

**SUPPORT FOR DROUGHT AFFECTED COMMUNITIES IN NEW SOUTH
WALES**

Organisation: Namoi Unlimited

Date Received: 21 November 2019



NAMOI UNLIMITED

Premier agricultural region in Australia

SUBMISSION

NSW Legislative Assembly

**Committee on Investment, Industry
and Regional Development**

November 2019

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Introduction

The NSW Legislative Assembly has tasked the Committee on Investment, Industry and Regional Development to inquire into and report on, the impacts of drought on regional NSW and identify potential government action with particular reference to regional businesses, economies and communities including:

- a) population loss and loss of key trades, skills and businesses, and community services such as schools and medical services;
- b) business debt finance and responses of financial companies to the impact of drought;
- c) direct and indirect impacts of drought on businesses and industries;
- d) transition and recovery from drought when drought conditions begin to improve;
- e) preparedness for future drought events;
- f) assessment of current Government programs;
- g) temporary relief from state taxes, charges and levies for drought affected businesses;
- h) capacity and coordination of town water supplies and further recycling opportunities; and
- i) any other related matter.

Our Organisation

The Namoi Joint Organisation of Councils trading as Namoi Unlimited was established in mid 2015 as part of the NSW Government's pilot program to form new entities called Joint Organisations to facilitate collaboration among Councils. The Local Government Act was amended in November 2017 to establish Joint Organisations. Namoi Joint Organisation of Councils trading as Namoi Unlimited was proclaimed in May 2018.

Namoi Unlimited represents five Local Government Areas located in the New England North West of NSW:

- Gunnedah Shire Council
- Gwydir Shire Council
- Liverpool Plains Shire Council
- Tamworth Regional Council
- Walcha Council

The principles of operating the organisation are published in The Charter. Its Strategic Plan 2018-2021 outlines the regional priorities and the annual Business Plan and budget forms part of the plans to achieve these identified priorities.

Our Purpose

The role of Namoi Unlimited is to engage and collaborate with the NSW Government, working together to build stronger councils and communities.

Our Vision

A productive, smart and liveable region.

A region recognised for its strong leadership, innovation, and excellence in regional collaboration.

Our Principal functions

The core function of Joint Organisations of Councils is collaboration - collaboration between Councils, the NSW Government and the Australian Government.

Joint Organisations are also enabled to establish collaborative arrangements with key agencies and organisations with similar functions, values and activities.

The principal functions of Namoi Unlimited will be to:

- A. Establish strategic regional priorities for the joint organisation area and develop strategies and plans for delivering these priorities.
- B. Provide regional leadership for the joint organisation area and to be an advocate for strategic regional priorities.
- C. Identify and take up opportunities for intergovernmental collaboration on matters relating to the joint organisation area.

Submission on Support for Drought Affected Communities in NSW

The Committee on Investment, Industry and Regional Development will inquire into and report on the impacts of drought on regional NSW and identify potential government action with particular reference to regional businesses, economies and communities.

The Namoi region of NSW is one of the most drought-affected regions of Australia.

Drought and its impacts is a complex issue and requires collaborative and strategic thinking to identify solutions to alleviate some the stresses of drought, demonstrating leadership and hope, and build resilience.

National Geographic defines drought as *“an extended period of unusually dry weather when there is not enough rain, adding that... the lack of precipitation can cause a variety of problems for local communities, including damage to crops and a shortage of drinking water. These effects can lead to devastating economic and social disasters, such as famine, forced migration away from drought-stricken areas, and conflict over remaining resources.”*

- A) Population loss and loss of key trades, skills and businesses, and community services such as schools and medical services,
- (B) Business debt finance and responses of financial companies to the impact of drought, and

(C) Direct and indirect impacts of drought on businesses and industries.

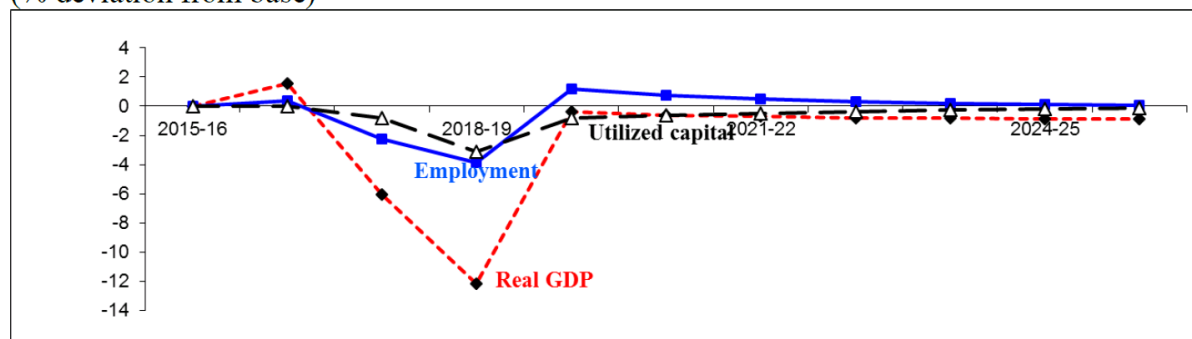
To avoid any misrepresentation of the impact of drought in the New England North West of NSW of which Namoi Unlimited forms part, the information contained in this document quotes directly from sources, sources are acknowledged and linked to the document.

Estimating the regional economic impacts of the present drought on NSW Report prepared by Glyn Wittwer, Centre of Policy Studies, Victoria University 26 October 2018

The New England North West has the largest drought-induced productivity losses of any region in the scenario.

Real GDP and employment rose relatively to forecast in 2016-2017 due to seasonal recovery, then slumped 2017-2018 due to drought. Worsening drought in 2018-2019 drives employment to almost 4% below base. Farm idiosyncratic capital due to drought is largely responsible for a fall in utilised capital to near 4% below forecast in this year. Real GDP in 2018-2019 is more than 12% below base, reflecting reduced employment, capital utilisation and drought induced productivity losses.

Figure 10: New England-North West GDP income side
(% deviation from base)



Drought weakens the labour market in New England-North West, with the fall of employment of almost 4% or around 2600 jobs in 2018-19 being accompanied by a fall in real wages of 2.6% relative to forecast (figure 11).

Figure 11: New England-North West labour market
(% deviation from base)

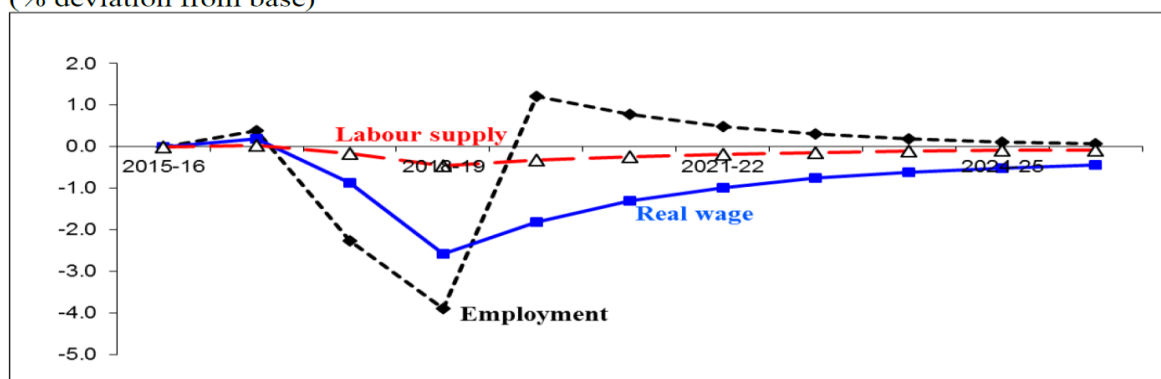
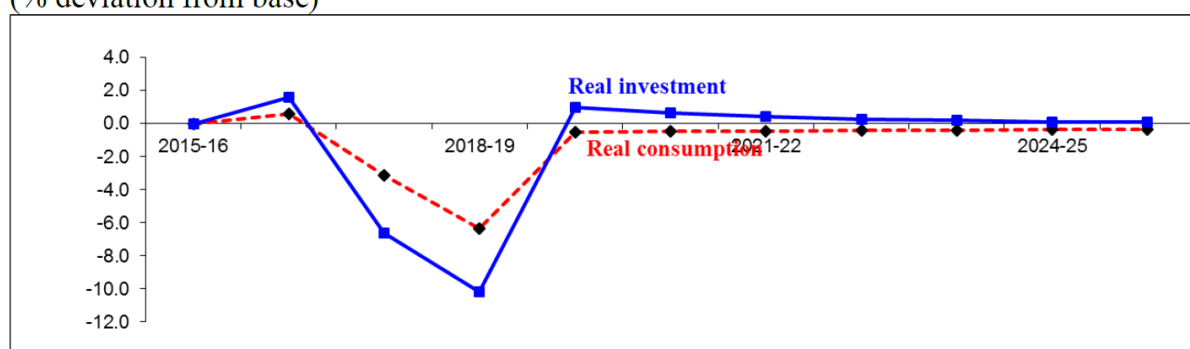


Figure 12: New England-North West real consumption and investment
(% deviation from base)



New England-North West includes economic activities that are not directly affected by drought, including education, health and other essential service. At the SA2 level, in which some regions are far more reliant on farming, losses are more substantial.

Table 4: SA2 level macro outcomes within New England-North West
(% change from base)

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Real GDP										
Armidale	0.3	-0.5	-0.2	0.7	0.4	0.3	0.2	0.1	0.0	0.0
Armidale Region - North	0.2	-0.3	-1.9	0.2	0.1	0.0	-0.1	-0.1	-0.1	-0.1
Armidale Region - South	0.2	-0.1	-0.5	0.4	0.2	0.1	0.0	0.0	0.1	0.1
Walcha	0.6	-1.1	-3.5	0.1	-0.1	-0.2	-0.2	-0.2	-0.3	-0.3
Glen Innes	0.5	-1.1	-2.2	0.3	0.1	0.0	-0.1	-0.1	-0.1	-0.2
Inverell	0.3	-0.4	-0.5	0.6	0.4	0.2	0.2	0.1	0.1	0.0
Inverell Region - East	1.1	-4.1	-9.6	-0.6	-0.8	-0.9	-0.9	-0.9	-0.9	-0.9
Inverell Region - West	3.1	-9.9	-13.6	-0.7	-0.9	-0.9	-1.0	-1.0	-1.0	-1.0
Tenterfield	0.5	-1.1	-2.0	0.2	0.0	-0.1	-0.1	-0.2	-0.2	-0.2
Moree	1.6	-9.4	-20.0	-0.6	-0.8	-1.0	-1.1	-1.2	-1.2	-1.2
Moree Region	10.2	-31.7	-50.9	-4.4	-4.5	-4.5	-4.5	-4.5	-4.5	-4.5
Narrabri	1.0	-6.7	-17.5	-0.8	-1.0	-1.1	-1.2	-1.3	-1.3	-1.3
Narrabri Region	4.2	-20.2	-40.6	-2.5	-2.8	-2.9	-3.0	-3.0	-3.1	-3.1
Gunnedah	0.3	-1.7	-4.1	0.4	0.1	0.0	-0.1	-0.1	-0.2	-0.2
Gunnedah Region	2.9	-14.1	-29.5	-2.2	-2.3	-2.4	-2.5	-2.5	-2.5	-2.5
Quirindi	2.9	-9.2	-15.1	-1.0	-1.1	-1.2	-1.3	-1.3	-1.3	-1.3
Tamworth - East	0.3	-0.4	-0.5	0.6	0.4	0.3	0.2	0.1	0.1	0.0
Tamworth - North	0.3	-0.5	-0.4	0.6	0.4	0.2	0.1	0.1	0.0	0.0
Tamworth - West	0.2	0.1	0.0	0.4	0.2	0.1	0.0	0.0	0.0	0.0
Tamworth Region	0.7	-1.6	-2.4	0.5	0.2	0.1	0.0	-0.1	-0.1	-0.1
Employment										
Armidale	0.2	-0.3	0.3	1.3	0.9	0.6	0.4	0.3	0.2	0.2
Armidale Region - North	0.4	-0.9	-1.6	1.3	0.9	0.6	0.4	0.3	0.2	0.1
Armidale Region - South	0.4	-0.7	-0.2	1.3	0.9	0.6	0.4	0.3	0.2	0.1
Walcha	0.5	-1.4	-2.8	1.3	0.9	0.6	0.4	0.2	0.2	0.1
Glen Innes	0.4	-1.1	-1.3	1.3	0.8	0.6	0.4	0.3	0.2	0.1
Inverell	0.2	-0.2	-0.2	1.4	0.9	0.6	0.4	0.3	0.2	0.2
Inverell Region - East	0.3	-0.7	-0.6	1.2	0.7	0.5	0.3	0.2	0.1	0.1
Inverell Region - West	0.5	-3.0	-4.2	1.2	0.8	0.5	0.3	0.2	0.2	0.1
Tenterfield	0.4	-1.0	-1.0	1.3	0.8	0.6	0.4	0.2	0.2	0.1
Moree	0.5	-5.7	-12.5	1.3	0.8	0.5	0.3	0.2	0.1	0.1
Moree Region	1.0	-9.9	-16.0	0.3	0.0	-0.2	-0.3	-0.4	-0.4	-0.4
Narrabri	0.4	-3.6	-7.5	1.1	0.7	0.4	0.2	0.1	0.0	0.0
Narrabri Region	0.4	-8.8	-19.0	1.0	0.5	0.2	0.0	-0.1	-0.1	-0.2
Gunnedah	0.1	-0.7	-0.8	1.4	0.9	0.6	0.5	0.3	0.3	0.2
Gunnedah Region	0.4	-4.0	-6.9	0.8	0.4	0.1	0.0	-0.1	-0.2	-0.2
Quirindi	0.6	-2.3	-2.5	1.1	0.7	0.4	0.2	0.1	0.1	0.0
Tamworth - East	0.4	-0.6	-0.5	1.3	0.9	0.6	0.4	0.3	0.2	0.1
Tamworth - North	0.3	-0.5	-0.1	1.3	0.9	0.6	0.4	0.3	0.2	0.1
Tamworth - West	0.4	-0.4	-0.5	1.3	0.9	0.6	0.4	0.3	0.2	0.1
Tamworth Region	0.4	-0.9	-0.9	1.3	0.8	0.6	0.4	0.3	0.2	0.1

Table 3: NSW industry outputs
(\$m change in outputs relative to base, 2018 dollars)

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Sheep	-1	-10	-77	-1	-1	-1	-1	-1	-1	-1
BeefCattle	-1	-10	-79	0	0	0	-1	-1	-1	-1
DairyCattle	0	-2	-11	0	0	0	0	0	0	0
OthLivstock	-1	-3	-33	-1	-1	-1	-1	-1	-1	-1
Wheat	375	-379	-575	-40	-38	-37	-36	-34	-33	-32
OthBrdAccrCrp	195	-469	-651	-42	-41	-39	-38	-37	-36	-34
Horticulture	-1	0	0	0	0	0	0	0	0	0
Rice	0	-34	-85	-29	0	1	1	1	1	1
Cotton	0	-187	-454	-14	-15	-15	-16	-17	-17	-16
HayCerealFod	30	-42	-125	-10	-10	-10	-10	-9	-9	-9
ForestFish	0	0	-1	0	1	1	1	1	1	1
GinnedCotton	2	-133	-331	14	10	8	6	5	4	3
AgriSrvcs	12	-29	-73	-1	-1	-1	-2	-2	-2	-2
Mining	-12	35	89	17	14	12	11	10	9	9
MeatProds	-5	14	-2	6	4	3	3	2	2	2
Seafood	0	0	0	0	0	0	0	0	0	0
DairyProds	3	-4	-9	-1	-1	-1	-1	-1	-1	-1
OtherFood	25	-25	-61	-13	-12	-11	-10	-9	-8	-7
TCFs	-1	3	8	3	2	2	2	2	2	2
OthManuf	-23	60	163	46	34	27	22	18	15	14
Utilities	4	-12	-31	2	1	1	0	0	0	-1
Constructn	40	-117	-289	39	35	29	24	20	17	14
Trade	69	-158	-379	23	16	9	4	1	-2	-4
HotelsCafes	7	-28	-77	11	9	6	5	4	3	2
RoadFreight	29	-46	-95	-3	-2	-3	-3	-4	-4	-4
OthTransport	8	-26	-66	4	5	4	3	3	2	2
OthService	55	-147	-362	147	103	74	54	40	30	23
OwnerDwelling	0	6	-10	-48	-44	-40	-37	-34	-31	-28
GovAdmDefOrd	16	-61	-160	24	17	11	7	5	3	2
EduHealth	-4	11	41	72	51	37	28	21	16	13

Note: the sum of real value-added does not exactly equal real GDP, as the latter includes indirect taxes.

Financially parched businesses calling for support - Wednesday 20th of November 2019

<http://www.rdani.org.au/news-events/financially-parched-businesses-calling-for-support-20-11-2019.php>

A Northern Inland Regional Development Board survey of non-farm businesses in the Northern Inland region of NSW has revealed significant negative impacts on business turnover and employment levels.

432 non-farm businesses have participated to date these figures and conclusions are from the results as of Wednesday 20 November 2019.

- Non-farm businesses are increasingly frustrated with their inability to access the type of government support that farmers can.
- 58% of the region's non-farm businesses are reporting a turnover reduction in the range of 11-50%, and 15% report a reduction of 51-75%.
- Some businesses are reporting they are having to close their doors or put the business into hibernation in an attempt to minimise their costs as they simply don't have the cashflow to continue trading and meeting daily operating expenses.
- Businesses were asked what they had been doing to cope with the extended drought. Common strategies included reducing operating costs (75% of businesses), reducing personal expenditure (67%), reducing staff costs (49%) and delaying payments to suppliers (35%).
- All of these actions are likely to have negative flow-on effects to other local businesses in the region.
- 45% of businesses have taken on additional debt or refinanced existing debt in order to survive.

Namoi Unlimited and its members have articulated and communicated the impact of drought on the community, on business and directly on Local Government Authorities.

	Community Impact	Local Government Impact	Business Impact
Economic	<p>Drought depletes farm capital, reducing future investment and reduced herd numbers</p> <p>Drought reduces the output that farms can produce, no cash flow, no employment, the economy weakens</p> <p>Reduced access to water for communities and industries.</p> <p>Cropping failures, livestock sell off, decrease in land values and prices, unemployment and population decline</p> <p>Potential for the inability of towns to recover to pre-drought conditions/standings</p>	<p>Water is an essential ingredient of roads and road maintenance, without water road maintenance programs are deferred</p> <p>Water consumption determines the ability of Local Government to invest in future water infrastructure</p>	<p>Communities reliant on agriculture have seen the availability of money reduce, spending has reduced.</p> <p>Businesses are responding by reducing employment, looking for work across a greater geographic location.</p> <p>Reduced employment means people will go elsewhere to look for employment or move to another location with employment opportunities.</p> <p>Real estate prices are impacted when people don't have the money to maintain and improve properties.</p>
Social	<p>Drought weakens the labour market both in employment and wages</p> <p>Brilliant kids missing opportunities only offered in metropolitan areas</p> <p>Health-related issues, physical and mental, dental and poor nutrition.</p> <p>Increased rural crime, domestic violence, drug and alcohol related offenses.</p> <p>Homelessness</p> <p>Student absenteeism</p> <p>Safety impacts and fatigue on roads as people travel further for work or move for employment</p> <p>Unsafe and unmaintained local gravel roads due to the availability of water</p> <p>Impact on women, women are working on and off farm, managing the bills, coordinating the social activities and school</p> <p>Isolation</p> <p>Creation of a divide within communities; A) between those businesses supplying industry such as mining, which may still be doing well, and those businesses supplying farmers and graziers, and B) between farmers and graziers and those contractors and businesses which support them but which are not able to gain access to drought relief initiatives.</p>	<p>Public, sport and recreation spaces are unusable for sports without water</p> <p>Access to aquatic facilities reduced due to safety or water restrictions</p> <p>Deterioration in the unsealed roads network, safety on rural and local roads.</p> <p>Increased use of Employee Assistance Programs.</p>	<p>Ongoing demand and coordination of community responses such as; food bank deliveries, volunteering</p> <p>Social events are being impacted by lack of transport options</p> <p>Children are being moved from towns, reducing days in pre-schools and care, role playing the drought and its impact as pre-school and school</p> <p>60% of staff and children are impacted by drought¹</p>
Environmental	<p>Vegetation dying</p> <p>Damage to habitats</p> <p>Loss of biodiversity</p> <p>Soil erosion</p> <p>Increased risk from wildfires</p> <p>Water-supply and river health</p>	<p>Increased use of public parks and sporting fields, increased deterioration in the ground cover due to higher levels of use</p> <p>Reduced public amenity and community pride</p> <p>Community amenity is decreased by the significant loss of plantings and trees</p>	<p>No agricultural sector, no businesses, no employment and then no regional communities – is this what we want?</p> <p>Risk of cost cutting coming at the expense of environmental regulation compliance or consideration of the environment</p>
Reputational	<p>Regional NSW is dry, dirty, a dust bowl</p> <p>Attracting new people and new businesses</p> <p>Perception in the longer term that regional and rural NSW/Australia cannot reliably support business and or decentralisation of public agencies.</p>	<p>Loss of recreational services</p> <p>Perception that use of potable water on road infrastructure being wasteful</p> <p>Perception in the longer term that regional and rural NSW/Australia cannot reliably support business and or decentralisation of public agencies.</p>	<p>Centrelink evokes negative connotations for farming families</p> <p>Drought is a natural phenomenon, why is drought not a natural disaster? How are the impacts of fire and flood different to drought?</p> <p>Payroll tax is a fee for the privilege of operating your business and employing people in NSW</p>
Technological	<p>Drought impacts the ability for innovation to foster and develop, it weakens the adoption of technology because of limited capacity to develop or invest</p>	-	<p>Assistance is reliant on access to and submitting information online.</p>
Agricultural Specific	<p>Drought depletes farm capital, reducing future investment and reduced herd numbers</p> <p>Drought reduces the output that farms can produce, no cash flow, no employment, the economy weakens</p> <p>Reduced access to water for communities and industries.</p> <p>Cropping failures, livestock sell off, decrease in land values and prices, unemployment and population decline</p> <p>Potential for the inability of towns to recover to pre-drought conditions/standings</p>	-	<p>Farm Deposit Scheme not recognised by all banks as equity</p> <p>Finance for re-stocking and recovery</p> <p>Agricultural assistance should be equitable and available to all businesses</p> <p>Experienced and skilled agronomists and pastoralists will be needed when the rain comes to make money again – how can businesses afford to let staff go.</p> <p>Farmers self-assessing their eligibility for assistance. Lack of knowledge of the assistance that is available through Governments</p>

¹ Reference Bingara Central School

(D) Transition and recovery from drought when drought conditions begin to improve.

Estimating the regional economic impacts of the present drought on NSW Report prepared by Glyn Wittwer, Centre of Policy Studies, Victoria University 26 October 2018

The recovery that follows assumes that 2019-20 is a year of normal rainfall.

Without seasonal recovery, the livestock base of the region, which together with meat processing accounts for around 6% of income in a normal year, will continue to suffer a downturn.

Any prolongation of drought will lengthen the recovery time of herd numbers.

Drought induces a sharp fall in investment in New England-North West, as shown for 2017-18 and 2018-19. Recovery induces a rise relative to base in investment in 2019-20 (figure 12).

(E) Preparedness for future drought events.

Namoi Unlimited has provided correspondence to the Premier and Deputy Premier, asking them to consider the following initiatives and programs to partner with Local Government Authorities to prepare for recovery from drought and build resilience in communities across the Namoi region;

1. With Smart and Skilled funding to coordinate community based activities with local and regional registered training providers to provide training and skills for locals to upskill for casual employment opportunities.
2. Secure funding from the Office of Environment and Heritage and the Office of Local Government to extend funding for the Namoi Bio-diversity Project Officer position to build capacity and capability on the application of changes to the Bio-Diversity Act.

Secure funding for Local Governments to increase capacity and capability in biodiversity building drought resilience and amenity across community areas, parklands, sporting grounds, and facilities.
3. Secure funding for a regional tourism campaign (*"Don't drive by Just because it's Dry"*) including marketing, advertising and promotion targeting grey nomads (55 years plus) to visit and experience the Namoi region.
4. Allocate trained social workers and or counsellors to work directly with schools and preschools to address the mental health and wellbeing of children impacted by the drought.
5. Expand the eligibility criteria for the Drought Relief Funding to explore and develop access to bore water and standpipes aligned to the rural road network for unsealed road maintenance and stock and domestic use. Refer to the guidelines and administration processes from the Commonwealth's Drought Relief funding to one similar to Roads to Recovery, such that acquittal responsibility is placed with Local Government.
6. Enable Councils to establish local and regional purchasing panels for local projects and fund project procurement resources to collaborate between State projects and local businesses.
7. Provide resources to Local Land Services to commence programs on training, nutrition and recovery.
8. Increase the funding under Fixing Local Roads' program, prioritising works that can support employment of displaced workers in the agricultural and farming community.
9. Amend the guidelines for Local Government to access 'no or low interest loans' from TCorp for drought related works and or works programs and projects that can stimulate the economy.
10. Secure funding and collaboration to conduct research into regional and local economic, social, environmental and cultural impact of the drought to build resilience, capacity, leadership and knowledge.

(F) Assessment of current Government programs.

Issues paper prepared for the NSW Government to rectify and simplify, the criteria and the application process for the existing **On-farm Emergency Water Infrastructure Scheme** immediately to ensure the program reflects the intent of the Australian Government and is more accessible.

KEY ISSUES

Urgency²

The New England North West has the largest drought-induced productivity losses of any region in the scenario. Real GDP and employment rose relatively to forecast in 2016-2017 due to seasonal recovery, then slumped 2017-2018 due to drought.

Worsening drought in 2018-2019 drives employment to almost 4% below base.

Farm idle capital due to drought is largely responsible for a fall in utilised capital to near 4% below forecast in this year.

Real GDP in 2018-2019 is more than 12% below base, reflecting reduced employment, capital utilisation and drought induced productivity losses.

Drought weakens the labour market in New England-North West, with the fall of employment of almost 4% or around 2,600 jobs in 2018-19 being accompanied by a fall in real wages of 2.6% relative to forecast (figure 11).

Without seasonal recovery, the livestock base of the region, which together with meat processing accounts for around 6% of income in a normal year, will continue to suffer a downturn. Any prolongation of drought will lengthen the recovery time of herd numbers.

Namoi Unlimited estimates the impact of this current drought in the 2018-2019 financial year is potentially: GDP/GRP is down by -6.9% or \$317,400,000million and Employment is down by -1.8% or over 1,600 people were impacted.

Access to the Funding/Rebate

The NSW Government administers and delivers the rebates, in NSW, farmers can apply for the rebate from 14 January 2019 via the NSW Rural Assistance Authority website.

Eligibility

The Australian Government eligibility requirements are that applicants are;

- a primary producer (as defined by your state or territory, in NSW this is defined as a sole trader, partnership, trust or private company and trades agricultural products and that the applicant is the owner and operator, who earns more than 50% of their gross income from your primary production enterprise under normal seasonal circumstances, which is defined as within three years of the date of the application),
- a property owner, share farmer or lease holder (in NSW this is defined by a Land and Stock Return), in an area defined as drought affected (by your state or territory) and in the grazing industry.

² This reference <https://ideas.repec.org/p/ags/aare19/285089.html> page 10 2019 AARES conference, Melbourne “Estimating the regional economic impacts of the present drought on NSW” Glyn Wittwer Centre of Policy Studies, Victoria University

Additional criteria in the guidelines set by the NSW Government is;

- The property has, or is at risk of, an emergency animal welfare need - as assessed through submission of a completed water availability statement with the application.

The purchase and installation of water infrastructure for animal welfare needs, because;

- water is currently being carted or about to be carted onto your property to supply livestock where water supply has run out; or
 - your property could be reasonably expected to run out of water before the next expected inflow of water; or
 - the work will help ensure that stock water is available into the future during adverse seasonal conditions.
- The owners and operators of the business have commenced their farming operation between 1 July 2015 and 30 June 2018.
- The applications of new entrants will be considered on a case by case basis.
- Applicants do not have gross off farm assets exceeding \$5,000,000;
- The water infrastructure is installed for livestock permanently residing on your property and not currently part of an agistment;
- Primary Producers will be eligible to apply through the NSW government for the rebates which will also cover eligible expenses incurred since 1 July 2018;
- Introduction of purchased stock after 1 July 2018 may affect your eligibility and will be reviewed on a case by case basis;
- As a Commonwealth fund, recipients of NSW Drought Assistance Fund and Farm Innovation Fund are eligible to apply for water infrastructure projects funded from 1 July 2018.
- For invoices dated from 1 July 2019, horticulturalists with permanent plantings can apply for new bores and dam de-silting activities.

Ineligible Expenditure

The NSW Government has provided a criteria for items that are ineligible under this fund, this includes;

- Water infrastructure that has been purchased and installed where there is not an emergency animal need or the potential for this need, aside from horticulturalists with permanent plantings;
- Water infrastructure that has been purchased and installed for uses other than to supply water for livestock, aside from horticulturalists with permanent plantings
- Wages for your employees or your self-assessed labour costs.
- Construction of dams.

Rebate

- The Australian Government has offered rebates of 25% of the costs for eligible expenses or up to a maximum amount agreed by the implementing state.
- The [NSW Emergency Water Infrastructure Rebate scheme](#) has capped their contribution at \$25,000 on new purchases and installation costs of water infrastructure projects per enterprise.

Application form

- The application form is an online form, access to reliable internet varies across the Namoi region.
- There are six pages of information to complete online.
- The information requested is information that the Australian or NSW Government retains, this includes; Rates Notes and Stock Return from the NSW Local Land Services, and a Tax Return (Australian Taxation Office).

CONSULTATION

This brief has been prepared from information on the web provided by the [Department of Agriculture](#) and the [NSW Government](#).

FINANCIAL IMPLICATIONS

It is not clear but it seems that the rebate of 25% provided by the Australian Government is applied as a maximum \$25,000 from the NSW Government.

The NSW Government says that no rebates will be offered beyond the allocated funding of \$12 million and that the scheme will close on 30 June 2021 or when the funding allocation is exhausted, whichever occurs first.

LEGAL IMPLICATIONS

Nil identified.

BACKGROUND

The Australian Government maintains assistance to people in times of drought, these are:

- Rural Financial Counselling Service
- Farm Household Allowance
- Wellbeing
- Pest and Weed Management
- Water
- Regional Investment Corporation

The Australian Government On-farm Emergency Water Infrastructure Rebate Scheme currently provides rebates for on-farm water infrastructure expenses. The program is intended to help primary producers in drought-affected areas provide new infrastructure for grazing operations, livestock, animal welfare and improve drought resilience.

The rebate can be made against expenses for: buying and installing pipes, water storage devices such as tanks and troughs associated with stock watering, water pumps and associated electronic systems to manage water delivery, desilting dams, drilling new stock water bores and associated power supply such as generators.

The Australian Government has committed \$50million over 3 years and the program commenced in the 2018-19 financial year. The program is administered by the NSW Government.

The following initiatives and programs for the Commonwealth Government to partner with agencies and Local Government Authorities to ease the impact of the drought, prepare for recovery from drought and build resilience in communities across the Namoi region;

Short-term Programs

1. Namoi Joint Organisation of Council supports another round of funding for \$2million under the *Drought Communities Programme* as an economic stimulus and infrastructure. That the criteria and acquittal is amended to be similar to that used in the *Commonwealth Roads to Recovery Programme*.
2. Extend the eligibility criteria for *Drought Loans* to small business specifically those who contribute to and or sell products into supply chains in drought affected areas, enabling small business to prepare for, manage through or recover from drought.
3. Consider amendment to a condition under the *Farm Management Deposit Scheme* that unless a loan account is linked to an offset arrangement offered by an approved provider the interest earned from any Farm Management Deposit can not be offset.
4. Extend the eligibility to apply for the *Farm Management Deposits (FMD) scheme* to small business who contribute to or sell products into supply chains who wish to set aside pre-tax income that can be drawn upon in drought future years as needed.
5. Offer another round of funding under the *Pest and Weed Management Program* for projects to manage pests and weed impacts and wild dog exclusion fencing projects that help communities manage wild dogs, vertebrate pest animals and weeds as projects that could create local jobs, boost economic activity and provide long-term benefits to communities where projects take place.
6. Funding is provided to pre-schools to fund and provide social and mental health resources for children living in drought affected communities.

Medium-term

7. Extend the *On-farm Emergency Water Infrastructure Rebate Scheme* beyond the initial three year investment (2020-2021) and increase the rebates to 50% of the costs for eligible expenses.
8. Form and negotiate partnerships between the Commonwealth, Local Land Services, local Landcare groups and Local Government to provide funding for an extension to the *National Landcare Program*, to specifically address problems such as: loss of vegetation, soil degradation, pest weeds and animals, quality and flows and fire regimes in drought affected areas.

Namoi Unlimited supports the recommendations made by *Rebuilding the FHA: a better way forward for supporting farmers in financial hardship, An independent review of the Farm Household Allowance (FHA)*³

Recommendation 1: Decouple from social security legislation

Decouple the FHA from the *Social Security Act 1991* with the aim of simplifying and tailoring the application process and eligibility settings to farm businesses.

³ <http://www.agriculture.gov.au/ag-farm-food/drought/assistance/farm-household-allowance/review>

Recommendation 2: Strengthen the mutual obligation

On commencement of the rebuilt FHA program, prioritise a meaningful mutual obligation process, whereby farmers work with the Rural Financial Counselling Service (RFCS) to engage in a viability assessment enabling them to either plan through the current financial hardship and prepare for future business shocks, or exit the industry with dignity.

Recommendation 3: Revise the Rural Financial Counselling Service (RFCS) role within the FHA towards business support

Enhance the role of the RFCS under the FHA program to focus on business coaching of recipients, with the addition of a role for a financial advisor. To minimise duplication, this should utilise existing processes undertaken by the RFCS.

Recommendation 4: Improve communications

Prioritise effective communication of the FHA to provide clarity of program purpose and requirements at all stages from application to completion.

Recommendation 5: Distinguish the FHA from drought

The FHA was designed to support farmers during financial hardship irrespective of the cause and should be communicated and promoted to align with its broader purpose.

Recommendation 6: Build in regular assessment of performance

In rebuilding the FHA, the agency tasked with delivering the program must capture information to effectively measure its performance. This data should be used as the basis for regular reviews and to guide future changes.

Namoi Unlimited has provided correspondence to the Premier and Deputy Premier, asking them to consider the following initiatives and programs amendments to ease the impact of the drought, prepare for recovery from drought and build resilience in communities across the Namoi region;

- With Smart and Skilled funding coordinate community based activities with local and regional registered training providers to provide training and skills for locals to upskill for casual employment opportunities.
- Secure funding to open, maintain, secure and clean public amenities to provide 24/7 and FREE access to shower and washing facilities.
- Create programs to facilitate and foster Sister City relationships between Local Government and primary and secondary schools, for respite and excursions.
- To extend access and support for people to access and complete drought assistance forms by facilitating partnerships and providing training to staff employed in Customer Service functions into Local Government.
- To extend eligibility for freight subsidy to Local Government's providing water from local water utilities to rural residents for domestic supply.

- Secure funding from the Office of Environment and Heritage and the Office of Local Government to extend funding for the Namoi Bio-diversity Project Officer position to build capacity and capability on the application of changes to the Bio-Diversity Act.
- Secure funding for a regional tourism campaign (*“Don’t drive by Just because it’s Dry”*) including marketing, advertising and promotion targeting grey nomads (55 years plus) to visit and experience the Namoi region.
- Funding for all schools (public and independent) in drought impacted communities for year end excursions, ensure no child misses out on these activities at the end of 2019.
 - Secure funding to coordinate and administer a regional program of activities and or respite for farming families and children for the Summer School Holidays.
 - Allocate trained social workers and or counsellors to work directly with schools and preschools to address the mental health and wellbeing of children impacted by the drought.
- Increase the numbers of NSW Police in rural communities to address the increases in rural crime, specifically stock related theft and fuel theft.
- Expand the eligibility criteria for the Drought Relief Funding to explore and develop access to bore water and standpipes aligned to the rural road network for unsealed road maintenance and stock and domestic use. Refer to the guidelines and administration processes from the Commonwealth’s Drought Relief funding to one similar to Roads to Recovery, such that acquittal responsibility is placed with Local Government.
- Enable Councils to establish local and regional purchasing panels for local projects and fund project procurement resources to collaborate between State projects and local businesses.
- Provide funding for associations or schools to fund; school uniforms, excursions, sport and school fees to minimise the financial impact of school for rural families.
- Expand the criteria in the Active Kids Voucher Program to beyond \$200 in a calendar year to include local sport activity and participation as part of the physical and mental health program for children in communities affected by drought.
- Provide resources to Local Land Services to commence programs on training, nutrition and recovery.
- Providing funding for organisations to specifically coordinate and support women.
- Increase the funding under Fixing Local Roads’ program, prioritising works that can support employment of displaced workers in the agricultural and farming community.
- Amend the guidelines for Local Government to access ‘no or low interest loans’ from TCorp for drought related works and or works programs and projects that can stimulate the economy.

(G) Temporary relief from state taxes, charges and levies for drought affected businesses.

The following outlines the efforts and investment of Local Government Authorities; Walcha Council, Tamworth Regional Council, Liverpool Plains Shire Council, Gunnedah Shire Council and Gwydir Shire Council in addressing the impacts of drought in their communities.

- Hardship application for the waiving or deferral of land rates, interest is waived and payment plans negotiated.

- Council staff are printing and assisting with completing applications for drought assistance.
- Marketing and promotion of assistance provided through networks with Government and Not-for-Profit providers, websites, economic and community development staff, media and communications.
- Access to water in areas not serviced by town water systems through self operated stand pipes installed with Council and Commonwealth funding.
- Water management, education campaigns and business water audit services.
- Councils provide assistance and support to employees through Employee Assistance Programs.
- Provision of venues for community meetings and events.
- Bringing forward capital purchases and works programs planned for this financial year.
- Delivery of water and fodder, coordination of support including community amenities with Aussie Helpers and Blaze Aid volunteers (Gunnedah Shire Council and Gwydir Shire Council).
- Two full-time employees currently carting water to households (Gwydir Shire Council).
- 5 Council employees (for three weeks) are relocating native fish to other water reserves (Gwydir Shire Council).
- One employee acting as a counsellor for school children (Gwydir Shire Council).
- Water delivery for recreation and community parklands and facilities (Liverpool Plains Shire Council).

Members of Namoi Unlimited are advocating for an economic stimulus program and further support Local Government in addressing the impacts of drought is funded by the NSW and Commonwealth Government as a matter of urgency.

Concepts currently being considered for adoption by Councils:

- Employment of a Sustainability Manager to assist small business address the economic impact of drought, seek assistance and rebates.
- Local businesses purchasing program, identifying small business impacted by drought and understanding how they can be engaged to undertake local works, such as; spray contractors for weeds, primary producers involvement in fire prevention programs, pest eradication and weeds, travelling stock route maintenance, fencing.
- Engagement of locals to develop native community gardens on community lands to utilise local nurseries, designers, construction and Landcare.

(H) Capacity and coordination of town water supplies and further recycling opportunities.

DRAFT Issues Brief from Namoi Unlimited – Section 60 development and construction of local water utility water or sewage treatment works under Section 60 of the *Local Government Act 1993* (3 December 2019)

RECOMMENDATIONS:

- I. Namoi Unlimited and its member Councils seek an urgent review into Section 60 approvals to identify the benefits, risks and opportunities to Councils and the NSW Government of the Section 60 approval process.

- II. Namoi Unlimited seeks urgent consideration and advice about two outstanding Section 60 approvals for Liverpool Plains Shire Council and Tamworth Regional Council.
- III. The NSW Government – Water (Section 60) appoint an officer to review the Section 60 requirements for the use of treated water for Walcha Council, to progress and application and approval for the use of waste water on local roads.

KEY ISSUES

Namoi Unlimited has concern about the process, application and approvals for Section 60 in NSW.

Process

The Section 60 approval provides an independent assessment of the proposed works to ensure they are fit for purpose and provide robust, safe, cost-effective and soundly based solutions that meet public health and environmental requirements.

Tamworth Regional Council and Liverpool Plains Shire Council have longstanding modification and development applications (respectively). Walcha Council is seeking to commence a process to utilise treated water for construction purposes.

The application process in both modification and construction is:

- Step 1 – Initial consultation
- Step 2 – Options study
- Step 3 – Concept design
- Step 4 – Specification
- Step 5 – Tender
- Step 6 – Detailed design
- Step 7 – Approval

Applications and timely processes would enable Local Government to prepare and respond in periods of drought. A specific process and resources to support Councils through this process (in periods of drought) should be able to expedite the application, process and approval process for community need.

Namoi Unlimited members believe the current process is costly requiring both Council and the NSW Government to undertake independent assessment. This is a repetitive and costly process for both parties, there are compliance overlaps, and the process does not practice the described partnership and intent.

Liverpool Plains Shire Council engaged an experienced consultant to manage the Council through the Section 60 process which included engaging with the Department on a regular basis, this was agreed and then communications protocol was amended mid way through the process to the Council. Such is evidence of changed arrangements through a process which has impacted a small regional Council with limited resources.

Resources

The intent is to deliver a partnership and safe solution. In practice the current resources in the area are inadequate to develop solutions to the current extreme drought conditions. Applications from Tamworth Regional Council and Liverpool Plains Shire Council have been in the system for a long period of time. In periods of low water and critical shortages, resources need to be increased and responsive to assist communities to develop a safe, effective and timely solution.

Benefits

Under Section 60 of the Local Government Act 1993, local water utilities are required to obtain ministerial approval for the construction or modification of water or sewage treatment works.

If a water treatment process, does not work as intended, after advice is provided by both the NSW Government and the Local Water Utility there is no assistance, either financial or other offered to remedy the situation.

Council and the Local Water Utility are left to identify and implement a solution and then possibly seek Section 60 approval for the modified process.

The outcomes of a Section 60 approval are not guaranteed, if such a partnership can deliver agreed outcomes at the commencement of the process, the investment can be substantiated.

Costs

It should be recognised that both the Council and the department seek to provide qualified and independent advice on the options. Both entities are seeking better and more cost-effective outcomes for the community.

It should be optional for the Department and only be required where a Council has not consulted early and regularly with the department to discuss comments and engage a consultant to propose amendments.

The engagement of qualified resources by both Water NSW and Councils is not adding value to this process. Namoi Unlimited utilities believe that if the options report is commissioned with an experienced consultant, that the department has been engaged in the early stages of the study, there should be no need for the department to engage a separate consultant to the Government to assess the options, this is a costly addition to the process for the community of NSW.

The assessment undertaken by NSW Department of Planning, Industry and Environment includes cost effectiveness, however no indication of what constitutes this parameter is defined.

The varying performance requirements that a local treatment process needs to address to meet its robust, safe and public health solutions is influenced by its water source quality. For example Quipolly Dam in the Liverpool Plains Shire Council is a very challenging water source and commands extensive treatment to perform to the communities expectations. The assessment of cost effectiveness has to be tailored to the situation, and a community's willingness to pay.

At no time throughout the process does NSW Department of Planning, Industry and Environment engage with these communities as part of their assessment to gauge cost effectiveness, instead applying their own values. The NSW Government needs to accept the community perception identified by the Local Water Utility.

Walcha Council would like to use treated water for gravel, construction of sealed roads and other construction activities. The treatment expectations by NSW Health are unviable for the community. A process to determine acceptable, safe and timely use in extreme drought needs to be identified.

Tamworth Regional Council receives a maximum of 25% of the estimated cost of construction of a water and wastewater treatment project. Despite a Local Water Utility and community having 75% of the cost, the Government has 100% veto over the project through its Section 60 process.

A Local Water Utility appoints a suitably qualified consultant to design a treatment process that will treat water to a certain standard in accordance with a design scope. This consultant has some liability in the event if the process does not see water treated to the specified levels.

However, if the Government through the section 60 process insists on changes to the design, which are not supported by the design consultant, the consultant can effectively remove their liability, thus increasing the risk for the Local Water Utility.

The Government does not offer any assistance nor accept any risk for their designed amendments to the plant or the process.

This is not equitable, particularly when the Council and the community has invested in an experienced and suitably qualified consultant throughout the process.

Resources in times of increased demand

Utilities are advised to consult with NSW Department of Planning, Industry and Environment in the problem identification phase of the project. It is recognised that the department can provide independent advice to help direct projects towards better and more cost-effective outcomes. Again, this process needs to be resourced to ensure applications and solutions are developed in a timely fashion.

Timely Processes

With the ongoing drought conditions in NSW, and recognising that the New England North West of NSW is the worst impacted region of NSW, some prioritisation and dedicated resourcing to finalise projects is required, it is recommended that a timeframe around the “steps” articulated in the process is developed for applicants.

As a utility is responsible for the operations and risk associated with any entity, the member Councils of Namoi Unlimited believe amendments proposed by the Government as part of the Options study could weaken the solution and add risk and liability to options initially proposed by the utility.

In Stage 3 the process notes that *“the concept design should be carried to such a stage where detailed design can be confidently based on the concept and where only minimal further investigation is required”*. This should generate confidence of both parties to move forward.

A local utility would not propose a design that did not consider any environmental and all relevant regulatory requirements.

In times where approvals are being sought to prepare communities in extreme and ongoing drought, timeliness is imperative.

CONSULTATION

Member Councils of Namoi Unlimited including; Walcha Council, Tamworth Regional Council, Liverpool Plains Shire Council, Gunnedah Shire Council and Gwydir Shire Council.

The department provides an independent and objective review of the proposed works to identify whether they are fit for purpose and meet the above requirements. Through this process, the Department provides value to applicants by sharing the insights and expertise it has developed by overseeing the 535 local water utility water and sewage treatment works in regional NSW. The department has not been consulted in the preparation of this paper.

Whilst Councils agree that the department experienced with its oversight of the over 580 local water utility water and sewage treatment works in non-metropolitan NSW, so too are member Councils of Namoi Unlimited and that the two operatives should be able to determine an appropriate and timely outcome when the partners have worked closely together in this process.

FINANCIAL IMPLICATIONS

Under the guidelines, each proposed water or sewage treatment works project requires an options study, concept design report and detailed design prepared by suitably qualified and experienced practitioners and submitted to the NSW Department of Planning Industry and Environment for review.

The Section 60 approval provides an independent assessment of the proposed works to ensure they are fit for purpose and provide robust, safe, cost-effective and soundly based solutions that meet public health and environmental requirements.

Potentially two suitably qualified and experienced practitioners are able to provide conflicting advice at a cost to the community, and further delaying service delivery.

LEGAL IMPLICATIONS

Local Government Act 1993 No 30 Chapter 6 Part 3 Division 2 Section 60 - Ministerial approval required for certain council works

A council must not, except in accordance with the approval of the Minister for Primary Industries, do any of the following—

- (a) (Repealed)*
- (b) as to water treatment works—construct or extend any such works,*
- (c) as to sewage—provide for sewage from its area to be discharged, treated or supplied to any person,*
- (d) (Repealed)*

Note. Approval is required under Part 3 of Chapter 3 of the Water Management Act 2000 for the construction or use by a council of water supply works or flood works within the meaning of that Act.

Water Management Act 2000 No 92 Chapter 3 Part 3 Division 2

92 Applications for approvals

- (1) Subject to any embargo, any person may apply for an approval.*
- (2) An application for an approval must be made to the Minister in accordance with the regulations.*
- (3) The regulations may require the application to be accompanied by a management program for the land to which the application relates.*
- (4) An application may relate to more than one approval, whether of the same or of a different kind, unless the Minister requires a separate application to be made in relation to one or more of them.*
- (5) The Minister—*
 - (a) may require an applicant for an approval to provide additional information within a specified time if of the opinion that additional information would be relevant to consideration of the application, and*
 - (b) may delay consideration of the application until the information is provided or, if the information is not provided within the time specified, may refuse to consider the application.*
- (6) The Minister may refuse to accept an application for an approval if it appears to the Minister that the application is incomplete.*
- (7) The regulations may require any application, or any specified class of applications, to be advertised.*
- (8) An applicant for an approval may, by notice in writing to the Minister, amend or withdraw the application for the approval at any time before the application is determined.*

(I) Any other related matter.

Other program or initiatives for drought preparedness, resilience and recovery:

- Provide funding for a program for community groups to pay fees, transport and accommodation for sporting clubs, arts groups, drama teams and leaders to attend regional communities and conduct programs.
- Create and fund renewal and works program to reinvigorate and promote local economic activity such as the main street, business park and industrial precinct.
- Secure funding for Local Governments to increase capacity and capability in biodiversity building drought resilience and amenity across community areas, parklands, sporting grounds, and facilities.
- Secure funding and collaboration to conduct research into regional and local economic, social, environmental and cultural impact of the drought to build resilience, capacity, leadership and knowledge.
- Provide funding, incentives or subsidies to property owners to install rain water tanks and grey water use systems to extend the water supply horizons for towns.



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