools within the Bland Shire (such as West Wyalong High School, West Wyalong Primary School, Tallimba Primary School and Weethalle Primary School) was relocated to another region in late 2005. Whilst a temporary arrangement was put in place, unfortunately the appointed staff member was not a qualified school counsellor, and was therefore limited in her capacity to act in the role. The relocation of the school counsellor at the peak of the drought was exacerbated by young people in these areas having extremely limited access to family counselling, sexual assault counselling and so on within the community.

It is vitally important that measures be put in place to ensure that all rural students – particularly those in EC-declared areas, have regular and seamless access to rural counsellors.

**Recommendation 2**

***That the Federal, State and Territory Governments work collaboratively to ensure that students' access to vital teaching staff, including school counsellors, is not adversely affected by falling student numbers during drought. In the case of NSW, a formal and uniformly implemented moratorium on teacher transfers brought about by reduced student numbers in EC-declared areas is required, to continue for at least two years after the revocation of an EC-declaration.***

### 2.3 Secondary Education Impacts

As mentioned above, the impact of drought on education can not be underestimated. *The impact of drought on secondary education access in Australia's rural and remote areas*, authored by Margaret Alston and Jenny Kent in 2006, provides the most recent, comprehensive analysis of the impacts of drought on access to education and training at a secondary level. Whilst secondary education was the focus of the report, the authors found that "drought has had significant impacts on educational access for all levels of schooling" (p16). The report highlighted impacts on:

- Mental health and wellbeing;
- Work hours and responsibilities (both on-farm and off-farm);
- Participation in sporting and cultural activities;
- Poverty levels;
- Special needs children;
- High school retention;
- Boarding school attendance, retention, payment arrangements etc;
- Transition to tertiary level study and/or apprenticeships/traineeships; and
- Tertiary education access (with lack of access to Youth Allowance a key issue)

The report found that some young people "do not know what a 'normal' year is like" (p15); "are working long hours on farms, assisting with farm labour tasks (sometimes missing school as a result), and they are exposed from a young age to the ravages of drought on livestock" (p15). The increased work responsibilities were also impacting on young people's ability to participate in sporting and cultural activities (p15).

The report also commented on teachers' observations about poverty levels, with young people wearing their uniforms longer, requiring assistance in order to purchase the uniform, and for some, an inability to attend excursions or take part in representative events for financial reasons (p15,16). Community representatives also commented on the impacts of the family and community 'mood' on young people's mental health (p16). Special needs children were highlighted as suffering particular disadvantage during drought, particularly for those in remote areas (p17).

The report revealed that boarding schools identified their rural and remote families as being under particular stress, with boarding schools trying to support them through delayed payment schemes, increasing bursaries and scholarships and making staff more aware of the rural situation. Some boarding schools reported that some parents had urged children not to go on to tertiary level study for financial reasons (p17). The impact of drought on boarding school enrolments and fees has also been widely discussed in mainstream media, with the *Sydney Morning Herald*<sup>5</sup> and ABC radio<sup>6</sup> in particular focusing on this issue a number of times over the past few years.

Given the comprehensive approach taken by Alston and Kent in the above mentioned report, it is vitally important that their recommendations be considered by the Expert Social Panel in identifying solutions and positive ways forward in terms of addressing the impacts of drought on secondary education access.

<sup>5</sup> Sydney Morning Herald (14/1/07) 'Drought makes education a luxury farmers can't afford' <http://www.smh.com.au/news/scorchearth/drought-makes-education-a-luxury-farmers-cant-afford/2007/01/13/1168105230379.html>

<sup>6</sup> ABC (23/01/03) 'Farmers battle to pay school fees, under drought constricted budgets' <http://www.abc.net.au/rural/news/stories/s768628.htm>

**Recommendation 3**

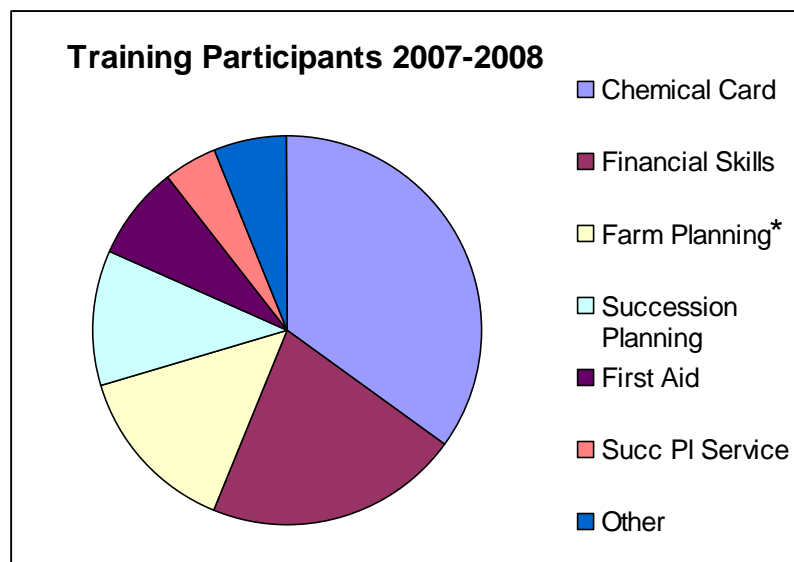
**That the key actions outlined in 'The impact of drought on secondary education access in Australia's rural and remote areas' be implemented as a matter of priority in order to alleviate the impacts of drought on young people's access to education.**

**2.4 Training**

The Association strongly supports development of a learning culture as the essential tool for rural communities to manage change, and recognises the benefits of actively engaging farmers in seeking opportunities for learning. This was formalised in 2004 with the appointment of a full-time Rural Skills Development Manager within the Association, based in Dubbo. This member of staff seeks out and develops learning opportunities that meet farmer needs and help improve industry viability. The long-term benefits of this approach are significant.

The Association is experiencing continued growth in training activities despite the drought, largely as a result of the Association's commitment to flexible delivery quality and cost control. More than 2700 members attended the Association's training courses in 2007-08. Figure 4 provides an overview of the most popularly attended courses. It is encouraging to note the high participation rates in training relating to financial skills, farm planning and succession planning, as improving skills in these areas is even more important during times of drought. Total attendance since the commencement of training activities in February 2005 is 7 912. Online training has grown as members have realised the benefits in time and costs of being able to complete training without leaving the farm. The importance of these benefits cannot be underestimated during periods of drought when farmers' and farm staff members' capacity to leave the farm is further diminished.

**Figure 4: NSW Farmers Association Training Participants 2007-08**



\* Natural Resource Planning is a strong component of Farm Planning

In 2007/08 alone, by participating in Association training, members have saved approximately \$547 000 in discounts and funded training and a massive 780 off-farm days due to flexible training delivery methods. These incentives – both financial and practical – have been essential in terms of minimising the barriers to participation in training activities during drought.

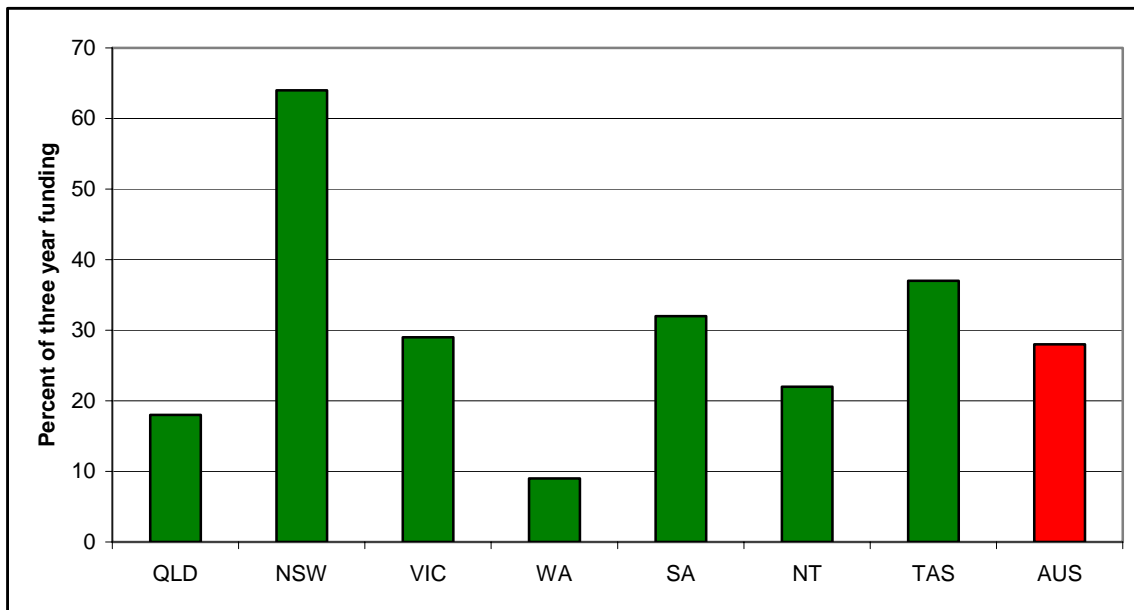
**Recommendation 4**  
**That training organisations increase the provision of flexible training delivery methods for rural skills development, particularly during times of drought.**

FarmReady

The Association has welcomed the recent announcement of the FarmReady program, which appears to go some way towards replacing the FarmBis program.

The Association was a strong advocate of the FarmBis program, which was found to be “successful in stimulating a culture of continuous learning in the sector, with growing participation in and application of training”<sup>7</sup>. Primary producers, spouses, farm family members, partners and professional farm and land managers were strong supporters of the FarmBis program in NSW. As indicated in Figure 4, whilst there is often a time lag between when FarmBis training is announced and when training demand commences, this was not the experience in NSW. Farmers were so keenly interested in the program that demand for FarmBis II training was strong at the outset. Assuming the range of ‘approved training courses’ is appropriate, the Association anticipates a similar response to FarmReady once courses are up and running.

**Figure 5: FarmBis II Expenditure (2001/02 and First Half of 2002/03)<sup>8</sup>**



**Table 1: FarmBis Uptake and Expenditure in NSW**

	Number of Approved Training Applications	Expenditure (\$m)
1998 – 2001	22 500	9.848
2001-02	6 380	9.796
2002-03	6 311	12.186
2003-04	1 165	4.240
<b>TOTAL</b>	<b>36 356</b>	<b>\$36.070m</b>

<sup>7</sup> AAA Package 2000-2004 Review

<sup>8</sup> ANAO Audit Report No. 1 2003-04 Performance Audit

Despite the drought, demand for the FarmBis program in NSW was consistently strong, particularly in the early years of the program (see Table 1). In fact, demand for FarmBis subsidised training was so high that FarmBis II funding in NSW ran out nine months earlier than the scheduled program end of 30 June 2004. Given the high number of applications and related expenditure outlined in Table 1, it is essential that adequate resources are committed to FarmReady to ensure it meets the expectations of rural communities that have been without this type of training program for more than three years.

The Midterm Evaluation of the AAA FarmBis Program<sup>9</sup> found that:

*"In earlier program iterations, the participation of primary producers from New South Wales accounted for over one-quarter of all FarmBis supported training occasions. Given that New South Wales accounts for one third of all farm establishments nationally, the withdrawal of the State from the current program has impacted participation levels from a national perspective" (p30)*

Despite the overwhelming success of the program in NSW, it was announced in May 2005 that the NSW Government would not be participating in subsequent stages of FarmBis. This meant that rural communities in NSW were at a distinct disadvantage to those in every other State and Territory from a training perspective, in the middle of the drought. The impacts of the withdrawal of FarmBis are briefly discussed in the Mid term Evaluation report:

*"While there is little quantitative evidence to support the potential scale of impact on the training market in the event that FarmBis was to be withdrawn, given the characteristics of the sector, a market contraction could be expected. Quantifying the extent to which the market would be impacted is not within the scope of this study, although anecdotal evidence reveals that impacts have been observed in New South Wales following the withdrawal of the State at the conclusion of the second iteration of the program" (p66-67)*

Given the significant time and financial pressures facing farmers and rural communities as a result of drought, incentives are essential in order to maintain and improve training participation rates. It is therefore pleasing to note that FarmReady assistance will extend to travel, accommodation and childcare costs.

The Association is pleased to note that the key areas to be covered by the courses will include wider business management skills, including risk assessment and management; financial management; and research and analytical skills. The Association is keen to ensure that an appropriate balance is struck between these and the climate change specific courses available under FarmReady.

**Recommendation 5**

***That increased budget allocations are made for FarmReady assistance during drought, recognising the importance of incentives in minimising the barriers to training participation in times of hardship.***

### **3. Community Development and Sustainability**

It is essential that the impacts of drought on community development and sustainability be better understood and accurately reported, with innovative solutions put in place to overcome the impacts of drought on community development and sustainability.

<sup>9</sup> Price Waterhouse Coopers (2006) Midterm Evaluation of the AAA FarmBis Program

### 3.1 Business Support Measures

Whilst it is clearly stated that the social assessment will not examine the appropriateness, effectiveness or efficiency of government business support measures, such as EC Interest Rate Subsidies and EC Relief Payments (in light of the Productivity Commission's economic assessment), the Association believes them to be highly relevant from a rural communities and therefore social impact perspective.

As mentioned above, agriculture is directly responsible for up to 40 percent of the economic activity across regional and rural NSW. Once multiplier effects are taken into account, this is as high as 70-80 percent in most small towns in rural and regional NSW. As such, it is critical that the importance of financial capital from a rural community perspective be well understood, particularly in times of drought.

As recognised by the Productivity Commission in its *Annual Review of Regulatory Burdens on Business: Primary Sector*<sup>10</sup>, "Farmers in EC declared areas are under considerable stress and require available support in as timely and as straightforward manner as possible" (p101), noting that there is "scope to streamline support through adjustments to administrative arrangements" (p101). The need for this streamlining is clearly urgent, with the Productivity Commission listing "removing duplication in applying for drought assistance" as an "unnecessary burden which can be removed without delay"(pxx-xxi). This recommendation should therefore be actioned as a matter of urgency.

Whilst not without its significant limitations, the impact of EC drought assistance on rural communities can not be underestimated.

#### **Recommendation 6**

**That the Expert Social Panel's social impact assessment include consideration of the implications of changes to the provision of EC and other drought support programs, particularly from a rural communities perspective.**

#### EC Relief Payments

As at July 2008, there were 8396 EC Relief Payment customers in NSW alone (year to date, for the year commencing 1 July 2008), reflecting the level of hardship at a personal level. The significance of these figures is clear when considering that this represents approximately 21 percent of farms (with an estimated value of agricultural operations greater than \$5 000) in NSW. The majority customers in NSW are in the South West Slopes and Plains, Riverina and Central North North West. Mixed producers represent the highest customer base in NSW, followed by dryland beef and dryland sheep/beef producers. Mission Australia has also noted the impact of drought on broadacre regions, noting that "The highest concentrations of people on low incomes tend to be in the drought affected broadacre farming regions"<sup>11</sup>. The ramifications for these communities and sectors at a personal and community level when EC expires cannot be underestimated.

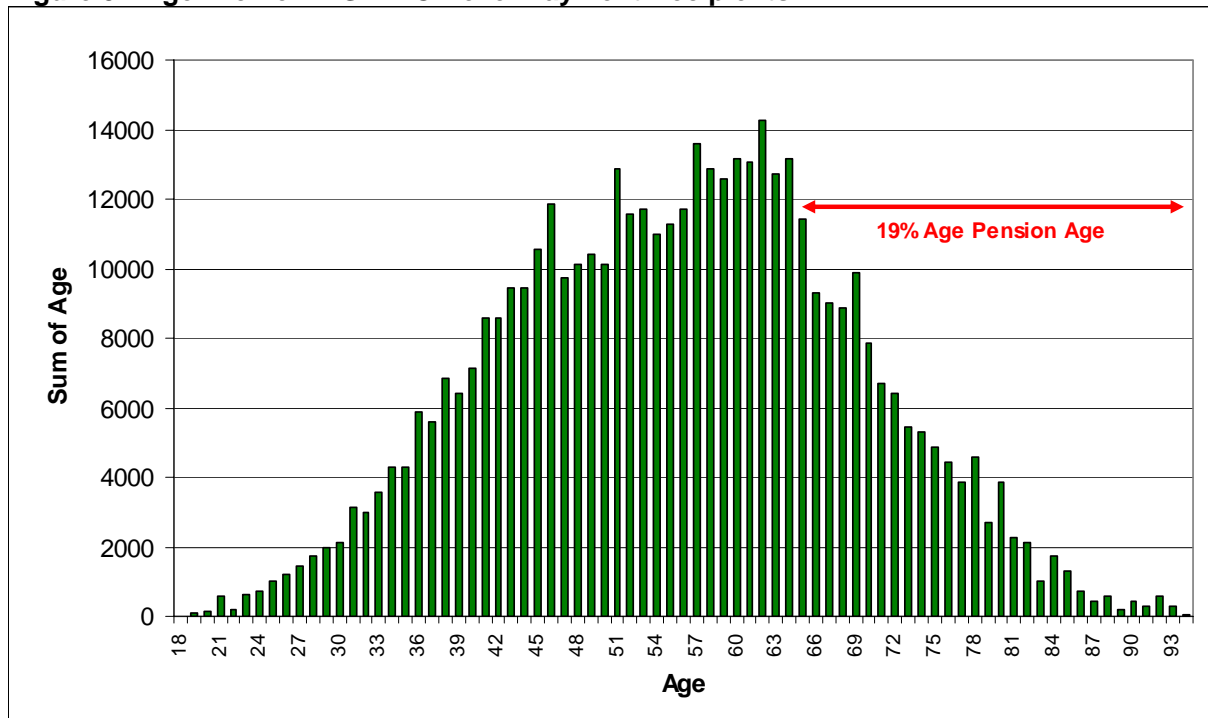
Of particular note is the age profile of EC Relief Payment recipients in NSW. As indicated in Figure 5 below, 19 percent of EC Relief Payment recipients in NSW are of age pension age. This does present some recipients with options following any withdrawal of EC declarations, which is significant, given that 26 EC declared regions of NSW are currently under review pending their scheduled 30 September 2008 expiry.

<sup>10</sup> Productivity Commission (2007) *Annual Review of Regulatory Burdens on Business: Primary Sector*

<sup>11</sup> Mission Australia (2006) *Rural and Regional Australia: Change, Challenge and Capacity* (p19)

It is also important to consider the positive flow-on effects of EC Relief Payments to rural communities. For example, members have reported to the Association that small businesses within the towns of Parkes, Grenfell, Condobolin and Forbes – as well as the surrounding villages – would not have survived without the money filtering through from EC Relief Payments.

**Figure 5: Age Profile – NSW EC Relief Payment Recipients<sup>12</sup>**



EC Interest Rate Subsidies

It is difficult to gauge the flow-on effects of EC Interest Rate Subsidies in NSW given the NSW Government’s failure to publicly report statistics on uptake by region and/or commodity in the way that other states do. However, from confidential material provided to the Association, it is apparent that there are a number of regional ‘hotspots’ where there has been – and continues to be – strong demand for EC Interest Rate Subsidies. These communities include Forbes, Condobolin, Dubbo, Riverina, Narrandera, Wagga Wagga and Murray (from a total IRS spend perspective) and Wilcannia, Milparinka, Wanaaring, Hillston and Broken Hill (from an IRS per rateable holding perspective). The implications for these communities without this capital injection must be considered from a social perspective, such as the impacts on regional investment; attraction and retention of skilled professionals; attraction and retention of young people and so on.

Access to EC Assistance

Access to EC remains a vexed issue, which will be discussed further in the Association’s submission to the Productivity Commission. However, there are a range of social impacts arising from farm families’ inability to access EC that should be considered. For example, in the regional consultation associated with their research into the impact of drought on agriculture, Alston and Kent<sup>13</sup> reported that “In all communities we were made aware of the difficulties associated with accessing Exceptional Circumstances payments leaving many families under significant financial stress” (p15). As outlined in Section 2.3 above, this leads to serious impacts on students’ access to education and their participation in sporting and

<sup>12</sup> Centrelink (July 2008) – as presented to Rural Mental Health Network

<sup>13</sup> Alston, M and Kent J (2006) *The impact of drought on secondary education access in Australia’s rural and remote areas*

cultural events. Centrelink's Rural Services Officers have also discussed with the Association the impacts of varying access to EC assistance, noting that the drought has highlighted the divide between those who are financially secure and those who are not, regardless of whether they farm in a traditionally 'safe area'. This divide is exacerbated by the long-standing problem of 'lines on maps' where a farmer on one side of an EC declaration is able to apply for assistance, yet their neighbour on an adjacent property is not, despite their agronomic conditions being virtually identical. The Association believes that in these situations, neighbours on the boundary of EC-declared areas should be considered on a case-by-case basis in determining whether they should also be eligible to apply for EC drought assistance.

**Recommendation 7**

***That the relevant authorities consider on a case-by-case basis extending authorisation to farm businesses on the boundary of EC-declared areas to apply for EC drought assistance in light of their extremely similar agronomic conditions to neighbouring properties within an EC-declared property.***

Timely Communication of EC-Related Matters

The Association remains concerned about the absence of timely communication of EC-related matters, with Centrelink being a notable exception. The Association understands that Centrelink is required to formally communicate with EC-declared customers six weeks prior to a scheduled expiry of an EC declaration in order to advise them of the implications for their EC Relief Payments should the declaration indeed expire. The Association is not aware of these timeframes having been breached at any point. The Association's key concern is that decisions on whether EC declarations will be extended are often not publicly announced until days prior to the scheduled expiry, adding immeasurable pressure to EC Relief Payment and EC Interest Rate Subsidy recipients, who are then uncertain of their future. The Centrelink letters can then unfortunately add to the pressure, given that no clear direction can be given to EC Relief Payment recipients with the outcome of the EC declaration uncertain at that point. It is vitally important that decisions on the future of EC declarations be announced at least six weeks prior to the scheduled expiry of the declaration in order for farm families and rural businesses to have at least an element of planning certainty. These sentiments are echoed in a recent Farm Policy Journal<sup>14</sup>: "the great uncertainty [over whether] these EC measures will in fact be triggered means that it is highly unlikely that they will factor in business decision[s] being made by farmers" (p3).

**Recommendation 8**

***That decisions on the future of EC declarations be publicly announced at least six weeks prior to the scheduled expiry of EC declarations.***

Transition Measures

On a similar issue, the Association is extremely concerned by the absence of practical transition measures for rural communities coming out of drought. Given the variable climatic, agronomic and hydrological conditions across NSW, it is possible that some EC-declarations will expire as scheduled. The Association is deeply concerned by the financial, emotional and social ramifications of an overnight cessation of financial assistance measures, particularly for long-term recipients of assistance (of which the Association understands there are approximately 1000 in NSW alone). The Association has requested that the Federal Government give urgent consideration to the development of transition measures that would provide farm families and rural businesses with time and support (both financial and non-

<sup>14</sup> Australian Farm Institute (2006) *Drought – Developing Policy Before the Inevitable Dry*, Farm Policy Journal Vol 3 No 2

financial) to adjust to drought recovery – assuming climatic conditions allow this to be physically possible, however, there has not yet been a satisfactory response.

The Transitional Income Support (TIS) initiative announced in this year's Federal Government is not reflective of the transition measures envisaged by the Association. The TIS is extremely limited in its scope and application, and as such, the Association believes very few members will actually qualify for this assistance, particularly given the assets test associated with the eligibility criteria. These concerns were echoed in a recent report on ABC Country Hour, with financial counselling sources advising the ABC that "as few as 1 000 of the 22 000 Australian farmers currently receiving income support will qualify for the new payments, because the value of their land and on-farm assets is too high"<sup>15</sup>.

**Recommendation 9**

***That the Federal Government introduce a suite of transition measures to provide farm families and rural businesses with time and support (both financial and non-financial) to adjust following drought.***

Support Services

The Association understands that the complexity of EC applications and the growing uncertainty surrounding the future of EC declarations in NSW has resulted in increased demand for Rural Financial Counsellors and Drought Support Workers. This is discussed in more detail in the submission lodged on behalf of the Rural Mental Health Network.

### **3.2 Small Business**

Small Business

The extension of debt from the farm level to the small business level in drought-affected rural communities is an ongoing, critical issue, with cash-poor farm families struggling to keep up with their local accounts such as grocery, machinery and fertiliser.

Interestingly, the Association understands that the recent escalation of petrol and diesel prices has led to a rise in business for small businesses in many (particularly smaller and more isolated) rural communities due to the prohibitive costs of travelling to larger centres. Whilst the Association is not at all advocating a continuation of escalating petrol and diesel prices, this example does highlight the influences on rural communities' purchasing patterns, particularly during times of hardship, especially drought. Something as simple as sealing a local arterial road can also have a positive impact on local business, as the Southern Tablelands community of Taralga has witnessed recently, with local businesses reporting a noticeable increase in trade.

These purchasing patterns can also be influenced by the variety of local business within a community. A small business operator in Binalong (Central Tablelands) has advised that if any one of the businesses in the town were to close for whatever reason, it would affect their business by making it less attractive for people to shop locally due to the loss of convenience. He emphasised that maintaining some level of variety of business in rural communities assists the community to remain viable.

### **3.3 Changing Demographics**

Whilst not directly attributable to drought in all instances, the changing demographics in NSW are highly relevant from both a drought and social policy perspective.

<sup>15</sup> ABC Country Hour, 24 July 2008

Whilst definitional differences in how various authorities define farm businesses can lead to confusion concerning the number of farm businesses in Australia<sup>16</sup>, there has been a growth in small holdings (estimated value of agricultural output of \$5 000 - \$22 500) in NSW to the point that small holdings now appear to be the main farm category in NSW. This is extremely important when considering the personal, business and community impacts of drought assistance, in terms of identifying the proportion of commercial farm enterprises outside of small holdings that are receiving EC assistance (either ECRP or ECIRS).

As reflected in Figure 6, current projections indicate quite dramatic population changes in NSW over the next 25 years. Whilst the significant growth (greater than 30 percent) in a number of coastal areas will present all levels of Government (particularly Local Government) with a range of infrastructure, planning and logistical challenges, the significant decline in the Far West (0 percent - 30 percent) presents arguably a more pressing challenge, particularly in terms of the costs of land management.

Mission Australia has also noted the overwhelming changes to rural and regional areas, reporting that:

*“Rural and regional areas that have been traditionally reliant on agriculture as their employment and income base have faced extraordinary levels of change. Structural changes have been key drivers contributing both to the growth of some non-metropolitan areas, such as regional centres, and the decline of many small towns. Periods of prolonged drought and environmental degradation have also taken their toll... Changes within the farming economy impacts on the financial viability of rural communities, with farming expenditure continuing to have a considerable bearing on rural towns particularly in relation to employment and population.” (p12)<sup>17</sup>*

This was also noted by Charles Sturt University's Professor Margaret Alston and Associate Professor Ian Gray in a recent Farm Policy Journal<sup>18</sup>, who reported that:

*“Restructuring has been a feature of rural Australia for several decades driven by technological advances and changing lifestyle choices. In more recent times, external pressures such as globalisation, drought and changing policy drivers have added impetus to this restructuring, which is slowly but inexorably changing the face of rural Australia. As a result, significant mobility is a feature of the rural landscape with marked population shifts away from inland agricultural areas towards regional centres, capital cities and the coast... The ongoing restructuring in rural areas has undermined traditional rural society, fractured community cohesion and increased the vulnerability of rural people.” (p37)<sup>19</sup>*

When considering this issue from a drought perspective, it is important to note the connections between population decline and a decline in services. Rural population density is a key influence on the level of services, with rainfall, soil quality, remoteness from major cities, land values, farm type and population potential all factors influencing rural population density<sup>20</sup>. Clearly, population decline – including arising from drought – impacts on the level of services in rural communities, which arguably leads to a vicious cycle of losing essential services at a time when farm families and rural communities need them the most.

Similarly, it is also important to consider the impact of such change on social capital. As noted in the Mission Australia report mentioned above, “Social capital generation and maintenance is impacted by many variables including population decline and prolonged

<sup>16</sup> Australian Farm Institute (2005) *Australian Farm Sector Demography Report* (pxvi)

<sup>17</sup> Mission Australia (2006) *Rural and Regional Australia: Change, Challenge and Capacity*

<sup>18</sup> Australian Farm Institute (2006) *Regional Development Policy – Can It Work*, Farm Policy Journal Vol 3 No 3 p17

<sup>19</sup> Mission Australia (2006) *Rural and Regional Australia: Change, Challenge and Capacity*

<sup>20</sup> Australian Farm Institute (2005) *Australian Farm Sector Demography Report* (p34)

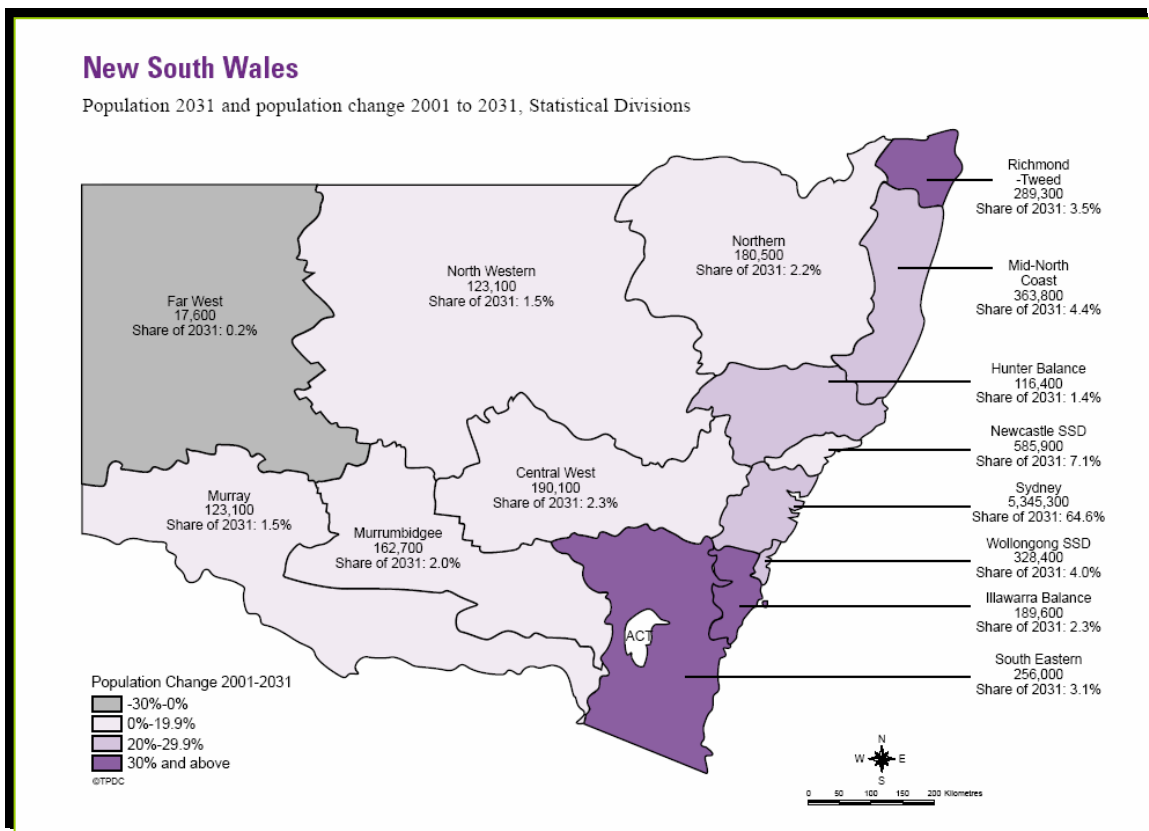
drought”, with “Government policy [having] the capacity to have a significant positive or negative impact on local social capital” (p30).

The challenge for both the Association and Government at all levels is being aware of these changing demographics and how best to meet the needs of the population, particularly during high-pressure times of drought.

**Recommendation 10**

**That the Federal Government (through the Expert Social Panel) consider past, current and future access to drought assistance in the context of the changing demographics of agriculture.**

**Figure 6: Projected Population Changes in NSW (2001-2031) by Statistical Division**



Adding to the difficulty of assessing and better understanding the social impacts of drought is the generally poor capacity of statistics and general reporting of agriculture and rural communities to truly reflect diversity. As reported by the Australian Farm Institute (AFI) in its 2005 Australian Farm Sector Demography Report<sup>21</sup>:

*“Farms and people residing and/or working on farms are characterised by diversity yet almost invariably they are perceived by themselves and by the community at large according to a narrow band of agricultural features, usually pertaining to agricultural production.” (pxxi)*

In its 2006 *Rural and Regional Australia: Change, Challenge and Capacity* report, Mission Australia also noted the need for policy formulation to be “informed of the potential consequences on access to education and employment opportunities as well as population size and composition” (p48).

<sup>21</sup> Australian Farm Institute (2005) *Australian Farm Sector Demography Report*

As such, the Association supports the AFI's recommendation to:

*"Initiate a project to develop a topology of landholders that is embracing of the diversity of beliefs, values and aspirations of landholders that is cognisant of the need to ensure the public image of farmers and their organisations is appropriate." (pxxi)*

and believes that such a study should not be a one-off, but a regular and ongoing project, with a component tailored to drought and climate variability. The Association believes such a study would positively influence future policy development in a changing climate.

**Recommendation 11**

***That the Federal Government support the Australian Farm Institute's proposal to initiate a project to develop a topology of landholders that is embracing of the diversity of beliefs, values and aspirations of landholders.***

### **3.4 Building Rural Communities**

In 2004, the Association conducted research into the state of small country towns in NSW. The research gave a perspective on the state of services; level of innovation; impact of Government assistance programs; major inhibitors to growth and development; and lessons from towns doing well.

The research revealed the main factor inhibiting growth and development of all small country towns to be the impact of government regulatory compliance. Specifically, occupational health and safety (OH&S) and workers compensation; certification requirements for tradesmen, food handling, and disability access; and public liability insurance were identified as particularly vexing issues.

These findings are supported by the Productivity Commission's Annual Review of Regulatory Burdens on Business: Primary Sector<sup>22</sup>, which states clearly that "unnecessary regulatory burdens falling on business can restrict flexibility and growth for no net benefit" (pxiii), listing a number of 'unnecessary burdens' which can be removed without delay; reforms that are progressing; and reforms that have commenced but are taking too long.

The research exposed a range of concerning challenges facing rural communities in NSW:

#### **State of Services**

- Health: a major area of concern despite some improvement
- Education: highly variable depending on the region, particularly isolated areas
- Transport: poor and declining
- Banking: poor and declining
- Police: police presence declining, exacerbated by overtime bans
- Child care: not enough places, limiting employment for young mothers
- Aged care: a major area of concern despite some improvement
- Employment: a major area of concern, exacerbated by shortages of professionals and skilled labour shortages

#### **Level of Innovation**

- Leadership: clearly evident in innovative towns
- Size and Geography: not significant in terms of influencing innovation

<sup>22</sup> Productivity Commission (2007) *Annual Review of Regulatory Burdens on Business: Primary Sector*

- Technology: improving, but patchy
- Professional Expertise: health, trade and engineering in short supply
- Skills Development: back-up staff costs and travel to courses a major concern
- Management: few small towns have introduced new ideas in management
- Volunteering: burn-out a significant problem, affecting cultural, sporting and recreational activities

### **Government Assistance**

- Successful Programs: *Rural Transaction Centres; Main Streets/Small Towns*
- Awareness: few programs are well known and highly utilised
- Application Process: problems with competitiveness and self-selection
- Participation: strong support for non-confrontational leadership programs to encourage community participation

### **Major Inhibitors to Growth and Development**

- Government regulation: compliance costs (OH&S; workers compensation) and public liability insurance are major problems for all country towns
- Shire amalgamations: concerns about loss of services and representation
- Housing/Land Shortages: an emerging problem in towns experiencing growth
- Hobby Farms: improved cooperation required, particularly for weed control and bush fire hazard reduction
- Natural Resource Management Reforms: native vegetation and water reforms have created considerable uncertainty

The Association is currently canvassing views on its suggested way forward to address these issues. However, the suggestions put forward by representatives of small towns themselves provide telling evidence of 'the power within', which may be of particular interest to the Expert Social Panel from a drought perspective:

### **Lessons from Towns Doing Well – Notable Attributes**

- Local Government: financially competent and entrepreneurial local government
- Volunteer Groups: tenacious and resilient volunteer groups
- Council Staff: positive and effective Economic Development and/or Tourist Officers
- Whole of Government Approach: multidisciplinary boards such as the Riverina Development Board
- Tourism: promotion of tourist attractions

It is clear that often the salvation of a community occurs from within. Yet it is also clear that there are now very few programs from government that builds leadership within local rural communities. Often the term 'leadership' makes involvement difficult with high expectations being perceived by potential participants. 'Getting involved locally' appears to resonate better for many. The Association's research has identified a clear need for State and Local Government, and perhaps non-government organisations, to become more involved in fostering the leadership and involvement capacity of rural communities. Where this is the case, local government benefits in the longer term as talent is cultivated and communities become more engaged.

The importance of innovation in this process should not be underestimated. As reported in a recent Farm Policy Journal<sup>23</sup>, "the challenge for Australia's regions is that, in the absence of government intervention, innovation processes favour metropolitan locations over non-

<sup>23</sup> Australian Farm Institute (2006) *Regional Development Policy – Can It Work*, Farm Policy Journal Vol 3 No 3

metropolitan places, and more developed economies over less developed regions" (p17). However, it was noted that:

*"Innovation alone is not sufficient to ensure the growth of regions and towns as innovations can, and do, migrate overseas and to the large metropolitan areas. Innovation needs to be applied through intelligent, sustained and focused regional economic development strategies. Strategies and actions focused on assisting the growth of individual regions have the potential to make a significant contribution to their wellbeing" (p18)*

It was also noted by Charles Sturt University's Professor Margaret Alston and Associate Professor Ian Gray in the same journal that:

*"For the vulnerable people in Australia's inland regions, the need to invest in human capital and to build social capital would appear urgent. On many quality of life indicators such as employment, income, education and health, rural Australians fall well behind their urban counterparts" (p42).*

There are a range of essential services for rural Australia, including but not limited to:

- Medical and dental services;
- Pharmacy services;
- Aged care services;
- Social welfare services;
- Primary, secondary and tertiary education;
- Telecommunications;
- Road, rail and air transport;
- Fuel and power utilities; and
- Financial services and advice.

Provision of, access to and affordability of these essential varies from community to community. However, a common theme from the above-mentioned research was that there are still major problems in health for rural NSW. More than 50 percent of respondents reported that health services have declined or not changed in the last five years. Access to Allied Health Professionals was raised as a critical issue in particular. However, concerns were also raised with respect to attracting and retaining doctors and nurses (including Nurse Practitioners), and accessing specialists.

Similarly, access to educational services was raised as an issue of particular concern. Access to good education is vital to any town's survival. The lack of educational opportunities is often given as the main reason that families with school-aged children pack up and leave their small town. The following education issues were raised as specific areas of concern in the Association's research:

- Many comments related to the increases in fees for TAFE courses and cuts to local courses, with no rural skills courses available in many smaller towns. Respondents expressed that this has a direct link to youth and unemployment issues.
- The vast majority of respondents reported limited tertiary opportunities due to isolation, the cost of living away from home, increases in university fees, and difficulty accessing the Youth Allowance.
- Many respondents referred to the State pre-school funding issue, which was reported to be forcing community-based pre-schools to increase fees, placing pressure on many families.
- Very poor academic outcomes are a major concern for some areas.

The Association believes that Government has a critical role to play in these essential services where there is market failure, through a 'local solutions to local problems' approach, encouraging sharing of ideas and resources wherever possible.

As mentioned above, the Association's research canvasses a range of successful initiatives that could assist in overcoming the barriers of drought on community development and sustainability, such as building the capacity of local government; supporting tenacious and resilient volunteer groups; and facilitating whole-of-government approaches to community development (eg multidisciplinary development boards) etc.

An unintended positive consequence of drought may be the provision of a catalyst for expediting the development and provision of programs to build leadership within rural communities.

**Recommendation 12**

***That all levels of Government collaborate with key Non-Government Agencies to expedite the development and provision of programs to build leadership within rural communities.***

## **4. Families**

The Association believes that the impact of drought on farm families has not yet been fully realised. In a similar fashion to post-traumatic stress disorders, it is conceivable that for many families who are currently uniting in their fight against the common enemy of drought, the full impact of what they have been through may only be realised once the 'enemy' has been defeated. It is therefore imperative that any assessment of the impact of drought on farm families extend well beyond the physical cessation of drought, recognising that drought impacts differently on young farmers, older farmers and women in particular.

**Recommendation 13**

***That future assessments of the impact of drought on farm families extend well beyond the physical end to drought, investigating the impacts both during and after drought.***

### **4.1 Ageing Population**

Whilst not directly attributable to drought, the ageing farmer population is of direct relevance to the Expert Social Panel's assessment. It should be recognised that the number of young farmers is rapidly declining in Australia, falling by 60 percent in 25 years<sup>24</sup>, placing increased demand on essential services (eg health, aged care, support services etc). Nationally, just 3300 people aged under 25 entered farming between 1996 and 2001, leading to a significant shift in the age profile of farmers over the last twenty years.

Whilst the exodus of rural youth "lured to capital and regional cities by their search for educational opportunities, lifestyle and work"<sup>25</sup> has resulted in the median age of the Australian farmer lift to 50-52, there are significant differences in the average age of farmers by commodity sector (see Figure 7 below). The Agriculture, Forestry and Fishing sector also has the highest proportion of workers aged 45 years and over, attributable to the very high proportion of workers aged 55 and over (see Figure 8 below). This may contribute to the high number of EC Relief Payment customers both at a state and national level being of aged pension age (see Section 3.1 above).

<sup>24</sup> ABC NewsOnline. *Young farmers thin on the ground*. 10 February 2004

<sup>25</sup> Australian Farm Institute (2006) *Regional Development Policy – Can It Work?* Farm Policy Journal Vol 3 No 3 (p38)

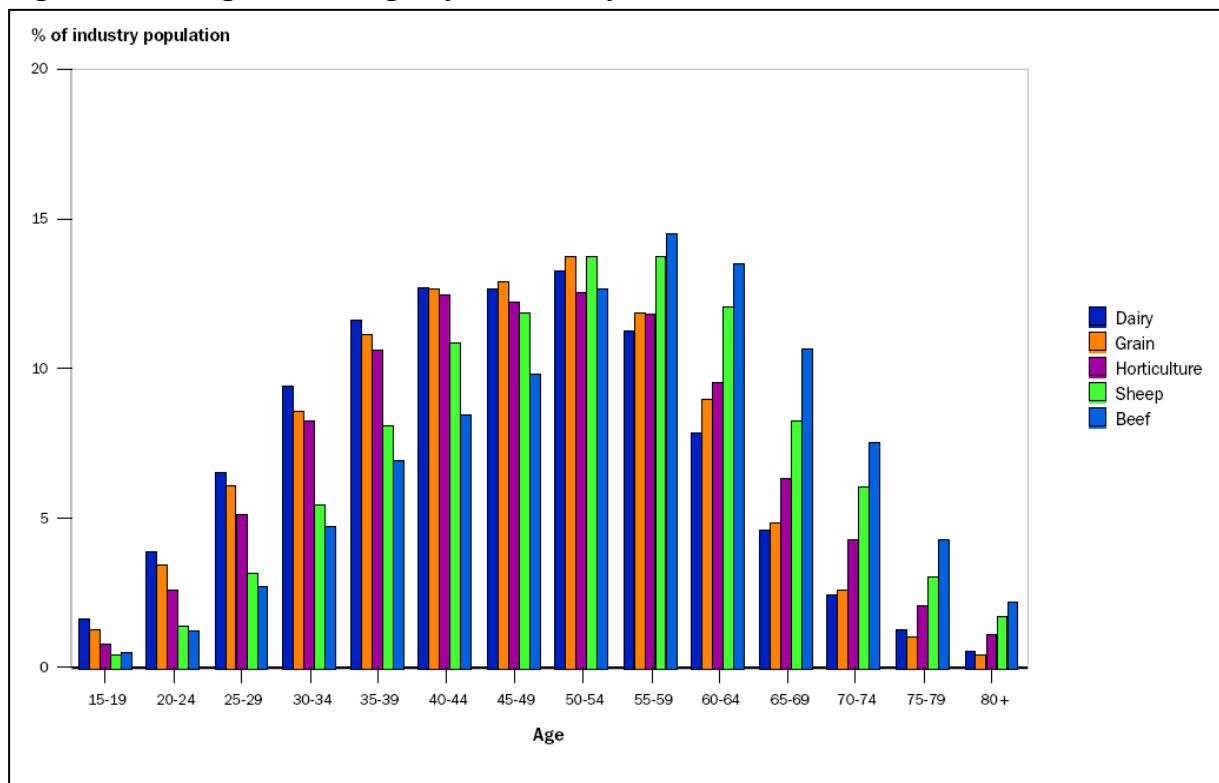
As reported by CSIRO Land and Water Chief Research Scientist Mike Young and Research Fellow Jim McColl in a recent Farm Policy Journal<sup>26</sup>

*“There are optimal times to change... The sum of many individual, and often very difficult, personal choices determines how fast adjustment occurs. These forces for change are typically outside of the control of government... Experience suggests that Australian farmers, as a whole, and Australian rural communities have demonstrated great skill and capacity in adjusting to changing circumstances.” (p14).*

Despite farmers and rural communities’ traditionally impressive capacity to adjust to change, unfortunately, decisions about the future of the family farm are often delayed or even avoided during periods of drought. The Association regularly hears reports from members that the current drought has delayed or prevented succession planning, exacerbating the challenges of an ageing population.

The Association attempts to provide as much practical support and assistance to members as possible to assist them through the succession planning process, providing Farm Succession Planning workshops free of charge to members.

**Figure 7: Average Farmer Age By Commodity Sector**



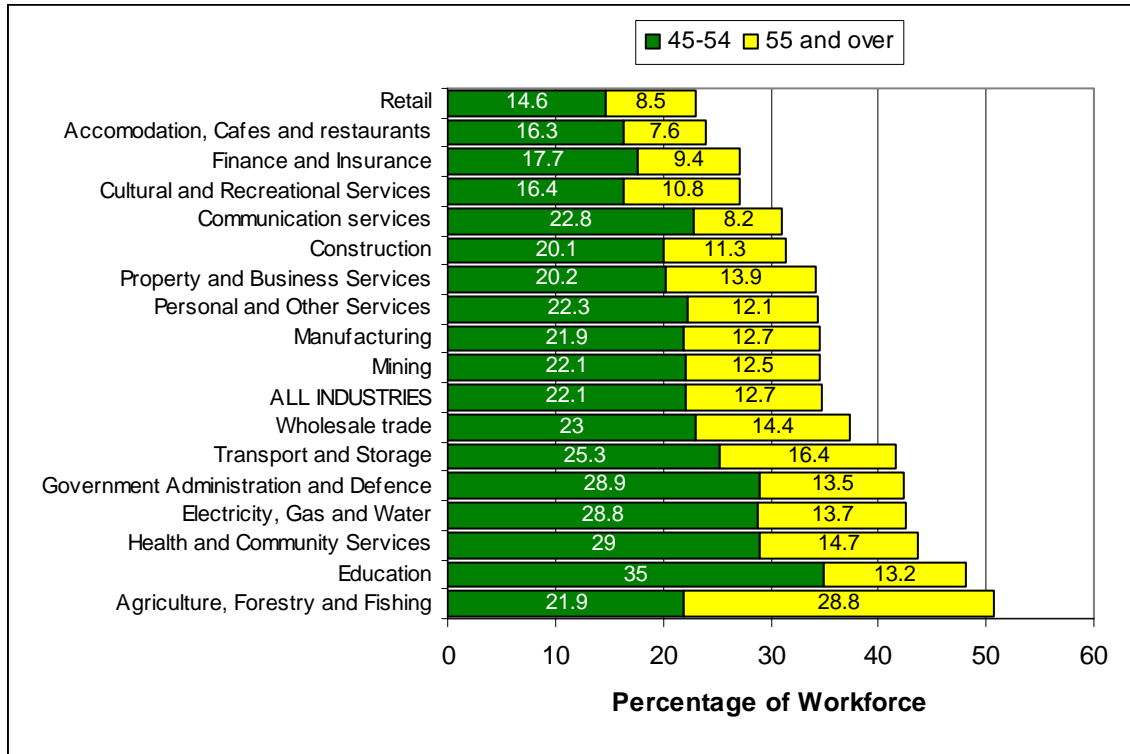
The impact of drought on families has been identified as a specific focus for the Centre for Rural and Remote Mental Health’s ‘Drought Mental Health Assistance Package’, which was extended in late 2007. This aspect of the project will focus on identifying the emerging mental health needs of rural families including young people, women and older farmers due to drought and environmental events. The Association strongly supported the extension of the project into these areas, as it has been an unfortunate research gap in the past.

<sup>26</sup> Australian Farm Institute (2006) *Drought – Developing Policy Before the Inevitable Dry*, Farm Policy Journal Vol 3 No 2

**Recommendation 14**

**That the impacts of drought on young people, women and older farmers be a specific area of focus in order to identify future initiatives that may help overcome the barriers of drought on farm families and rural communities.**

**Figure 8: Percentage of Workforce Aged 45 Years and Over By Industry<sup>27</sup>**



**4.2 Social Isolation**

Forced social isolation arising from drought is one of the most significant challenges facing farm families, particularly in the more remote areas of NSW. The Association is aware of many families that have been forced to separate for the duration of the drought to enable the wife to seek off-farm employment in town, and house the children in town for schooling purposes, leaving the husband alone on the farm for extended periods of time. This gives rise to a range of social problems from mental health to alcohol abuse to the removal of opportunities for professional development via training, workshops and so on. This 'outbreak' of social isolation via population drift was also observed by Alston and Kent in 2006:

*"The drift of population is also evident in the more remote areas as a result of drought, changing commodities and farm amalgamations leaving vast sparsely populated areas and hundreds of empty farm houses."<sup>28</sup>*

This issue is discussed in more detail in the Rural Mental Health Network's submission to the Expert Social Panel.

<sup>27</sup> DEWR Job Outlook, June 2004

<sup>28</sup> Alston and Kent (2006) in Australian Farm Institute (2006) *Drought – Developing Policy Before the Inevitable Dry Farm Policy Journal Vol 3 No 2* (p38)

## 5. Employment and Professional Development

It is clear that the ramifications of the ongoing drought for employment, professional development and skilled labour in NSW will be felt for many years to come. The challenge is identifying a suite of innovative solutions that can be tailored to meet the needs of rural communities at a time when the physical and financial climate is less than desirable.

### 5.1 Skilled Labour

The Association recognises the importance of vocational training, education and skills development in maintaining the viability, innovativeness and sustainability of Australian agriculture. The Association has therefore taken a strong role in responding to the recent House of Representatives Agriculture, Fisheries and Forestry Committee's inquiry into rural skills training, research and extension<sup>29</sup>, as well as the recent inquiry into Skills Shortages in Rural and Regional NSW, conducted by the Legislative Council's Standing Committee on State Development<sup>30</sup>.

There have been widespread and increasing skill shortages in the agricultural and trade sectors in Australia, evident by the skilled vacancies index for total trades increasing from May 2001 to a peak in May 2004. There are widespread reports of skills shortages in non-professional occupations in the agricultural sector throughout Australia. This shortage is in contrast to the skill level requirements in the agricultural sectors increasing, due to technological advances in the industry and workforce restructuring.

The ACTU Background Paper – *Australia's looming skills shortage*<sup>31</sup> identified that Australian industry is facing a severe skill shortage in the coming years – largely as a result of an ageing industry workforce and a decline in the rates of apprentices in training. In the manufacturing industry alone – a sector critical to rural communities – a shortage of 130 000 skilled workers is predicted in the next five years. The paper referred to research conducted by the University of Western Sydney confirming a long-term decline in the proportion of apprentices in training, which the ACTU estimates translates to a shortfall of up to 25 000 apprentices a year. The paper also made reference to a recent Australian Chamber of Commerce and Industry survey, which identified skills shortages as the number one constraint on business investment, with severe skills shortages already being experienced in country and regional towns as well as in suburban metropolitan areas. This was supported by a recent Australian Industry Group study, also quoted in the paper, which found that 60 percent of businesses in rural NSW are suffering from skills shortages. The ACTU calculates that the skills shortage in traditional trades alone is set to cost the Australian economy up to \$735 million a year in lost output – or in real terms almost \$9 billion over the next ten years (almost \$3 billion of this in NSW alone).

The Australian Farm Institute<sup>32</sup> has also expressed concern about future supplies of farm labour, stating that “in the next 20 years farm businesses and farmers in Australia will be subject to demographic and other pressures that will have an impact on the supply of farm labour”, necessitating government and industry considering “policy options affecting labour supply (quantity and quality) as Australian farmers will still need to meet both market requirements and broader social and environmental expectations (p2).

<sup>29</sup> Refer to <http://www.aph.gov.au/house/committee/primind/ruralskills/index.htm>

<sup>30</sup> Refer to <http://www.parliament.nsw.gov.au/prod/parliament/committee.nsf/0/D47FBB45B29B66ADCA25701C001D2C39>

<sup>31</sup> *Australia's looming skills shortage*, July 2004. [http://www.actu.asn.au/public/news/files/skill\\_shortage\\_paper.pdf](http://www.actu.asn.au/public/news/files/skill_shortage_paper.pdf)

<sup>32</sup> Australian Farm Institute (2005) *Australian Farm Sector Demography: Analysis of Current Trends and Future Farm Policy Implications*

The drought has exacerbated skills shortages in rural areas. In the five years up to February 2004, employment in agriculture, forestry and fishing had fallen by 44 800 (11 percent), with drought considered to be a major factor, and most of the falls in employment occurring in the latter two of the five years<sup>33</sup>.

Looking at the extended span of the current drought, more than 100 000 jobs – one in four – are estimated to have been lost to the agricultural sector as a direct result of drought. Using standard ABS multipliers (where a \$1 million drop in agricultural output leads to a consequential loss of 13 jobs across the non-agricultural economy), the flow-on job losses stemming from the estimated loss of \$8 billion from farm GDP would be some 100 000 people in other (non-farm) sectors. Further, there is a large time lag associated with bringing these skills back rural communities, meaning that the full impacts of drought on employment and skilled labour may not be felt for years.

## **5.2 EC Eligibility Criteria**

Whilst there have been improvements in the eligibility criteria of EC drought assistance in recent years, notably the changes to the off-farm income exemption and off-farm assets limit in September 2007, the criteria unfortunately still severely limit families' options regarding off-farm employment. The current sliding scale is unnecessarily complex, meaning that access to assistance varies depending on the time of year an application is lodged, which acts as a disincentive to those considering off-farm employment.

Members have reported to the Association that for those families with a spouse working off farm, it can often be a tedious process to report to Centrelink if the work is irregular (such as part time shift work) and can result in the turning down of work if the hours exceed the EC Relief Payment restrictions.

These concerns have also been expressed by 2008 Australian of the Year Lee Kernaghan, who commented that "The policy, as it stands, effectively takes away any hope of farming families... working their way out of debt"<sup>34</sup>.

The Association is continuing to lobby for the \$20 000 off-farm income exemption to be strengthened by offsetting income against farm losses; averaging income over a prescribed period (eg six years); or significantly raising the offset.

### **Recommendation 15**

***That the eligibility criteria for the various state and Federal drought assistance programs be revised from the perspective of impact on families, employment and professional development, rather than simply economic efficiency.***

## **6. Mental and Physical Health**

The mental health of rural and remote Australians is of utmost concern to the Association. The current drought and its ongoing ramifications have enormously impacted not only farmers, but also their families, communities and even the drought support services themselves. It is pleasing to note that the stigma surrounding mental illness is lifting in rural

<sup>33</sup> Department of Employment and Workplace Relations (2004) in Australian Farm Institute (2005) *Australian Farm Sector Demography: Analysis of Current Trends and Future Farm Policy Implications* p61

<sup>34</sup> Sydney Morning Herald (2008) *Rudd Pledges Drought Relief* <http://www.smh.com.au/news/national/rudd-pledges-drought-relief/2008/07/12/1215658193663.html>

communities, as recognised by the Expert Social Panel in allocating one of the issues paper's five themes to mental and physical health. The Association is surprised therefore that the issues paper downplays the impact of drought on mental and physical health by suggesting that "a degree of stress is normal in life and most rural people are experienced in coping with droughts and various other difficulties". This statement is not reflective of newer entrants to farming (notably young farmers), who often "do not know what a normal year is like"<sup>35</sup> and seriously downplays the significance of the current drought, which in many regions has extended well beyond seven years. Nor does this statement recognise that frontline workers (such as Drought Support Workers, Rural Financial Counsellors, Social Workers, Stock and Station Agents, Mental Health Workers) are under an unprecedented amount of stress, and are expected to not only respond to farm families' concerns, but also live within those communities.

### **6.1 Rural Mental Health Network**

The Association established the country's first Rural Mental Health Network in 2005 in direct response to the impacts of the current drought on farmers, their families, communities and even drought support services and frontline workers. Whilst drought is only one influence on mental health and wellbeing, it has served as a catalyst for action and overcoming the previous stigma associated with depression and mental illness.

The Network now has more than 25 organisations involved, working together to address rural and remote mental health issues across NSW. The *NSW Farmers Blueprint for Maintaining the Mental Health and Wellbeing of the People on NSW Farms*<sup>36</sup> outlines the Network's core priorities. This Blueprint is currently being reviewed and updated, as it has now been in operation more than three years, and many of its initial objectives have been met. The role, function, various achievements and future objectives of the Network are discussed in more detail in the Network's submission to the Expert Social Panel.

A core priority for the Network has been improving rural communities' mental health literacy via Mental Health First Aid Training, and more recently, a three hour Mental Health Information Session aimed at both farmers and frontline workers (eg stock and station agents, bankers, health workers etc). Other key areas of activity have included:

- Improving rural communities' access to counselling services (eg addressing the cost of counselling; the need for improved communication of existing services; detailed consideration of skills/accreditation issues and the broader issue of the attraction and retention of health professionals in rural areas);
- Working more closely with NSW Police (eg development of a NSW Police rural mental health position; seeking to mandate mental health training in the academy; addressing a range of firearms-related matters); and
- Seeking improvements to funding arrangements for essential support services. The current short-term funding cycles place undue pressure on rural communities, not to mention questionable job security in situations where funding is guaranteed 6-12 months at a time. These short-term funding arrangements have led to staff retention problems for both Drought Support Workers and Rural Financial Counsellors, which has serious adverse ramifications for drought-stricken rural communities.

Whilst some rural communities may already have functioning local support networks, it is important to note the following, as reported by Mission Australia in its recent report on rural

<sup>35</sup> Alston, M and Kent J (2006) *The impact of drought on secondary education access in Australia's rural and remote areas* (p15)

<sup>36</sup> Available at [http://www.nswfarmers.org.au/mental\\_health\\_network](http://www.nswfarmers.org.au/mental_health_network)

and regional Australia<sup>37</sup>: “Although rural communities usually tend to have strong local networks, the high levels of stress and overwork associated with the drought have resulted in many people withdrawing from local community involvement because of a lack of money and time” (p29). As such, it is important that broader networks, with an ongoing function, be established wherever possible.

**Recommendation 16**

***That Rural Mental Health Networks be established in every State and Territory in order to provide a collective and collaborative approach to mental health and wellbeing challenges unique to rural and remote communities, particularly in times of extreme stress and hardship, including drought.***

## **6.2 Rural Chaplaincy**

The Association has identified access to rural chaplaincy services as a key gap in many rural communities in NSW, exacerbated by the ongoing drought. Following a regional gap analysis of local access to chaplaincy and/or pastoral care services in late 2007, the Association and The Salvation Army joined together to help ease the burden in the West Wyalong area, with the Association contributing \$15 000 towards the deployment of a husband and wife rural chaplaincy team. Given the success of this initiative in terms of providing rural chaplaincy support to a community devastated by drought, the Association has since invited Association Branches and District Councils to make a monetary donation to help extend the employment of rural chaplaincy services in drought-affected areas to overcome the gap.

Whilst the Federal Government has very recently announced that Family Drought Response Teams will be rolled out, honouring the commitment made by the former Federal Government in September 2007, it remains unclear how these will operate and interact with existing services and/or local communities.

The Association has a deep admiration for the work conducted by the many organisations that provide rural chaplaincy services in NSW, but is concerned that their chaplains are stretched to their physical limits from a travel and welfare perspective as demand for their services continues to outstrip supply.

**Recommendation 17**

***That the State and Federal Governments work with key Non Government Organisations to conduct a gap analysis of rural chaplaincy services in every State and Territory to ensure that short, medium and long-term strategies are put in place to ensure that support is available to farm families and rural communities during times of extreme stress, notably drought.***

## **6.3 Communications**

The Association continues to be extremely concerned by the often insensitive and at times inaccurate portrayal of drought-related stories and reports in the media, particularly metropolitan. The most recent example was the widespread coverage of the ‘Assessment of the impact of climate change on the nature and frequency of exceptional climatic events’ prepared by the CSIRO and the Bureau of Meteorology and released by the Federal Government 6 July 2008. In the first 24 hours following the release of the report, the majority

<sup>37</sup> Mission Australia (2006) *Rural and Regional Australia: Change, Challenge and Capacity*

of media reports surmised that droughts would be every one to two years in future – an earth-shattering prospect by all accounts, but particularly disturbing to farm families in their sixth and seventh consecutive years of drought. This is not at all what the climatic report stated, but this sensationalised and factually incorrect version of a key temperature finding was repeated at length. Even a week later, the Prime Minister reiterated the inaccurate 'quote', stating "Drought is now not one in 20 years, it is one in two years at this level of intensity"<sup>38</sup>.

Members who called the Association in the days following the report's release to discuss what they had heard on radio or read in the newspaper ranged from agitated to confused to distraught. The Association issued a media release and factual briefing note summarising the key findings of the report within days of the report being released in order to educate members and the general public about the importance of the report from an adaptation and risk management perspective, but unfortunately, the damage was already done. This inaccurate and alarmist reporting has little regard for the concerns of rural communities, particularly given the ongoing, but unrelated, review of EC declared areas.

When providing public commentary on drought-related matters, particularly in the middle of a drought, all members of the community – be they Members of Parliament, reporters, or scientists – must have regard for the extreme pressure that farm families and rural communities are facing, recognising that what may otherwise seem innocuous comments, can have long-term, serious ramifications.

**Recommendation 18**

***That voluntary guidelines be introduced for media outlets and public spokespersons to encourage a more sensitive approach to the reporting of and public commentary on drought-related matters, recognising the emotional impacts of insensitive commentary.***

#### **6.4 Physical Health**

Farmers and their families are also health consumers. Poor access to general health services remains a predominant concern for members, particularly as rural and remote Australians have poorer health than their metropolitan counterparts<sup>39</sup>. Given that this statistic is true of 'normal' periods, it is fair to assume that the health of rural and remote Australians is even worse during times of extreme stress and hardship, including the current drought.

The Association is concerned that whilst farm families and rural communities more broadly are pleasingly increasing their mental health awareness and literacy, the first step to recovery – "see your local GP" – is even more difficult in rural areas. Members are reporting waiting lists upwards of a month in many rural – let alone remote – areas, meaning that addressing stress, anxiety, depression or any number of mental illnesses may be delayed or even avoided.

The Association works closely with a range of rural health organisations in an attempt to develop a more comprehensive approach to addressing the ongoing provision of rural health services. The Association takes a lead role in representing the sector's health interests at a national level, providing the National Farmers' Federation's health spokesperson and policy and lobbying functions on rural health matters. Most recently, the Association has been working closely with the Rural Doctors Association of Australia, participating in its Rural

<sup>38</sup> Sydney Morning Herald (2008) *Rudd Pledges Drought Relief* <http://www.smh.com.au/news/national/rudd-pledges-drought-relief/2008/07/12/1215658193663.html>

<sup>39</sup> Australian Institute of Health and Welfare (2005). Media release "*Poorer health, higher risks outside major cities*" 13 May 2005

Health Workforce Roundtable meeting with the new Federal Health Minister 19 February 2008, and subsequent activities.

Arguably the biggest challenge facing rural communities from a health perspective is the attraction and retention of appropriately skilled health workers, ranging from GPs to Nurse Practitioners to Allied Health Professionals. The Association is also extremely concerned by ongoing closures of rural hospitals and/or specialist units such as obstetrics and oncology, which is occurring at far too fast a rate in NSW.

For example, members in the Northern Tablelands and North-West NSW have advised that in December 2006, patients faced a two-week wait from referral to seeing an oncologist. Since then, waiting times for an oncologist appointment have been as long as six or seven weeks. It should be noted that the acceptable standard set out by the Clinical Services Framework is two weeks from initial referral to first appointment. The same members have reported that:

*"Visiting oncologists work under extreme pressure to see as many patients as possible in the short time their schedule allows them to spend in Tamworth. This can create a stressful situation for patients and carers who have many questions to ask and the health professionals who have many patients to see. As if receiving and delivering a cancer diagnosis in itself is not stressful enough, many of these patients travel hours to Tamworth for the brief consultation and announcement of their fates".*

This situation has become urgent, with the service providing the six hours of service via a visiting medical oncologist ceasing 30 June 2008. This is adding another layer of stress to a seriously drought-affected community.

This urgent situation is not unique, as reported in the Sunday Telegraph<sup>40</sup> recently, with a critical shortage of pathologists in NSW forcing patients to wait as long as a month for a cancer diagnosis, despite the recommended turnaround time for a biopsy being no more than 48 hours, or a week in complex cases.

Members are also more regularly reporting waiting lists (for GPs to specialists to dentists) of months rather than weeks. For example, a member from the Central West recently faced an eight month waiting list to see an endocrinologist. This member is required to work off-farm as a result of drought, travelling significant distances from home several days a week. With symptoms ranging from migraines to chronic sleep deprivation, this delay is exacerbating an already dangerous situation. It should be noted that the closest endocrinologist services the area from Lithgow west, explaining the significant waiting list. Clearly, additional resources are required as a matter of urgency.

Another member reported that after waiting four weeks for an appointment with her GP, she had to cancel the day before the appointment due to an urgent drought-related matter. She was then forced to wait a further month before she could see her GP.

Even in urgent situations members are reporting delays in accessing their local GP. One member from the Central West was involved in a car accident recently, experiencing whiplash, but could still not avoid the waiting list at the local GP. She was then referred to the local hospital, facing further lengthy delays in treatment.

Another member from the Gunnedah region reported a two-year waiting list to see a specialist, who then quickly diagnosed that she needed to have her gall bladder out.

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<sup>40</sup> Sunday Telegraph 13 July 2008 *Rural health crisis* (p26)

These waiting lists would not be tolerated in metropolitan areas.

The Association is seeking a collaborative approach towards rural health infrastructure and service delivery solutions, including (but not limited to) more appropriate investment in rural health infrastructure; increasing students' rural exposure through rural clinical placements; improving access to rural health training and education in rural areas; and utilisation of incentive programs across all health disciplines. The required timeframes for such initiatives are already short, but have become even more urgent with the physical ramifications of drought at a personal level now being reported to the Association by members more frequently.

The key findings of the Australian Medical Association's *Rural Health Issues Survey*, released in May 2007, regarding the urgent need for better resources for rural hospitals and the need for consistent national assessment for overseas trained doctors highlight common areas of concern for Association members. The other findings regarding the funding of rural locums, updating equipment in rural hospitals, and improved support and opportunities for doctors in training are also consistent with the rural health concerns expressed by members. As mentioned above, the continuing drought only serves to shrink the required timeframes for intervention.

***Recommendation 19***

***That the State and Federal Governments work with key state and national rural health organisations to expedite practical solutions to the attraction and retention of rural health professionals.***

The Association has a long history of involvement in issues pertaining to the NSW Patient Assisted Travel Scheme, known as the Isolated Patients Transport and Accommodation Assistance Scheme (IPTAAS). Most recently, this has taken the form of a detailed submission in response to the *Senate Inquiry into the Operation and Effectiveness of Patient Assisted Travel Schemes* and targeted lobbying as part of the 'Less Distance for Assistance Alliance'. The Alliance's lobbying resulted in improvements to the IPTAAS eligibility criteria and a small improvement to the vehicle allowance, however, there are a range of outstanding issues, many of which were the subject of recommendations made through the abovementioned Senate Inquiry. It is vitally important that these recommendations be actioned as a matter of urgency in order to alleviate the financial and time burdens on heavily stressed rural communities.

***Recommendation 20***

***That the Federal Government expedite delivery of the key recommendations of the Senate Inquiry into the Operation and Effectiveness of Patient Assisted Travel Schemes, recognising the impacts of drought on physical and mental health.***

## **7. Additional Comments: Social Support Services**

The Association notes the various Federal Government social support service initiatives listed in the appendix of the issues paper. The following comments refer to a sample of those listed.

## 7.1 Federal Government Initiatives

### Health Care Cards

The Association wrote to the Australian Medical Association (AMA) in late 2006 seeking the AMA's support for health care cards to be made available to all farmers in EC-declared areas. Health care cards are currently only available to farmers in EC-declared areas who qualify for EC Relief Payments, noting the very strict eligibility criteria mentioned above. As a result, the Association understands that more than 95 percent of Australian farmers are ineligible for this form of assistance.

As mentioned above, during difficult financial times, it is likely that farmers may neglect their own health care, especially if there are costs involved. The up-front costs associated with GP visits can be prohibitive for cash-strapped farm families, particularly if long appointments are required. For example, one member reported that her husband was showing the signs of depression, and was sent to the GP for initial assessment. Long appointments were required in order to counsel the patient, which meant up-front costs of \$85 for each and every appointment. The Association is concerned that these cumulative costs may act as a disincentive to many farm families during drought, at a time when support is so vital.

The AMA shared the Association's concerns about many farmers neglecting their own health care needs because of financial pressures but did not support the proposal to extend provision of health care cards, noting that doctors in rural areas will generally exercise discretion when billing people in difficult financial circumstances.

#### **Recommendation 21**

***That the Federal Government make health care cards available to all farm families in EC-declared areas.***

### Youth Allowance

Eligibility for Youth Allowance income support is a major barrier to rural students accessing tertiary education<sup>41</sup>, highlighting the need to make the allowance available to all rural students studying away from home. As discussed in Section 2.1, despite the ongoing drought placing further pressure on the affordability of tertiary education, access to Youth Allowance does not appear to be improving.

#### **Recommendation 22**

***That the Federal Government immediately amend the eligibility criteria for Youth Allowance for students in EC-declared areas with a view to streamlining the application process and removing disincentives for rural students wishing to study in metropolitan areas.***

## 7.2 NSW Government Initiatives

The Association's most significant concern from a State Government assistance perspective is the continuing short-term funding timeframes applied to all programs. For example, Drought Support Workers continue to be funded in 6-12 month increments, placing undue pressure both on these essential staff and the communities they serve, with future planning extremely difficult in the latter half of their contracts.

<sup>41</sup>Charles Stuart University Centre for Rural Social Research and Monash University Department of Social Work (2007) *Youth Allowance and Regional Young People: Access to Tertiary Education*

**Recommendation 23**

***That funding arrangements for all drought social support services must be improved in terms of longevity and certainty. Rolling funding arrangements of less than 12 months must not be accepted by any level of Government for such important services to rural communities.***

Frontline workers such as Drought Support Workers, Rural Financial Counsellors, Social Workers, Stock and Station Agents, Mental Health Workers and so on are under an unprecedented amount of stress, and are expected to not only respond to farm families' concerns, but also live within those communities. Whilst initial and ongoing training, support and professional development varies, it is essential that adequate support is provided to all relevant staff (including State Government employees) to ensure their personal and professional welfare are not unduly affected.

**Recommendation 24**

***That State, Territory and Federal Governments work together to ensure that adequate support is provided to all relevant social support staff – particularly during times of drought – to maintain their personal and professional welfare.***

As a final comment on this section, whilst grateful for the social support services currently available, particularly via Drought Support Workers, it is perplexing to note that only three programs are listed in the issues paper's appendix for NSW, whereas some other states offer up to five times as many programs. This is particularly concerning when considering the impact of drought in NSW relative to other States and Territories, measured either on the basis of the coverage of EC-declarations, or the proportion of EC Relief Payment recipients. It is hoped that the Expert Social Panel's assessment, along with the Productivity Commission's assessment, will assist in addressing these interstate anomalies.

## **8. Conclusion**

The Association strongly supports the need for a thorough assessment of the social impacts of drought on farm families and rural communities more broadly. The Expert Social Panel is to be congratulated for considering such a broad range of important social policy issues – albeit in a clearly ambitious timeframe. The Association has identified a range of serious, long-standing impacts of drought from a social perspective, as well as a range of solutions that can be put in place to alleviate some of these impacts. The challenge for the entire community is to ensure appropriate energy and resources are provided to deliver practical solutions at the grass-roots level for the future of rural and remote Australia.