Impact Of Droughts In New South Wales

The main purpose of this report is to analyse and evaluate the impact on social and economic role of business relating to the 2018 New South Wales (NSW) droughts. According to the NSW Department of Primary Industries 77% of NSW is either in drought or drought affected, while 23% is experiencing intense drought. In this report, it will explore the impact it has on the Five Sector Circular Model, quality of life and innovation. Within this report, diagrams will be included to assist in understanding the impact droughts have had business.

Droughts in NSW have affected agriculturally based businesses which makes up 40 % of its industry. A survey undertaken by The NSW Business Chamber surveyed more than 1,000 regional business on how they are impacted by the droughts. 84% of business has been negatively impacted by the drought while 70% of the local economy is struggling. 88 % of regional business had a decrease in sales/revenue and 81% of regional business had been affected by cash flow. In Wagga Wagga, a butcher was required to increase the price of their products. The butcher needed to raise prices on lamb loin chop from $6 per kilogram to $16.95 per kilo to $22.95. This is happening because of skinny lambs which are caused by the droughts. If the farmers are affected by the drought, the machinery manufacturing companies are also being affected by manufacturing companies lowing prices on their products. For instance at an explosion called AgQuip in Gunnedah, NSW, some farming machinery manufacturers such as Kubota, could have interest levels in purchasing down to zero per cent. Another survey on the effects of drought on regional businesses, 5% of non-farm businesses in northern region of NSW have seen a turnover increase in the last financial year with their business. Image 1 shows the areas that business have been affect by the droughts in NSW.

Due to the drought, farmers primarily have been financially affected due to not selling their products. The NSW State Government has largely contributed financially to transport subsidies and waivers. They also contributed with fees such as council rates, car registration and Local Land Services (LLS) levies. Shown below is what the NSW government has contributed to.

As shown in Table 2, the State Government has spent 1 billion dollars on helping farmers that have been seriously affected by the drought. According to Federal Agriculture Minister David Littleproud, the loans that are shown in Table 2 are working as 'they allow farmers to switch across from higher interest commercial loans, saving them thousands'.

According to Commonwealth Bank of Australia (CBA) reported that due to the droughts $12 billon form Australia’s Gross Domestic Product (GDP). Across 2018 and 2019, the droughts could cut GDP growth between 0.5% and 0.75%. CBA’s chief economist Michael Blythe

stated that even though the potential for farming output to decline to no more than 20 per cent, the economy expected to perform moderately strong for 2019.

For small business, the big four banks (Commonwealth Bank, NAB, ANZ and Westpac) sat down together in 2018 to work through a variety of options to ensure that these rural communities, farmers and local businesses that were affected by the drought would get the best possible outcome from the banks according to Treasurer Josh Frydenberg.

The drought in NSW have negatively affected the quality of life for farmers and businesses. Droughts can put a financial strain on farmers who lose income due to droughts destroying their crops who have to spend extra money to look after their livestock. The economic impact creates the farmers produces prices to increases because of the drought.

Drought negatively impact the quality of life for animals and plants living in reginal areas. Animals and plants depend on water to survive. Drought weather conditions can decrease food supplies and damage habitats for the animals. These effects on the environment can either be momentary or permanent. Drought can also negatively impact people's health and safety. For instant drought impacts on society involves anxiety or depression about economic losses, conflicts worrying about not having enough water, reduced incomes, fewer recreational activities, increase of having a heat stroke, and even loss of human life. Droughts can cause other natural disasters, mainly bushfires due to plants and trees being withered and die from a lack of precipitation.

Having innovative ideas to help people living in drought effected areas can impact local communities and famers massively. One innovative idea could be desalination of water. Desalination is a process of taking away minerals found in saltwater. Over 70% of the earth's surface is covered with saltwater but 0.003% of it is fresh water. Desalination water is not an easy job. The water needs to be boiled, then converted into steam and then condensed.

By achieving this, it requires a large amount of fossil fuel to create heat. To change this, there is development to make filters made up of graphene that can desalinate water by only using hydrostatic pressure. Another way to retain water is by harvesting rainwater. With farmers harvesting rainwater they can store water and uses it when there is a drought. In rural areas 50% of rainwater get absorbed into the ground.

In conclusion, it is clear that the 2018 droughts in NSW have had serious impact on reginal regions. Theses droughts affected the quality of life for farmers and business owners by having financial strain due to lose of income and the droughts destroying farmers crops who have to spend extra money to look after their livestock and business not getting the supplies. It is evident that new innovative ideas have been created to help out famers in need for water. As discussed, the NSW Government and banks are helping the business and farmers.