12 December 2019

The Hon David Littleproud
Minister for Water Resources, Drought, Rural Finance,
Natural Disaster and Emergency Management
GPO Box 858
Canberra City ACT 2601

Dear Minister,

Draft Drought Resilience Funding Plan

Thank you for providing the opportunity to provide comments on the draft Drought Resilience Funding Plan 2020 to 2024 (the Draft Funding Plan). As the representative body of Queensland’s 77 councils, the Local Government Association of Queensland (LGAQ) has undertaken extensive consultation with our members on what is required to improve the resilience of their communities to drought and we believe that these insights are important in shaping the priorities of the Future Drought Fund.

At our 2018 Annual Conference, the LGAQ passed a resolution seeking that the Association make a submission to Federal and State Governments regarding drought. This resolution asked that our submission focus on the impact of drought on Queensland communities and the “importance of relieving the enormous strain on the social fabric of communities in the grip of drought”.

As a result of this this resolution, the LGAQ has developed a Queensland Local Government Action Plan on Drought, a copy of which is attached. This plan makes clear our support for an increased focus on drought preparedness and resilience and is based on two critical considerations:

- While sustaining farm businesses is an essential component of Australia’s national drought strategy, communities also need policy settings and programs that will sustain them – and by implication their economies – in meeting the challenge of sustained and severe drought.
- A collaborative partnership is required between all three levels of government, which has local government on behalf of their communities at the centre of decision making.

We believe that if implemented, the eight actions contained in the LGAQ Drought Action Plan would empower our councils, communities and businesses to better anticipate, respond to, and adapt to drought.

Our comments on the Draft Funding Plan highlight three areas that we believe require increased emphasis:

- Improving the risk management capability of non-farm businesses
- Increasing the resilience of our natural landscapes
- Empowering local government on behalf of their communities.
Improving the risk management capability of non-farm businesses

The LGAQ believes that one of the difficulties with the Draft Funding Plan is that it has not fully embraced the reality that severe drought impacts entire communities. While the necessity of strengthening the resilience of farming businesses is inarguable, greater thought needs to be given to strengthening the resilience of non-farm businesses that are critically dependent on the farming sector for sustaining their livelihoods.

For example, in the ‘Operating Environment’ section, there is a focus on the importance of risk management by farm businesses; however, support for improved risk management by non-farm businesses is also required. The recent decision by the Federal Government to extend drought support to non-farm businesses represents a critical change in mindset in how our national government supports communities when impacted by severe drought. Previously, support has only been available to farm businesses, so making concessional loans and financial counselling available to non-farm businesses is an acknowledgment of just how far-reaching the impacts of drought can be.

The LGAQ believes that it is critical that the wording in the Draft Funding Plan be changed from references to the ‘agricultural sector’ to ‘agribusiness sector’ and that it is made clear in the text that this term encompasses non-farm businesses that are vulnerable to downturns in the farming sector. This would entail refining the first strategic priority from “economic resilience for an innovative and profitable agricultural sector” to “economic resilience for an innovative and profitable agribusiness sector”.

While programs and tax incentives are in place to assist farm businesses in managing the impacts of drought, there are few equivalent measures in place to support non-farm businesses. Examples of farm business programs that could adapted to assist non-farm businesses include: the Farm Household Allowance Scheme (FHAS), comprising fortnightly income support, financial assessments of business viability and funding for business advice and training; and the Farm Management Deposit Scheme (FMDS), which enables tax free deposits to be made in high income years and taxed withdrawals in low income years.

The LGAQ believes that one of the actions of the Draft Funding Plan needs to include a clear priority on examining options for Federal tax incentives, and State and Federal drought programs, that can assist both farm and non-farm businesses to better prepare for and manage the impacts of drought.

Increasing the resilience of natural landscapes

The second priority of the Draft Funding Plan is “environmental resilience for sustainable farming landscapes”. Once again, while the resilience of farming landscapes is critical, it is also important that reference to the resilience of natural landscapes to drought is included in this strategic priority. For example, the “Operating Environment” analysis refers to the fact that natural resource management (NRM) practices that foster resilience include controlling feral animals and protecting biodiversity and ecosystem services. These are as much off-farm activities as they are on-farm.

The LGAQ is concerned the Draft Funding Plan underplays the need for increasing the resilience of natural landscapes. We believe that the second priority of the Draft Funding Plan needs to be reworded to include reference – and actions – related to improving the resilience of natural landscapes. This would mean that the second priority of the Draft
Funding Plan would be reworded to "Environmental resilience for sustainable farming and natural landscapes".

The LGAQ also wishes to emphasise that successful natural resource management relies on effective local and regional decision-making in maintaining essential ecosystem services, the resilience of which is vital in responding to drought. In 2016, the LGAQ commissioned a study into local government investment in, and contribution to, NRM. This study provided a snapshot of NRM resourcing and initiatives by local government in Queensland and revealed that local government has become the principal investor in NRM, spending $260 million per annum and employing almost 700 staff across the state to deliver a range of NRM activities.

Local government has well established links to local people and the involvement and support of their communities. As the interface between the community and many natural assets/resources, local governments often engage the community through programs to foster the long-term sustainability of natural resources. As a sphere of government, local government can provide certainty in the delivery of NRM outcomes and a level of transparency and accountability in both financial and organisational governance. Local governments can also provide strong leadership in the establishment and delivery of plans to improve the resilience of natural resources and can ensure that communities are engaged in the prioritisation and planning process at a local level.

Accordingly, the LGAQ strongly believes that the Draft Funding Plan needs to reference support for natural resource management by local government if improved environmental resilience is to be achieved.

Empowering local government on behalf communities

The LGAQ welcomes the strategic priority in the Draft Funding Plan related to "social resilience for resourceful and adaptable communities". However, we are concerned that the actions do not mention the critical role that local government can play in supporting communities in preparing for and managing drought.

Queensland councils recognise that farmers and communities need to prepare for drought as a normal part of the Australian landscape. In collaboration with the Queensland Government, the LGAQ is already working with Queensland councils to help them identify the work they need to do with their communities to adapt to the impacts of climate change. Thus far, this work has focused on climate adaptation plans for coastal councils (through QCouncils) and improved governance frameworks for managing climate change impacts (Queensland Climate Resilient Councils).

These programs demonstrate the capacity of councils to help their communities manage the impacts of climate change and variability – including drought – when a properly structured and resourced program is put in place. Being well-prepared for drought when it occurs will enable early action that can lessen the overall impact of drought on affected communities and local economies.

As the level of government closest to communities, councils have the relationships, the knowledge and the experience necessary for improving the resilience of communities to drought. Drought policies and programs will continue to be ineffective unless local government leadership is given proper recognition and support. The approach outlined in the Draft Funding Plan – while giving welcome recognition to the need for community resilience and leadership –
will more than likely end up in *ad hoc* approaches that will continue to ill-serve people impacted by drought.

The LGAQ strongly believes that, to help communities better adapt to drought, the Draft Funding Plan should include as one of its actions the need to undertake research, develop guidelines and provide funding to local government so that councils can prepare drought management plans with and for their communities.

To enhance local leadership and improve community drought preparedness and management, we also believe that it is critical that Federal funding is provided to local government to appoint drought resilience coordinators, with these coordinators recognised at all levels of government as an authoritative voice on local needs and the point of coordination for deploying Federal and State resources. These coordinators are necessary not only during drought, but also in the planning and preparation stages. As such, we believe that it is appropriate that the Draft Funding Plan includes reference to the need for drought resilience coordinators as one of its key actions.

Thank you for the opportunity to provide comments on the Draft Funding Plan. If you have any questions or require further information on this or other issues related to our drought submission, please contact Kirsten Pietzner, Lead – Regional Development by email or phone 3000 2295.

Yours sincerely

Greg Hallam AM
Chief Executive Officer