



28 February 2020

The Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600
Via email: rrat.sen@aph.gov.au

Dear Sir/Madam

Thank you for the opportunity to make a submission into the Inquiry on the Federal Government's response to the drought, and the adequacy and appropriateness of policies and measures to support farmers, regional communities and the Australian economy.

The drought and the Government's response to and planning for drought is an issue of considerable interest to Local Government. Increasingly, drought affected local governments are telling us of their very grave concerns about the resilience and wellbeing of their communities. The ability of many rural communities to recover is being questioned, particularly as populations decline as a result of business closures and loss of farm-based employment. The flow-on affects result in further business losses and a reduction in services available in town.

Local Governments are critical to keeping communities functioning and providing services that support community wellbeing and resilience. Unfortunately, most of the drought affected local government areas are also the councils who have limited financial reserves and limited ability to generate own source income. Their ability to fund activities to keep employment in towns and events to build and support wellbeing is limited. This is an important issue to consider in relation to both the current and future drought.

Our submission draws heavily on advice obtained directly from Councils at two national meetings. The first was held in November 2018 and the second in June 2019. In relation to the Drought Communities Programme Extension funding we were told "the message from the bush is that it is too onerous to apply. Just give local governments the funds and we will do the job needed. We want to see the community benefit and just get on with the job."

Your sincerely

Adrian Beresford-Wylie
Chief Executive



AUSTRALIAN
LOCAL GOVERNMENT
ASSOCIATION

Submission to the Rural and Regional Affairs and Transport References Committee

In response to the Inquiry into the Federal Government's response to the drought, and the adequacy and appropriateness of policies and measures to support farmers, regional communities and the Australian economy

28 February 2020

The Australian Local Government Association (ALGA) is pleased to provide this submission to the Rural and Regional Affairs and Transport References Committee inquiry into the Federal Government's response to the drought, and the adequacy and appropriateness of policies and measures to support farmers, regional communities and the Australian economy.

ALGA is the national voice of local government in Australia, representing 537 councils across the country. 75% of these councils are located in rural, remote or regional areas of Australia. A large proportion of these councils have been impacted by the current drought to a greater or lesser extent.

In structure, ALGA is a federation of State and Territory Local Government Associations. This submission should be read in conjunction with any separate submissions received from State and Territory Associations as well as individual councils.

Local Governments ensure that local communities' function effectively on a daily basis and are provided with the basic services and facilities that Australian communities expect to find in suburbs, towns and rural areas. Councils play a critical role in building local identity, community wellbeing and social cohesion and contributing to national productivity. Local Government's provision of infrastructure and services are fundamental to achieving liveability in our regional and rural communities and ensuring the long-term sustainability and wellbeing of these communities.

According to the Australian Bureau of Statistics (2017-18)¹ Local Government is a major contributor to the Australian economy spending more than \$37 billion each year. Councils own and manage \$445 billion in non-financial assets of which \$331 billion is in building and structures including roads and \$124 billion is land. Local Governments collect only 3.4% of Australia's tax revenue. At an aggregate level, Local Government undertakes its work while being more than 90% self-funded. However, many rural and regional councils do not have the means to collect the same revenues as their urban and larger regional counterparts and are consequently reliant on external funding sources. Adequate grant levels are vital for these councils to be able to function in the best interests of their residents and to equalise the availability of services and infrastructure across the country.

Local Government nationally employs more than 190,000 people. In rural and remote areas, Councils are commonly the major employer, providing a pipeline of employment for many occupations.

This submission seeks to highlight Local Government's experience of the drought, and particularly the adequacy and appropriateness of the Federal Government's measures to support regional communities.

A Loans and financial support

Local Governments acknowledge and appreciate the Australian Government's financial assistance under the Drought Communities Programme Extension and other funding programs. However, there have been a range of issues of concern raised by councils. These are outlined in the section below.

Drought Communities Programme Extension

The Drought Communities Programme Extension (DCP) is the major funding program available to support communities in drought affected Local Government Areas. Until the announcement of 28

¹ Australian Bureau of Statistics (2019) Government Finance Statistics, Australia, 2017-18 55120DO019_201718

January 2020, which saw the introduction of tiered system of funding, the DCP provided \$1million to eligible councils for local infrastructure and other drought relief projects. Local Governments that were eligible welcomed these funds and acknowledged their importance in providing short term economic stimulus for their communities.

Timeframes

We acknowledge that the DCP is an economic stimulus program aimed at helping local Councils to reinvigorate the local economy and prevent or reverse localised recessions by boosting employment and spending. However, the timeframes associated with the program, and the lack of continuity in funding undermine to an extent this aim. Table 1 details the timeframes for the program.

Announcement	Project completion due by	Maximum number of months for projects (assuming guidelines available on 1st day of month of announcement)	Number of Councils
August 2018	30 June 2019	11	60
October 2018	30 June 2019	9	21
March 2019	31 December 2019	10	15
April 2019 (Commonwealth election)	30 June 2020	15	14
September 2019	30 June 2020	10	12
November 2019	31 December 2020	14	122 existing eligible councils provided an additional \$1million 6 new eligible councils
28 January 2020	Unknown (guidelines still being update as of 24/2/2020)		52 new councils

Table 1: timeframes associated with the DCP Programme

There was often a considerable lag between the time of the announcement of Councils being eligible for funding and the grant opportunity guidelines and online portal being available for Councils to submit applications for funding. For example, the first round was announced on 19 August 2018 and eligible Councils quickly commenced work on identifying, with their communities, priority projects based on what was announced by the Prime Minister. However, they were unable to submit applications for more than six weeks while the eligibility criteria from the 2015 programme were revised. When the criteria were finally released, they were somewhat ambiguous and except for minor changes appeared close to the original. In the interim many Councils made multiple representations to the Australian Government asking for the criteria as community representatives were under stress and the farming public (especially) blamed Councils for the delay. Most communities were unaware from the media release issued by the Prime Minister that the DCP extension was a grant process, via an official application to the Australian Government.

The Guidelines specified that projects for councils announced in August 2018 were to be completed by 30 June 2019. This was a particularly tight timeframe given that:

- a. The guidelines did not become available for approximately six weeks after the initial announcement on 19 August (i.e. end September).
- b. Councils needed to engage with their local communities and their elected members needed to agree to the suite of projects going forward. Councils typically only meet on a monthly basis.
- c. Many Councils had to resubmit their applications – due to the ambiguity in the Guidelines or stage their applications as the resources (particularly human resources) became available.
- d. The department's average time for approving an application was two to three weeks.
- e. The Christmas holiday period ate into the timeframe with both shutdowns in the Commonwealth bureaucracy and Council meetings unlikely to occur prior to Australia Day long weekend

These issues are compounded for those local government areas which were not deemed eligible until the National Drought Summit on 26 October 2018 and were consequently given just nine months to determine projects, apply and have the contract executed and then deliver the project – assuming that the announcement was made on 1 October rather than in the last week of October and guidelines were available immediately.

Many Councils have advised that by the time their project(s) were approved for funding there was only about four months left for them to implement the projects by the completion date set by the Government. This resulted in a range of suboptimal outcomes including placing extreme pressure on staff and on those contractors and community groups assisting to deliver the projects; insufficient time to engage available contractors who could complete the works by 30 June 2019 as Councils need to follow legislated procurement processes; contractors adding a premium to their quote to cover the need for additional staff to complete the project in the shorter timeframe thereby increasing costs (often after the project had been costed and approved by the Department).

Giving Local Governments more time to deliver the projects (or at least some flexibility with deadlines) would have allowed councils to focus more on projects relevant to long term community resilience and solutions for drought mitigation. This would have helped to ensure they are future proofing the community.

We understand from the review of the DCP undertaken by Ernst and Young² (EY) that the timeframe for the Department to review and reward funding increased substantially as more rounds were announced. EY's report indicates that the minimum amount of time for Department to review and reward funding was 9 days and the maximum was 55 days. Similarly contract execution involved a minimum of 3 day and a maximum of 125 days. These delays saw corresponding delays in the projects commencing further reducing the tight timeframes associated with the programme.

Councils who received funding under the DCPE have expressed concerns about the bureaucratic nature of the process and the lack of responsiveness and agility. While Councils were pleased that the project eligibility was broad it also led to ambiguity. Consequently, many local governments submitted projects that appear eligible and had the support of their local communities and were subsequently advised that they were not eligible. The councils then had to submit alternative projects, impacting on the limited time already available for their implementation and resulting in frustration in the community.

² Ernst and Young (EY) (2020) *How can the DCPE be designed to rapidly respond to the effects of drought through economic stimulus? Drought Communities Programme Extension Review Main Report*. Commissioned by the Department of Infrastructure, Transport, Cities and Regional Development

Local councils are level of government, accountable to their communities and their state government. They have a demonstrated track record of delivering projects for their community in a timely and efficient manner and in reconciling their expenditure of funds. This includes projects funded by the Australian Government over many years such as the funds provided under the Roads to Recovery Program without a complex application process with the council reconciling its expenditure.

As the drought continues to tighten its grip across regional Australia and the social and economic impacts become more dire there is a need to get funds to these communities expeditiously. If the Government agrees to further Drought Community Programme funding being made available in the future, we recommend that the funds are distributed to eligible local governments with minimal application requirements and robust reconciliation requirements. We note that a simplified process has subsequently been used in the provision of bushfire relief funding to Councils.

Short term funding does not allow for optimal project choice

Funding programs that have an effective implementation time of twelve months or less do not necessarily result in the optimal suite of projects being funded. The DCP funds were able to be used to fund local infrastructure however the development timeframes for infrastructure typically exceed 12 months particularly if development approval is required. Consequently, a lot of infrastructure funding was used for repairs and maintenance and minor upgrades rather than the development of strategic, impactful infrastructure that would deliver lasting and tangible economic impacts.

The short-term nature of the funding program also does not provide stimulus funding to sustain communities through the early stages of drought recovery. Depending upon when the rainfall occurs farmers may not be able to sow crops for many months and then must wait for them to mature prior to harvesting and sale. Income therefore may be delayed for a considerable period. Similarly, for many livestock properties, where massive destocking has occurred, full restocking may be very difficult and/or extremely expensive. As with cropping it can take a considerable amount of time to return to full production and gain an income stream which will allow for normal expenditure in rural towns and an increase in both personal and community wellbeing. Funding support for local communities is therefore required during this period.

Stimulus funding announced too late to keep people in towns

The current drought has been impacting parts of Queensland and NSW for the last seven years. This slow creeping natural disaster impacts farmers initially but it is not long before the impacts on the associated rural communities are felt threatening the resilience of communities. As farmers leave fields unplanted and sell off stock discretionary spending in local towns falls dramatically. Farm dependent businesses suffer serious falls in revenue, many forced to lay off staff or close. The multiplier effect is felt across all businesses and service organisations. People able to do so, including skilled trades people, contractors, health care workers and teachers, may leave small communities. As the population declines the childcare centre is forced to close, and potentially the school, and the police are transferred elsewhere. Local shops close, including in some circumstances the petrol station or supermarket, resulting in additional costs and stress for our struggling communities.

Council pools are emptied as there isn't enough water to spare. Sport and recreational activities, essential to community wellbeing, experience severe declines in participants as population moves away, farmers are too exhausted and dispirited, or funds are too tight to participate. Irrigation is turned off to

sports fields and parks with the brown dusty landscape reinforcing the feeling of despair. Volunteering declines and mental health suffers.

For many communities the stimulus funding available through DCP was too late. Numerous councils such as Liverpool Plains Shire Council reported that by the time the funding became available local farm contractors had left the area to seek work elsewhere and took their equipment with them as they couldn't be held in town on the promise of possible work if Government funding became available. This impacted delivery of projects under the DCP.

Stimulus Funding Runs Out

In November 2019 the Government announced that the 122 existing eligible councils would be provided with an additional \$1million under the DCP. This was something that ALGA had been advocating for several months. By the time this announcement of a second round of funding was made the money and its stimulus effect from the first round of funding was gone in most council areas deemed eligible for funding in 2018. As highlighted above people left communities as they had no certainty of income and given the bureaucratic nature of the application process it could be many months before new applications for funding was approved and contracts signed.

Continuity of funding is important in order to maintain the economic and other benefits of the program, including through the recovery phase once drought ends. Drought funding should be committed for two to three years. A long-term issue such as drought needs a long-term program.

Allow the use of day labour

The issue of skilled people leaving town due to the time lag between drought impacting and stimulus funds being made available, or extended, is particularly problematic in small communities. Very small council areas like Bouli have a very small workforce and there is no-one other than council staff or external contractors to deliver the projects in the timeframes specified in the DCP Extension Program. Other Councils such as Warrumbungle have a small workforce and a capability problem for preparing projects to the required level of detail to apply for funding.

The current guidelines for the DCPE does not allow local governments to use day labour (i.e. council employees) to undertake project work. Many smaller rural local government areas have lost contractors during the drought as they move areas to follow the work. Others had few, if any contractors to start with. Consequently, Councils have been required to appoint contractors from neighbouring areas or further afield, to undertake the projects funded by the DCPE. This reduces the opportunity for money that is earned locally to be spent locally. Hiring contractors from outside of the region can also increase costs and potentially delay the project.

Use of day labour would allow for council staff to supervise farmers and farm labourers to undertake projects and help to address some of the skills gaps in rural towns that are impeding project implementation. Councils, such as Forbes Shire, have tried to be flexible about employment conditions to allow famers/farm hands to work part time to suit other obligations.

In relation to labour, a number of Councils were keen to offer assistance to farmers who were no longer able to employ farm hands due to financial pressures. Tenterfield Council recognising that the farming community was under so much physical stress, feeding and watering stock 7 days a week, and unable to take a break wanted to allocate \$100,000 of their \$1million towards a labour pool that stressed farmers

could use. This was disallowed as it wasn't specific enough and was deemed "not repairs or maintenance".

Eligibility

Local Governments across drought affected parts of the nation have raised a range of concerns related to eligibility which ALGA have relayed to the Minister and the Department of Infrastructure. These are summarised below:

- Inconsistency between jurisdictions in relation to the declaration of drought and criteria used to determine a drought. Councils felt that there was a fundamental failure to identify all drought affected areas.
- Drought mapping on a local government area (LGA) basis doesn't consider the differentials in rainfall across an LGA. This is particularly problematic for large local government areas where there may only be one rain gauge in an area not badly affected or on one side of a water shed while adjacent parts of the LGA are in severe rainfall deficit. Councils are calling for more rainfall meters
- Inconsistent application of the eligibility criteria and lack of clarity associated with the criteria.
 - At the time of the announcement of the DCP Extension in 2018 all of NSW was drought declared as follows: 31% of the state drought affected, 50.6% in drought and 17.7% in severe drought. Despite the extensive amount of the state under drought declaration there were only 40 of the states 128 Councils eligible for funding (including the Far West Unincorporated Area). We understand from the Department of Industry, Innovation and Science website that the criteria are based on the level of need determined using rainfall deficiency data in conjunction with population and industry data. The table below details some of the local government areas in NSW and their eligibility status. From reviewing this data, it is hard to determine why councils such as Hilltops, Weddin and Cootamundra-Gundagai were ineligible if Blayney was eligible.

Council	Rainfall to October 2018	Population	Industry - top 3 by employment	Eligibility
Cootamundra-Gundagai Regional Council ****	<u>Cootamundra</u> 502.2mm average 263.0mm to date 239.0mm or 47.59% shortfall <u>Gundagai</u> 517.4mm average 271.0mm to date 246.4mm or 47.62% shortfall	11,141	Meat processing 7% Sheep Farming 3.6% Aged care residential 3.4%	Not eligible
Blayney	723.5mm average 271.0mm to date 338.9mm or 46.8% shortfall	7,257	Gold Ore Mining 5.7% Beef Cattle Farming 4.4% Hospitals 4.1%	Eligible

Bland Shire Council (West Wyalong)	376.0mm average 166.8mm to date 206.2mm or 40.74% shortfall	5,955	Grain (sheep or beef) farming 9.1% Gold Ore Mining 7.4% Other grain growing 7.3%	Eligible
Hilltops (Young)	573.7mm average 337.2mm to date 236.5mm or 41.2% shortfall	18,498	Sheep Farming 4.9% Hospitals 3.0% Supermarkets 2.8%	Not eligible
Weddin (Grenfell)	560.6mm average 288.3mm to date 273.3mm or 48.8%	3,664	Grain – sheep or beef farming 11.6% Sheep Farming 8.1% Other grain growing 6.5%	Not eligible

Table 2 comparisons of some NSW Councils and their eligibility status*** Newly merged council at the time of the 2016 census

- Councils in Queensland such as Banana Council and Central Highlands were also not eligible. These local government areas were part declared for drought but not enough to be declared by the Queensland government for inclusion in the DCP extension. The councils did not know what the 'magic number' is to be fully drought declared but understood that the State government process required an assessment of independent properties which apparently looks at rainfall for last 12 months and assesses whether there had been less than 1/3 of average annual rainfall. We understand that the Queensland government said that there will be no more assessments until April – after the wet season. At the time of the first DCPE announcement these councils were struggling to supply water to considerable parts of their area and were receiving no assistance to provide water for the numerous stock routes that cross the LGA.

Equity

Larger local governments are also experiencing drought in one part of their council area but not other parts of the area. Local Government Areas also vary in size yet the quantum of funds did not vary. For example, Dubbo Regional Council which comprises an area of 7,536 km² encompassing the former Wellington and Dubbo council areas (merged in 2016) and has a population of 51,429 people. Neighbouring Forbes Shire Council has an area of 4,720 km² and a population of 9,587 people. Parkes Shire Council has an area of 5,958 km² and a population of 14,608. All three Councils are eligible for the same amount of assistance under the DCP Extension.

We acknowledge that for the January 2020 announcement that a tiered approach has been adopted. This approach is however very blunt taking account of only population size with Councils of less than 1,000 people receiving \$500,000 and councils with a larger population receiving up to \$1 million. A number of Councils have suggested that the funding allocation adopt the principles in the Financial Assistance Grants Program under the *Local Government (Financial Assistance) Act 1995* where a proportion of the grant is distributed on a per capita basis and the remainder disbursed on need or as a fixed share.

Another option for funding methodology is that employed during the Global Financial Crisis under the Regional and Local Community Infrastructure Program. This program had a set proportion of funds available to all drought affected (and program eligible) councils through a non-competitive, direct allocation with the council allocation based on a formula to be agreed with the state grants commission

(e.g. a formula taking into account population number and local government size) (the council allocation component). The remaining funds could be made available via an application round for larger more strategic projects (the strategic projects component). This approach could also mean that funding for strategic projects could be allocated across Council boundaries for example for water infrastructure or road infrastructure.

Unincorporated areas

Concerns have been raised by Councils adjacent to the Unincorporated area in NSW about the support provided to this area. The Unincorporated area received funding through the DCP with the Regional Development Australia (RDA) Committee responsible for its roll out. The RDA did not have the capacity to implement projects and residents of the area sought assistance from surrounding councils even though they are not council residents and ratepayers. Councils such as Balranald and Central Darling Shires have some of the lowest rate bases in the nation so the impact of having to provide additional assistance to the unincorporated areas was significant. For Balranald there has been \$150,000 additional cost associated with water cartage to June 2019. This is 15% of rates revenue.

Drought Community Support Initiative

In preparing their applications for the DCP Councils consulted with their local communities on the types of projects that should be included in their funding bid. Most local government areas identified a shop local store card program as an initiative with both high levels of support from the community and the ability to maximise benefits to the local drought affected community. These cards are designed to stimulate the local economy rather than be used for purchases from national chains or either internationally. The card program could have been managed by the Drought Coordinator (where appointed by Councils) or by the local arm of a non-government organisation such as the Red Cross or Country Women's Association. This local distribution mechanism would also provide a low key and discrete way for checks on community members mental health and wellbeing.

Councils were advised late in 2018 that shop local vouchers were not an eligible activity under the DCP. Alternatively, the Government announced the Drought Community Support Initiative (DCSI), which provides a one-off payment of \$3,000 to farmers, farm workers and farm suppliers and contractors affected by the drought and living in an eligible LGAs. The \$3,000 is deposited directly into nominated bank accounts.

Whilst the funds for affected community members is most welcome, depositing funds in a bank account reduces the certainty that that the funds would be spent in local communities. Funds spent outside of the community lessen the stimulus impact in local areas.

Farm Household Assistance

We welcome the Government's simplification of the Farm Household Allowance (FHA) application process which was announced on 27 September 2019. Prior to this the application process was a concern to Local Governments in drought affected areas. Many Councils had allocated staff resources to assist farmers to complete the application. For example, Bland Shire in NSW had five staff members helping (population 5995).

Business Drought Loans

Announced in November 2019 AgBiz Drought Loans provide small businesses directly servicing the farming sector located in a drought affected region with loans to help them manage their business during the drought. These loans, of up to \$500,000 over a period of 10 years with the first 2 years will be no interest and no repayment, followed by 3 years interest-only and then 5 years principal and interest are welcomed by Local Governments. However, there are concerns that the loan scheme has come too late for many farm dependent businesses. This was a key issue raised at a national meeting of Councils in June 2019. Councils were of a general view that "The government's focus is too much on farmers and not enough on small business. Small business is not in the picture at all".

B. Water availability, infrastructure, agreement and supply measures

Under the Australian Constitution the management of water resources is largely in the hands of the states aside from the specific areas covered by ss 98 and 100 which relate to navigation and shipping and use of waters for conservation or irrigation respectively. Domestic water supply is therefore the responsibility of the states and territories. It is however a critical issue for the nation with numerous small towns and even regional cities such as Orange, Tamworth, Armidale and Dubbo facing 'day zero'.

Unlike cities on the coast, which can convert seawater into serviceable drinking water, there are no easy alternatives available for cities sitting in the middle of Australia watching water sources run dry. In long term drought water can be trucked to small communities but this isn't economically sustainable or even practically feasible for bigger populations. The cost of carting water to small communities is prohibitive for many Councils. In June 2019 Lachlan Shire Council had spent \$90k in 12 months carting water to one town but at that time were only getting \$50k back from the State Government. The southern Queensland town of Stanthorpe has been trucking in water at the cost of \$800,000 a month.

Councils believe that cartage of potable water should be 100% subsidised by the State and Commonwealth Governments.

In addition to the costs of carting water there is the wear and tear on road infrastructure that will take years to repair because of impact of water and hay cartage.

E The response to the Drought Coordinator's report;

Local Councils have been concerned about the inconsistency of the Australian Government's response to the drought and the primacy that it has been afforded particularly as drought worsened across the nation. Part of this concern has been related to the role of the Coordinator General for Drought and the short-term nature of the position.

Prime Minister Turnbull announced the appointment of a Coordinator General for Drought on 19 August 2018 and the establishment of a Joint Agency Taskforce within the Department of Prime Minister and Cabinet. Less than 12 months later, on 28 June 2019 the Taskforce was wound up and the Coordinator General for Drought, Major-General Stephen Day, role concluded in mid-July.

Responsibilities for drought policy was absorbed by the Department of Agriculture. Consequently, the emphasis of the response and government consideration was on farmers with farm dependent businesses and rural and regional communities often an afterthought. Responsibility transitioned again

in late 2019/early 2020 when the Prime Minister announced the National Drought and North Queensland Flood Response and Recovery Agency on 5 December 2019.

The transition from one entity to another was unsettling for local governments and local communities leading to a perception that the Government did not care about drought affected communities. It also resulted in loss of corporate memory in the bureaucracy. The Drought Coordinators report and the Governments response to that report was effectively lost in the transition.

The Australian Local Government Association was involved in the consultation and in a cross- agency coordination committee convened by the Coordinator General. We were concerned not only by the lack of corporate knowledge within the Commonwealth bureaucracy about the learnings from the Millennial Drought but that the Drought Coordinators report included a recommendation as follows:

Building Community Resilience 4.1 A pilot program to build community leadership capability, involving the development of a local adverse event plan, should be undertaken to build communities' capacity to adapt and cope with chronic stresses and acute shocks.

This local adverse event plan was not discussed with ALGA or any of the state and territory Local Government Associations and may be a burden on local governments who are already facing capacity constraints and in many cases are required to develop plans to address community resilience by their state governments or are already doing this as part of other planning activities such as the development of community strategic plans or planning for emergency management. We note that the 13 Councils that who received DCP funding through the 27 September 2019 announcement are required to develop these adverse event plans. We are unaware if any guidance has been provided to these councils about what these plans are expected to contain.

F Preparedness for the current drought and the capacity of the Australian Government to prepare for future drought;

As highlighted elsewhere in this submissions Local Governments are concerned about the delay in the Government response to the significant impacts of drought being experienced in rural and regional communities. We are also concerned with the loss of corporate memory both between drought and within drought and that action by Government tends to slow or stop once the drought ends and only recommence when a new drought occurs.

At a national meeting of Councils in November 2018 concerns were raised that there was not a lot of long-term planning around drought. It was felt that the Government was reactionary and not preparing for future drought. There was a perception that the only things that was happening was band aiding – to address the symptoms of drought not the cause or limited resilience. Councils also noted that we need a national drought policy that ensures that Governments do not take three to five years to respond to the onset of drought. It was felt that there could be different 'triggers levels' for the types of assistance provided to farmers, businesses and communities. This could reflect the different tiers of assistance under the National Disaster Funding Arrangements – allowing funds to flow quickly and increase in quantum and type of assistance as a drought becomes more intense.

Councils are committed to ensuring the ongoing resilience of their communities. They plan for natural disasters following the principles for planning, preparedness, response and recovery. Councils are

suggesting that these same principles are covered in national, state and local plans for future drought and that the process covers not only farmers but farm dependent businesses, rural and regional communities and natural resources.

Recommendations

Financial Assistance

As highlighted at the beginning of our submission rural and regional councils are often financially constrained and drought places considerable strain on these councils and the communities that they support. We consequently recommend that the Australian Government restore the quantum of Financial Assistance Grants to Local Government to at least 1 per cent of Commonwealth Taxation Revenue. This will ensure that rural and regional councils can deliver services and infrastructure to their communities that support community resilience in times of drought and other disasters.

Regional Planning

Regional planning, including planning for the drought, must be undertaken in an integrated and collaborative way involving the three levels of government, business and community groups in development and implementation of the plan. We need to move away from the current siloed approach where we see economic development plans, community strategic plans at the local level, infrastructure plans at the state and national levels and separate disaster resilience, climate change adaptation and drought plans at the national level for example.

Regional plans need to be transformative and reflect and respond to the transition that is occurring in rural and regional Australia. The plans need to position our communities to respond to structural changes in the labour market including the relentless substitution of labour with technology as business owners strive to lift productivity and lower costs. They need to prepare our communities for the changing climate by outlining how we move from business as usual and adopt a more responsible approach to climate change and climate disaster preparedness. They need to respond to population and demographic change.

Regional plans should be holistic and a place where the business, services, natural resource management, energy, transport and telecommunications infrastructure, and so on, come together. They should identify federal and state infrastructure funding that is critical for the regions recognising that it is beyond the capacity of most local governments to fund this critical enabling infrastructure.

The plans should align with council boundaries/ regional groupings of councils with a common community of interest. Councils must play a leadership role in both plan development and implementation recognising that local governments hold many of the levers to encourage and attract economic expansion in the community. For example, local land use planning decisions shape and support commercial and residential growth, opportunities and investment, which are integral to the economic wellbeing and future of local communities.

However, local governments do not have the financial capacity to develop and implement these regional plans without financial assistance from the other levels of government. This, in part is, why ALGA is advocating for an increase in Federal Government funding to local governments particularly through the financial assistance grants (see above).

[Address and respond to climate change](#)

We recognise that development of a comprehensive regional plan will be complex and time consuming, but our regions also need to act now to address and respond to climate change. ALGA is advocating for a Local Government Climate Change Partnership Fund of \$200 million over four years to allow local communities to adopt proactive strategies to reduce emissions and to adapt to unavoidable climate change impacts through climate change risk assessments and adaptation plans. These plans can become a component of the regional plan. In addition, we are seeking a targeted disaster mitigation program at a level of \$200 million per annum for four years. This will help to offset the \$6billion per annum economic costs to communities of natural disasters (Deloitte Access Economics).