

**Submission
No 25**

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

Organisation: NSW Government

Date Received: 28 November 2019



The Hon. John Barilaro MP
Deputy Premier
Minister for Regional New South Wales
Minister for Industry and Trade

19/54#48

Your ref: A3247679

Mr Justin Clancy MP
Chair of the Legislative Assembly Committee on
Investment, Industry and Regional Development
Parliament House
6 Macquarie Street
SYDNEY NSW 2000

ATTN: Ms Emma Wood, Committee Manager

Dear Mr Clancy

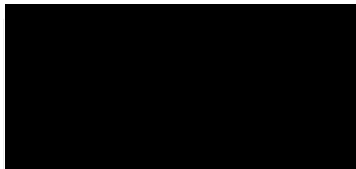
I write regarding the Legislative Assembly Committee on Investment, Industry and Regional Development Inquiry into Support for Drought-Affected Communities in NSW (the Inquiry).

NSW is suffering through one of the worst droughts on record. The NSW Government is investing close to \$3 billion, including the \$1 billion Safe and Secure Water program, to ensure our drought affected communities are provided with immediate support as well as putting the right infrastructure and policies in place to build resilience for future droughts.

I welcome this Inquiry as an opportunity to highlight the extensive support the NSW Government is providing to drought-affected communities and to identify further opportunities for support during both the current and future droughts.

Please find enclosed the NSW Government's submission to the Inquiry. It is a comprehensive overview of NSW Government support for drought-affected communities to date. I hope that you find the submission informative and that it assists you in developing the Committee's draft report.

Yours sincerely



The Hon. John Barilaro MP
Deputy Premier
Minister for Regional New South Wales
Minister for Industry and Trade

CC: The Hon. Gladys Berejiklian MP, Premier of New South Wales

Encl.

**NSW Government Submission to the
Legislative Assembly Committee on
Investment, Industry and Regional
Development Inquiry into Support for
drought affected communities in NSW**

PREPARED BY THE NSW GOVERNMENT

29 NOVEMBER 2019

Contents

Contents	1
Executive summary	2
Impacts of drought	3
Water security	3
Small business and community impacts	4
On-farm impacts	5
NSW Government support	7
Coordination of the drought response	7
Water security	7
Regional town water supply	7
Sydney Water	9
Support for small business and communities	10
Support for small businesses	10
Support for local communities	12
Support for health services	14
Support for education	17
Support for farmers	19
Support for land and water management	23
Recovery from drought	25
Meteorological, hydrological and agronomic drought	25
Water security	25
Agricultural economic and production recovery	26
NSW Government policy in recovery and “return to normal”	26
Preparedness for future events	27
Water security	27
Small business and communities	27
On-farm preparedness	28
Conclusion	29

Executive summary

NSW is suffering through one of the worst droughts on record. The NSW Government is investing almost \$2 billion to ensure our drought affected communities are provided immediate support as well as ensuring we invest in the right infrastructure to provide support in future droughts.

The NSW Government welcomes this inquiry as an opportunity to highlight the extensive support the NSW Government is already providing to drought affected communities and to identify further opportunities for support during both the current and future droughts.

Drought impacts have spread well beyond the farm gate, imposing significant financial hardship and associated mental health and other issues on communities and businesses. All parts of the economy are suffering, including retail trade, food manufacturing and construction sectors. Agriculture dependent towns are particularly impacted.

As at 14 November 2019, major regional centres, including Tamworth, Dubbo, Orange and Bathurst would have less than 12 months' supply of town water if record low inflows continue and no alternative supply actions were taken. Some smaller regional towns would have less than 6 months of water. However, the NSW Government is working with all these towns and committing substantial funding to secure supplies and ensure no town in NSW runs out of water. Compounding the critical water situation is the forecast of drier and warmer than usual conditions over summer.

Modelling by the NSW Department of Premier and Cabinet, the NSW Department of Primary Industries and the Centre for Policy Studies estimates that the drought has cost the NSW economy \$5.7 billion of Gross State Product in 2018-19. The financial hardship primary producers are experiencing is leading to a decline in regional spending, undermining the sustainability of local businesses. Over a third of regional businesses surveyed in August 2018 by the NSW Business Chamber indicated their business viability was at risk due to the drought.

The NSW Government's approach to drought relief to date has been comprehensive and is evolving as the drought continues. The NSW Government has invested almost \$2 billion of drought support for primary producers and regional communities. This includes the Farm Innovation Fund, the Drought Stimulus Package and the Emergency Drought Relief Packages.

As the long range forecast predicts drought conditions will continue well into the summer months, the NSW Government is focusing its response on three priority areas:

- Critical water security
- Support for small business and communities
- On-farm support.

The NSW Government will support drought affected communities through the current drought, assist them to recover quickly and build preparedness and resilience for future droughts.

Impacts of drought

Drought is part of the Australian landscape. Nevertheless, the current drought, which began in mid-2017, is unprecedented in its severity. The Bureau of Meteorology is forecasting drier and warmer conditions for December and into early next year. The Bureau has also described the Murray-Darling Basin's drought conditions as the worst on record.

Recent modelling conducted by the NSW Department of Premier and Cabinet, NSW Department of Primary Industries and the Centre for Policy Studies predicts the drought is estimated to cost the NSW economy \$5.7 billion or one per cent of Gross State Product (GSP) in 2018-19. The economic impacts are felt not only by farmers through reduced primary production, but also in the regional communities that rely on agriculture and other water-reliant industries to sustain local economies.

With only small areas of the State receiving average rainfall so far this year, further losses in GSP are expected in 2019-20 and 2020-21 of \$6.3 billion (1.1 per cent of GSP) and \$4.8 billion (0.78 per cent), respectively (non-drought baseline assumes average seasonal conditions over the 10-year period 2017-18 to 2025-26 based on 2016-17 conditions).

Total employment across NSW is estimated to be 0.6 per cent (20,200 FTE jobs) lower in 2019-20 and 0.3 per cent (11,200 FTE jobs) lower in 2020-21 compared to a baseline of no drought occurring.

In the New England–North West region, the local economic output in 2019-20 is estimated to be almost 14 per cent below the baseline. In the Far West and Orana, Riverina, Murray and Central West regions, the expected output will be 11 per cent, eight per cent, seven per cent and three per cent lower than the baseline, respectively.

Water security

Record low in-flows into water storages across the state have impacted water security for a number of large and small towns in regional NSW. Without secure water supplies, regional town populations cannot be sustained and quality of life is impacted for rural communities.

Surface water is managed by the NSW Government through water sharing plans for each water catchment. Towns are given the highest priority under these plans, and town water is managed by local government owned water utilities. Most local water utilities across NSW have put in place significant water use restrictions for businesses and residents.

Reduced surface water availability has significant impacts on water dependent businesses and industries. It is also important that the NSW Government provides certainty to water users to make their own forward risk plans. This involves being consistent and transparent with the allocation process in NSW, allowing water to be traded towards the highest value use, and preserving the priorities of different licence categories under the *Water Management Act 2000*.

The NSW Government released the NSW Extreme Events Policy in October 2018 to provide more clarity about how water shortages and poor water quality events are managed in inland NSW. Some key principles include the importance of maintaining normal operating and trading rules wherever possible, treating licence holders within licence categories equally, and maximising certainty. These principles aim to minimise the disruption to water users of low water availability and allow better forward planning.

The severity of the current drought is unprecedented in the north and west of NSW, as highlighted by:

- Access to water allocated to general security accounts in previous years and carried over into 2019/20 was partially or fully restricted in 8 of the 11 inland NSW regulated river valleys.
- High priority (high security, domestic & stock, local water utility) allocations were less than the usual full allocations in six valleys.
- Groundwater allocations were reduced in eight water sources where extractions were exceeding the sustainable diversion limit or were tied to surface water allocations.
- Deliveries were fully ceased (Lower Darling and Lower Namoi) or partially ceased (Macquarie and NSW Border Rivers) in four regulated rivers and expected to partially cease in one other by the end of November 2019 (Peel).

The reductions in water availability due to these measures are expected to have significant direct and indirect impacts. However, the first priority of the NSW Government during extreme events is to ensure that essential town water supplies are secured. This mitigates the risk of even greater impacts associated with prohibitively expensive large-scale water carting or, in the worst case, evacuation of towns.

Small business and community impacts

The ongoing and deepening nature of the current drought means conditions have led to widespread impacts beyond the farm gate. Rural businesses and communities, particularly in smaller regional centres and towns that largely rely on agriculture as their main source of economic activity and employment, are the worst affected. The economic downturn can force people to permanently leave regional communities, undermining the social and economic fabric of the area.

In a survey of regional businesses by the NSW Business Chamber in August 2018, 33 per cent of respondents indicated that the viability of their business was at risk due to the drought. Overall, 44 per cent of respondents indicated that this drought is more damaging to their business than previous droughts. In the parts of NSW most severely affected, this portion was much greater (more than 64 per cent in the Central West and Orana Far West and in New England-North West).

Since the survey, conditions in most areas of NSW have further deteriorated, further impacting business confidence and cash flows. At the time of the survey, almost 7 per cent of respondents indicated their business was likely to fail if the drought continues. Thirty per cent indicated their business would be at risk if conditions continue.

During a July 2019 trip to the New England and North West regions, the NSW Small Business Commissioner witnessed first-hand the devastating impact the drought continues to have on small businesses beyond the farm gate. The NSW Small Business Commissioner and her office met with over 350 small businesses in nine towns. Common issues identified from this visit include shrinking local economies, declining small business sales and customer base, alongside cash flow problems and increasing evidence of mental health impacts on business owners and their staff.

Notably, many setbacks during a drought can have detrimental effects on post-drought recovery and future resilience. For example, reduced farm income results in reduced investment in productive agricultural technology, less spending in local businesses and therefore a downturn in local commerce and job losses. The impacts are higher in the regions and small townships that are heavily reliant on agriculture or other water-reliant industries.

Another outcome of drought is an acceleration of structural adjustment where (typically) less efficient farms are aggregated into larger operations. This adjustment can improve economic viability and productivity of the agricultural sector, although it can also have negative social effects

such as the migration of people out of smaller communities. This can reduce the viability of smaller communities and lead to the loss of specialist skills, reducing productivity and creating 'stranded assets' where the costs associated with the services and infrastructure have to be shared by fewer people and businesses.

As the drought continues, water-reliant businesses such as mines and meat processing facilities may reduce operation or face shut down, leading to further job losses and migration out of regional communities. This will impact provision of other businesses such as doctors, dentists, hairdressers and mechanics who rely on customer numbers. Water-reliant businesses are more likely to close permanently due to additional business risks regarding water and large restart costs, reducing amenity and economic activity in regional communities. Many small towns may not recover these services once the drought breaks.

Drought also impacts the physical and mental health of regional and remote communities. Drought and hot weather can affect town water supplies through increased salinity and poorer palatability. Water shortages and/or blooms of toxic blue green algae can also occur.

The increased economic hardship and uncertainty increase the risk of poor mental health. It is common for people to feel greater distress, anxiety and depression during prolonged drought. This can impact people's relationships and businesses. Drought-induced stress and economic hardship can also affect young people's attendance and performance in education.

The detrimental impact of drought also extends beyond drought affected areas to consumers more generally. For example, large scale loss of crops and livestock can impact consumers through increased food prices. The Australian Bureau of Statistics (ABS) noted that drought and adverse weather conditions had continued to reduce the supply of a selection of fruits and vegetables and put upward pressure on prices for other food items, such as poultry and bread, as a result of higher input costs. In the March quarter 2019, vegetable prices for Sydney experienced a significant price rise of 12 per cent.

Water plays a central role in Aboriginal culture and has interdependencies with economic, social and environmental outcomes, Drought has an impact emotionally and culturally on Aboriginal people as they cannot participate in any economic opportunities for positive outcomes. Furthermore, many small towns affected by drought have significant Aboriginal populations who may be under pressure from increased food and water costs.

On-farm impacts

The Australian Bureau of Agricultural and Resource Economics (ABARES) recently forecast that NSW farm business profit is expected to fall by 166 per cent against 2016-17 levels with the average farm forecast to suffer a \$69,000 loss.

ABARES NSW farm income estimates suggest that households' 'cash income' (i.e. revenue) is projected to drop 51 per cent to \$87,000 in 2019-20.

Since 2016-17, the Gross Value of Production (GVP) for primary industries is forecast to fall by an estimated 21 per cent to 2018-19 and 24 per cent to 2019-20 respectively, should the drought continue past spring 2019.

Many farms are incurring a loss due to the current drought. NSW livestock farm profitability in 2018-19 is forecast to fall between 117 per cent and 229 per cent in 2016-17 levels. Much of this is attributed to the increased cost of production from livestock feeding activities.

NSW cropping farm profitability in 2018-19 is forecast to fall by approximately 182 per cent on 2016-17 levels and dairy by 323 per cent over this same period respectively.

Cotton production declined last season by approximately 1.4 million bales, or 56 per cent year-on-year (2018-19), with a further decline to approximately 900,000 bales expected in the coming season resulting from lower water allocations.

Similarly, the rice harvest is expected to be down by 92 per cent at just 53,000 tonnes in 2018-19.

The most recent ABS report indicated that the NSW beef herd declined by 11 per cent in 2017-18, more than half a million head. The Meat and Livestock Association (MLA) is forecasting the national herd to decline a further 7.3 per cent in 2019 and, given the dry conditions, the impact on the NSW herd is expected to be more pronounced.

The sheep flock has also been impacted by drought, with the 2017-18 flock in NSW declining by 6 per cent year-on-year, around 1.7 million head. MLA project a further national sheep flock decline of 6.5 per cent in 2019.

The dairy industry has also been impacted heavily with milk production in NSW declining by 5.4 per cent in 2018-19, more than 61 million litres less than this time last year.

NSW Government support

The NSW Government has committed almost \$2 billion to support primary producers and regional communities. The NSW Government has established programs to reduce the cost of living and doing business in the bush, encourage drought preparedness and planning, support and stimulate economic activity in regional areas, undertake long-term and critical water supply projects, and provide increased mental health support for regional and remote communities.

Coordination of the drought response

The NSW Government has established an Office of Drought Response in order to enable a more coordinated approach to support regional communities suffering during this prolonged drought. The Office of Drought Response will bring together resources across government to support families, businesses and farmers, ensuring the NSW Government is doing everything in its so our regional communities make it through this drought.

The Office will address the three priorities of water security, impacts to communities and businesses and ongoing support to farmers, as well as ensuring the continuation of existing and extended drought support measures. The Office will have dedicated staff and will focus on:

- Coordinating effort across the three priorities of water security, communities and farms
- Identifying and managing risks arising from prolonged drought
- Implementing and monitoring existing programs
- Working with the Australian Government on drought support for NSW
- Coordinating communications to ensure communities understand the support that is available
- Developing a long-term strategy to support communities and primary producers through recovery.

The Office will have input from all parts of Government including NSW Health, Department of Education, Department of Justice and Transport for NSW to provide a better service to regional communities – with resources allocated to support communities where they need it, recognising the impacts of drought are far and wide.

The Coordinator-General, Regions, Industry, Agriculture and Resources within the NSW Department of Planning, Industry and Environment leads the Office, which reports to the Deputy Premier. The Minister for Agriculture and the Minister for Water have advisory roles.

The Regional Town Water Supply Coordinator was appointed in 2018 to oversee the work being done to ensure water supply and quality in towns and communities across the state. Mr McTavish will continue working with communities and local councils to ensure regional towns do not run dry and that emerging local water issues are quickly identified and resolved. .

Water security

Regional town water supply

The NSW Government is taking all steps possible to ensure that supply to regional towns is secured in the long-term through the \$1 billion Safe and Secure Program. In response to the current drought, the NSW Government has also committed \$210 million for critical town water supply projects, including emergency water carting and emergency infrastructure to support communities across the State.

Key town water infrastructure projects include:

- WaterNSW is undertaking \$58 million of drought emergency works across a number of regulated valleys to access remaining water in major storages
- \$30 million for new groundwater supply for Dubbo
- \$8.2 million for construction of second water storage at Nyngan funded from the Safe and Secure Water Program
- \$2.2 million to augment bore water supply at Coonabarabran
- \$2 million to allow Narromine to access groundwater
- \$2 million for Albert Priest Channel critical maintenance
- \$5.5 million for the strengthening of the Orange – Central Tablelands Water – Cowra pipeline connection
- \$2 million for Bathurst Regional Council to plan for alternate water supplies to Bathurst
- \$4 million for Parkes Shire Council to expand their water supply options, improve drought resilience
- \$1.5 million for Walcha Shire Council to proceed with the detailed planning for a 300 megalitres (ML) off-stream storage
- \$4 million for Tenterfield Shire Council to plan and deliver an expanded groundwater supply.

The NSW Government is working closely with councils and their communities to identify solutions which meet their specific needs such as investment in groundwater bores, major infrastructure projects such as dams and pipelines and, if necessary, water carting.

To secure the long term water security of Broken Hill and surrounding communities, the Wentworth to Broken Hill Pipeline was completed in 2018. Construction of the pipeline was part of a \$500 million investment strategy to secure Broken Hill's water supplies, representing the largest investment into regional water security on record. Selected following consideration of 19 possible project options, the Wentworth to Broken Hill Pipeline can supply up to 37.4 ML of raw water per day via a 270 kilometre pipeline.

Similarly, the 19.6 kilometre Malpas Dam to Guyra Pipeline is providing water security and improved water quality for the Guyra community.

Critical Water Advisory Panels have been established, which include local government representatives, to advise on drought measures and river operations to extend supplies in the major river systems.

The NSW Government, through the Regional Town Water Supply Coordinator, the Department of Planning, Industry and Environment and WaterNSW, is working closely with all towns impacted by potential shortfalls in river water supplies to extend available supplies for towns for as long as possible and to implement alternative water supplies. This includes the construction of temporary weirs in the Peel River and the construction of a pipeline which will assure Tamworth's supply into 2021.

Fixed water charges for most irrigators across the state have been waived in recognition of the drought conditions and reduced availability of water. These waivers are administered by WaterNSW.

The NSW Government is also conserving water by funding \$4.6 million of business and household water saving programs.

Aboriginal Communities Water and Sewerage Program

The Aboriginal Communities Water and Sewerage Program (ACWSP) aims to improve water supply and sewerage services in eligible Aboriginal communities in NSW. The program is a joint initiative of the NSW Government and the NSW Aboriginal Land Council.

Together, the government and the NSWALC are investing more than \$200 million over a 25 year period to provide funding for the maintenance, operation and repair of water supply and sewerage systems in 62 eligible Aboriginal communities.

New legislation for Critical Water Supply Infrastructure

The *Water Supply (Critical Needs) Act 2019* facilitates a temporary pathway for authorisations by the Minister for Water for critical water infrastructure needed to protect regional towns in this drought and insure against the next.

The Act supports the decisions of the NSW and Commonwealth Governments to invest more than \$1 billion in the construction of new major dam projects, the first new dams to be built in NSW in 30 years (more details below).

Towns could run out of water before all planning approvals and construction have been completed. This Act enables the Minister to fast track licensing and approval processes for critical town or locality water supplies. It also gives the Minister for Water the ability to amend water sharing plans, and to modify the sharing of water in favour of towns, with the concurrence of the Minister for the Environment.

Sydney Water

The NSW Government has taken a coordinated approach to maximise Sydney's existing water supplies in accordance with a Drought Study jointly developed by Sydney Water and WaterNSW under the 2017 Metropolitan Water Plan. These include ongoing water transfers from the Shoalhaven River to the Sydney system, switching on the Sydney Desalination Plant (SDP), implementing water restrictions in June 2019, recycling water where feasible and greater investment in leakage reduction and demand management initiatives.

The SDP reached its current full production capacity of 250 ML of water per day in July 2019. Work has begun to plan for the potential expansion of the SDP. The expansion of SDP would double the capacity of the existing plant to 500 ML per day or up to 180 billion litres of water per year, around 30 per cent of Greater Sydney's water needs.

If water storage depletion rates that have occurred since July 2017 were to continue into 2020, Greater Sydney's dams are projected to decrease to 35 per cent by August 2020. At the same time, there is a greater than 80 per cent chance of warmer than average temperatures over the same period. Warm conditions are a strong driver of increased water demand, higher evaporation rates from water storages and reduced soil moisture in catchments, meaning less runoff when rain does occur.

Sydney Water has been working to reduce demand for water to lower depletion rates by:

- boosting WaterFix residential plumbing program by \$6 million, saving an estimated 54 million litres of water (as at 27 September 2019)
- working with nine high water-using schools to audit their water use and achieve ongoing water savings
- partnering with five Sydney councils to fund the placement of a water efficiency officer to work with high water users to achieve ongoing water savings

- investing more than \$1 billion in leakage reduction and management over the past 10 years. Further investing \$30 million in additional work crews increasing active leak detection by 40 per cent
- continuing to reduce water demand through use of recycled water (44,000 ML in 2018-19) and doubling water recycling to more than 80,000 ML per year over the next 25 years.

Support for small business and communities

Drought impacts have spread well beyond the farm gate, imposing significant financial hardship and associated mental health and other issues on communities and businesses. More broadly, the NSW Government is making regional NSW a better place to live and work through its 20-Year Economic Vision for Regional NSW. This strategy identifies actions to improve infrastructure, deliver skills and training, promote regional NSW and create an attractive business environment for investment.

The NSW Government is helping drought affected communities through the current drought by providing economic stimulus through local infrastructure projects, championing small businesses, improving the amenity of drought affected communities, supporting students from drought affected communities and providing better access to health services.

Support for small businesses

Drought Stimulus Package

The NSW Government's \$170 million Drought Stimulus Package is funding shovel-ready infrastructure projects with the objective of delivering economic stimulus for local economies experiencing the flow-on effects of the drought. The primary aim of the program is to mitigate the employment and income effects of the current drought on regional NSW by leveraging the existing regional infrastructure project pipeline.

The package recognises that, while farmers are being hit hard by drought, not every business in the bush grows crops or raises livestock. It is vital to support off-farm industries by driving business activity and generating new opportunities.

Projects that support regional communities by generating local jobs and stimulating the local economy will be identified for funding.

The first tranche of projects to deliver an immediate economic boost to regional NSW communities includes:

- \$1 million for Deniliquin Ute Muster site
- \$2.4 million for Broken Hill airport
- \$3.9 million for Inland Rail Ready Industrial Precinct, Gilgandra

Buy Regional

The Deputy Premier and Minister for Small Business launched the NSW Government's Buy Regional Campaign on 28 October 2019. The campaign connects city shoppers and rural sellers, making it easy for Sydneysiders keen to help drought-affected towns to buy Christmas presents and produce direct from regional retailers.

Buy Regional is an online hub that showcases regional shops and sellers together in one place. Every dollar spent with a regional retailer or producer helps keep that small business afloat, supports jobs in that town and gets money flowing through the local economy.

As at 18 November 2019, 200 stores, boutiques, producers and experience providers have been added to the online hub, which has been viewed more than 178,000 times.

Promoting local businesses

The NSW Small Business Commissioner (NSWSBC) champions small businesses' issues through advocacy and provides direct assistance through mediation services and specialist support.

The NSWSBC has been attending regular meetings and events to gather and provide information and support for drought-impacted small businesses, directly supporting councils and business chambers across the State and assisting with the response to Ministerial correspondence and direct calls for help from small businesses to the NSWSBC office.

The NSWSBC has been proactive in creating resources that are useful for regional businesses such as a guide to starting a home-based business, a procurement toolkit and resilience and recovery support tools. The NSWSBC is also contributing directly to streams of work to complement the NSW Government response to drought, including:

- Increasing Buy Local schemes – Encouraging local and visitor spend in regional communities is crucial for the survival of non-farm businesses. Buy Local schemes can help keep money circulating locally and work well when supported by Council and local business chambers. The NSWSBC is investigating the cost, effectiveness, barriers and opportunities to the roll out of these schemes, and is championing the expansion of Buy Local schemes in highly drought-impacted areas.
- Supporting Main Street – The main streets of regional NSW towns are the heartbeat of the community but many drought-impacted towns are experiencing store closures meaning reduced services for the local community. Support is required to revitalise main streets and utilise vacant premises through proactive action by council and business leaders. The NSWSBC has already provided a series of Retail Visual Merchandising workshops for small community retailers to increase sales and customer experience, and will fund an additional five workshops in drought-affected areas to help keep towns open for business during the drought. The NSWSBC is also working on tools to assist local councils and chambers to address main street vacancies including initiatives to encourage short term business opportunities such a 'pop up' shops.
- Improving Business Skills – The NSWSBC observes that in these difficult times, many small business owners lack the skills to manage their business's cash flow, take advantage of online business and government procurement opportunities and manage their business through sustained periods of economic hardship. The NSWSBC is working on a targeted program of activities for small businesses in highly drought-impacted towns to increase their business resilience skills, increase their financial and online business skills, and help them take advantage of increased government and charitable spending. The Business Connect program continues to be an important resource for small businesses, playing a crucial role in helping businesses upskill, reskill, plan for, and make decisions during the drought. Small businesses and local business leaders have called on this program to be expanded, pointing to the fact that the thousands of businesses spread across the New England and North West regions are serviced by a small number of Business Connect Advisors working out of regional centres such as Tamworth.
- Agritourism – As part of NSW Government's Making Business Easier initiative, the NSWSBC is working with the Department of Customer Service and three regional communities to map the barriers faced by farmers trying to diversify their business. Workshops with farmers, councils and experts are helping to identify a streamlined process to cut red tape and make it easier to start and grow a hospitality business on farms.

Payroll Tax

To assist regional payroll tax customers in drought affected regions, Revenue NSW is working with customers to identify payment options based on their individual circumstances. Options currently available to drought affected customers include:

- extensions of time to pay
- deferral of monthly payments
- extended repayment plans
- interest relief.

SafeWork and Fair Trading

SafeWork and Fair Trading are supporting farmers and communities affected by drought by waiving occupational licence fees (new/renewal and replacement) from 1 October 2019. This initiative is being offered to people who:

- work or live in an area classified as 'Intense Drought' or 'Drought' by DPI; and
- are experiencing financial hardship.

The aim of this service is to ease the financial hardship for those needing to gain new employment, wanting to return to a previous trade/job, or renew their licence.

Regional Growth Fund

The \$1.7 billion Regional Growth Fund is delivering projects that directly and effectively deliver on our goals to improve amenity, activate growth and potential and improve resilience in regional NSW. Since being announced in 2016-17, the Regional Growth Fund programs have invested \$1.2 billion across 1,479 critical projects, touching every local government area in regional NSW.

Fixing Country Roads and Regional Road Block Grant Program

Fixing Country Roads is a \$543 million program for unlocking the economic potential of regional NSW. The program provides targeted infrastructure funding for projects on Council managed roads and bridges that provide benefits to the movement of freight.

The Regional Road Block Grant Program provides block grants to Councils for the management and maintenance of roads.

Support for local communities

The Department of Customer Service (DCS) is taking a coordinated approach to drought relief assistance:

- DCS is supporting whole-of-government coordination of drought messages through the Communications Leaders Working Group
- DCS is developing a website consolidation strategy, which includes consolidating drought related information on nsw.gov.au
- The DCS Delivery Unit is working with DCS cluster agencies to develop a coordinated approach to drought relief assistance services delivered by the cluster.

Service NSW Drought Support Program

The Service NSW Drought Support Program aims to better connect drought affected communities to available support services. As part of a government and cluster-wide program, Service NSW (SNSW) is leveraging its network to better connect drought affected communities to drought support services. Its scope of work includes leading several drought support initiatives.

Drought Support Month (October 2019) with many of these activities scheduled to be ongoing:

- Additional Cost of Living (CoL) appointments available in Service NSW Centres across NSW, to support awareness in the community and uptake of existing rebates. Regional CoL specialists have been provided additional training on drought specific rebates.
- A dedicated Drought Support web page (<https://www.service.nsw.gov.au/guide/drought-support>) to help those affected by drought easily identify the various subsidies, loans, waivers and mental health assistance offered by the NSW Government.
- Additional call centre support provided by the SNSW Contact Centre. Customers who identify as being 'drought affected' are being offered an opportunity to speak to a contact centre agent who will provide them with information on available drought rebates and assistance. Customers who require further support are then booked into a full CoL appointment at their local service centre or are referred to their nearest Mobile Service Centre on its scheduled route.
- Mobile Service Centres visited drought affected communities with an additional CoL specialist onboard to help raise awareness and conduct appointments throughout the month of October.
- SNSW also provided an additional 6 'pop-ups' over 6 days during the month of October in communities severely affected by drought, as well as tailored support on CoL rebates and drought support offered by the NSW Government.
- SNSW is running a Rural Aid fundraiser on behalf of the NSW Government to raise funds to provide water, feed and other essential items to farmers and drought affected communities (fundraising page at https://www.buyabale.com.au/donate/?supporter_id=146786).

Debt recovery for people impacted by drought

Revenue NSW is working to ensure their debt recovery actions do not result in undue hardship for people impacted by drought. Revenue NSW is providing hardship relief services to people in drought affected communities who are in debt or require payroll tax assistance.

Where a person owing a debt has incurred a sanction such as a suspension of their Driver Licence or vehicle registration, or has had money taken from their bank account and they can demonstrate they have approval under the NSW Drought Assistance Fund or an Australian Government Assistance Measure, Revenue NSW will:

- waive Roads and Maritime Service sanctions and refund monies deducted under a bank garnishee order for unpaid debt
- negotiate an appropriate stay of further action for a period of up to six weeks
- at the end of the stay period, Revenue NSW will offer payment plans for unpaid debts for as little as \$10 per fortnight (subject to an assessment of capacity to pay)
- write-off of debts owed (in some cases). Revenue NSW can reinstate written off debt in 5 years if circumstances change in that time and the customer re-offends.

Revenue NSW will write-off amounts in extreme cases, however in most cases a payment via a payment plan will be required.

Local Sports Grant Program

The \$4.6 million Local Sport Grant Program aims to increase regular and ongoing participation opportunities in sport and active recreation in NSW. One of the major priorities for the 2019-2020 program is to support local communities affected by drought. To achieve this, regional drought affected areas are eligible for up to \$85,000 in funding. This funding can be used to further develop sport in the local community, host sporting events that provide a focal point for the local community or draw visitors to the region, address barriers to accessing sport and improve sporting facilities.

The program supports drought affected communities by contributing to their health, economy, social wellbeing and liveability.

Mental Health Sports Fund

Sporting clubs are the heart of rural communities. In recognition of this, the Office of Sport, in conjunction with NSW Health, launched the \$1.2 million Mental Health Sports Fund in November 2019.

The Mental Health Sports Fund provides NSW-based sporting bodies with funding for sport-led mental health, social and emotional wellbeing initiatives in regional NSW, in recognition of the devastating impact the drought has on these communities. NSW-based sporting bodies can apply for funding to run a sport-linked mental health program in a regional area in partnership with an established mental health service provider or charity. Grants of \$10,000 to \$75,000 are available depending on the size and scale of the program. Special consideration can be made for larger applications, up to \$100,000, dependant on available funding and the nature of the program. The Mental Health Sports Fund will assist NSW sporting bodies to work with local clubs to deliver mental health and wellbeing initiatives which suit the needs of local communities.

Support for health services

The NSW Government committed \$6.3 million to mental health during the drought through the initial package over 2018-19 and 2019-20.

Initial funded programs through the package include:

- Five additional Rural Adversity Mental Health Coordinators, bringing the total to 19. The coordinators inform, educate and connect individuals, communities and workplaces with appropriate services and programs.
- Farm Gate Counsellors: An initial 14 counsellors or drought peer support workers, across Murrumbidgee, Far West and Western NSW local health districts. The program involves assertive outreach, coordination with local services and communities, and the provision of ongoing support to individuals and their families and carers.
- Drought Community and Wellbeing Events with an additional Drought Peer Worker through the National Association of Loss and Grief.
- A youth drought summit coordinated by UNICEF Australia held from 9 to 11 October 2019. The summit supported key NSW Government mental health and regional youth priorities.

NSW Health is building on this initial investment with an additional \$8.3 million committed to expanding mental health supports in the drought in 2019-20, which includes:

- An additional 13 peer workers and counsellors to deliver farm gate counselling services and drought peer support services across rural local health districts, bringing the total number to 27.
- Aboriginal Community Controlled Health Organisations will engage with their local communities to provide Aboriginal culturally appropriate social and emotional wellbeing services in drought affected areas.
- The Royal Flying Doctor Service will deliver a Peer Ambassador Program that expands on the recruitment and training of peer workers to act as lived experience 'champions' of mental illness in drought affected areas.
- Peer Support Australia will be supported to make parental support workshops available across 13 additional drought-affected towns.

- A regional sports fund is being established within the Office of Sport to support mental health programs in sporting clubs in drought affected communities.

NSW Health funds a number of other initiatives to improve access to mental health services in rural areas by:

- Supporting telehealth technology for mental health professionals to use audio visual links to provide specialist mental health assessment and consultation advice for emergency departments across rural NSW.
- Increased access to telephone and text crisis support through a \$23.5 million commitment over four years for the Lifeline Telephone Crisis Line, the introduction of a text based crisis support service called Lifeline Text in NSW and support to Kids HelpLine. Kids HelpLine will receive over \$5 million over four years to answer an extra 18,400 calls per year from NSW children and young people.
- The peer worker program is being expanded with a \$2.7 million commitment in 2019-20 to support the ongoing employment of 28 full time equivalent Peer Workers as part of the Peer Supported Transfer of Care Program. Of this funding, \$1.32 million is being provided to rural and regional areas.
- Mental health supports for people with an intellectual disability are being increased with a NSW Government commitment of \$4.4 million over four years to deliver two Statewide Tertiary Intellectual Disability and Mental Health Hubs. Services will be available to people in rural and regional areas through a mix of high quality video and telemedicine approaches.
- The availability of mental health supports for people with an intellectual disability will increase with \$4.1 million funding committed in 2019-20. This funding is from NSW NDIS Residual Functions Program which will support 12 District based programs to enhance the availability of mental health services to people with an intellectual disability. Of this, \$1.33 million will support the programs in rural and remote Districts.
- The NSW Government invests \$3.37 million per year for 21 FTE School-Link Coordinator positions across the state including in rural and regional areas. School-Link Coordinators support schools to identify young people with mental health problems, provide earlier access to appropriate mental health care, improved recovery planning and return to school following a mental health episode.
- Over \$12 million is allocated for Getting on Track in Time – Got It!, which is a state-wide school based early intervention program to support social and emotional learning for children aged 5-8 and their parents, aiming to reduce the incidence of behavioural concerns and emerging conduct disorders in children.
- Continued support to regional and rural local health districts to provide mental health services, both community and in patient care.

Potential additional demands on Medical Services - Healthdirect

NSW Health supports the Commonwealth Healthdirect Australia program for people who may not have face-to-face access to a GP such as people in regional and rural communities. Approximately \$14 million was provided to Healthdirect Australia in 2018-19 to deliver a 1-800 helpline which offers health advice 24 hours a day, seven days a week by a registered nurse.

The Healthdirect website also offers a directory of health services, a symptom checker and After Hours GP Helpline which provides an after-hours service for people in regional and rural communities. There is currently capacity in the system to manage an increase in call volume from drought affected areas. Healthdirect also have capability to offer 24 hour a day GP helpline and

telehealth service should this need arise. Further support via telehealth services may assist in easing demands on medical services.

Integrated Care service coordination in rural and remote areas

Integrated Care changes how we organise care for people across NSW, including rural and remote areas. It coordinates services to improve patient's experiences of care and their health outcomes. Evaluation shows that patients receiving Integrated Care pathways are less likely to require hospital care and stay for a shorter time, if admitted.

NSW Health is working with local health partnerships to scale up effective integrated care initiatives and make care more widely available. This will offer more people the opportunity to manage their own care, and stay out of hospital.

Five initiatives are being scaled up in 2019-20, which focus on improving outcomes for vulnerable and at-risk populations and people with complex health and social needs in primary and community care. One initiative currently being implemented in Murrumbidgee Local Health District is the Integrated Care Paediatrics Network. This approach enables children with complex needs to receive care closer to home, while also receiving specialist care. Upskilling local services, and using enablers such as telehealth, children and families can also reduce travel time.

Scaled Initiatives will operate alongside the existing State-wide approach for Integrated Care for People with Chronic Conditions, which focuses on earlier identification of patients who will benefit from Integrated Care interventions (including health coaching and care coordination) in community and primary care settings.

Health protection

NSW Health is the regulator of drinking water quality under the *Public Health Act 2010*. NSW Health also provides health advice with respect to water recycling proposals. The drought has affected drinking water quality in some towns. NSW Health's Local Health District Public Health Units work closely with council water utilities across the state. NSW Health provides a range of programs including technical support from specialist contractors and free-of-charge laboratory testing.

NSW Health has an ongoing program to support 83 local water utilities in regional NSW to implement risk based drinking water management systems. The *Public Health Act 2010* requires water utilities to implement a drinking water management system based on the Framework for Management of Drinking Water Quality in the *Australian Drinking Water Guidelines*. Since 2011, NSW Health has committed some \$7.8 million to more than 200 support projects. All utilities are eligible to apply for support, although those with the greatest risks and least capacity are prioritised. Support projects have focused on improving the adequacy of drinking water management systems and their implementation by helping utilities review critical control points, improve operations, develop and provide training on standard operating procedures and incident management plans, improve operational monitoring, conduct annual management system reviews, and follow up improvement plan actions. NSW Health has undertaken risk assessments to identify water supplies that may be at increased risk from *Cryptosporidium* and *Naegleria fowleri*.

Drought and hot weather can affect town water supplies through increased salinity and poorer palatability, taste and odour complaints, water shortages and/or blooms of potentially toxic cyanobacteria (blue-green algae). Local water utilities are responsible to manage the quality of drinking water. The NSW Government has a coordinated response to the drought that includes support to water utilities provided by Department of Planning, Industry and Environment and NSW Health. Some of the most severely drought affected utilities have limited technical capacity and require considerable support.

NSW Health has also provided additional assistance to towns recently affected by severe drought. NSW Health provides water quality testing free of charge for new water sources such as emergency bores and also provides for additional testing for local water utilities to manage issues such as cyanobacterial blooms, changes to source water quality, or aesthetic concerns. This is in addition to the NSW Drinking Water Monitoring Program that provides for water quality testing of treated drinking water at no cost to local water utilities.

NSW Health support projects have helped inform planning for infrastructure upgrades through the Safe and Secure Water Program. Standardised pre- and post-project reporting has found statistically significant improvements in operation of critical control points. State-wide collated data shows higher and more consistent chlorine residuals, and improved microbiological quality. NSW Health's support programs have benefited regional communities by providing a systematic process for drinking water risks to be identified and controlled.

Support for education

Supporting access to quality early childhood education

The Department of Education has allocated \$12 million in 2018 and 2019 to assist families in drought-affected areas to access early childhood education.

In October 2019, drought support funding was extended to long day care services and support was subject to an expression of interest (rather than direct payments to providers). The Department will continue to make payments progressively to eligible services.

Supporting families and communities to access NSW public schools

The Living Away from Home Allowance provides assistance to eligible NSW families whose children have to board away from home to access secondary education. Parents applying for the allowance in 2019 have been given the opportunity to apply means testing based on the current year's income rather than the previous past year. This recognises their current income given the ongoing effects of drought conditions.

The Department's Boarding Scholarships for Isolated Students (BSIS) provide assistance to eligible students who are disadvantaged by a low family income and geographic isolation. The BSIS assists eligible students from rural areas who are required to board to attend NSW public specialist high schools including agricultural boarding schools, or those required to board at a hostel to access a NSW public secondary school. In 2019, the Department extended its scholarships to include a second round of applications with a broader eligibility criteria to specifically capture families in drought conditions.

Technology connectivity to distance education for isolated rural families has been enhanced to provide additional flexibility for families located on properties in drought-affected areas. This allows families that have been forced to leave their usual remote property to seek work at another remotely located site can maintain connectivity with their current school environment and teachers.

Staffing NSW public schools in drought affected areas

Schools in areas of drought may have their enrolments decline due to population movement. This may have implications on staffing entitlements. To minimise disruption and prevent unnecessary transfers of teaching and school administrative and support staff, the Department of Education will maintain staffing levels for the 2019 and 2020 school years.

The Department of Education has revised the list of drought affected schools for 2020, with 220 schools now automatically eligible for staffing entitlement maintenance. A second list of schools (36 in total) on the border of the drought-affected zone has also been identified as eligible to apply for maintenance of staffing entitlement.

Supporting students and parents in drought-affected areas

All schools have access to counselling support. The NSW Government has invested significantly in an increased school counselling service with 291 additional positions established since July 2016. A further 100 positions will be established over the next three years as part of the NSW Government's \$88 million mental health and wellbeing initiative. The funding will provide every high school with access to full-time school counselling support.

The \$88 million package includes funding to establish a dedicated fly-in fly-out telepsychology service to provide regular and timely access to support in rural and remote NSW schools.

In addition, 350 additional student support officers will be employed, enabling every high school to access staff dedicated to the social and emotional wellbeing of students and referring students to specialist services. Rural and drought-affected schools will be prioritised for these positions.

Funding has also been allocated to team up with leading mental health organisations to support schools deliver best practice in prevention and early intervention mental health support for students.

Supporting local business through school procurement

Public schools across NSW are encouraged to purchase under the NSW Government Small and Medium Enterprise and Regional Procurement Policy. It is designed to increase participation of small and medium enterprise (SMEs) and regional businesses in government procurement of goods and services. The policy supports local purchasing through a range of initiatives, including:

- making it easier to buy from small businesses for values up to \$50,000
- making it easier to buy from SMEs for values up to \$250,000
- making it easier to engage SMEs to do proof-of-concept testing or outcome-based trials valued up to \$1,000,000
- considering SME participation in all procurements valued above \$3 million through a new evaluation criteria.

NSW public schools in drought-affected areas of NSW are also able to support local businesses by ensuring faster payments. This includes making payments using a PCard, similar to a credit card, for purchases up to \$10,000, providing immediate payment. The Department also ensure faster payments to registered small businesses, within reduced payment terms from 30 days (standard) to 20 days (and changing to five days in December 2019), on receipt of a correctly rendered invoice.

Vocational education and training

The NSW Government is subsidising skills training for farmers and regional businesses impacted by the drought to support off farm income and diversification of business practices.

Training Services NSW (TSNSW) has committed \$5 million through the Smart and Skilled program for training for drought-affected farmers and contractors in NSW. These funds will support training purchased through the Targeted Priorities Prevocational and Part Qualification (TPPPQ) Program to subsidise skills training for eligible farmers and regional business owners looking to transition into new or updated career opportunities. As of October 2019, over 800 people have accessed the program and courses including remote aircraft systems, managing chemicals, civil construction, truck licensing, farm management, welding and maintaining machinery.

TSNSW is working with Namoi Unlimited and Local Government Areas to upskill local agricultural workers to obtain other work in the community. Drought Skill Day events are being coordinated in five Local Government Areas of Walcha Council, Tamworth Regional Council, Liverpool Plains Shire Council, Gunnedah Shire Council and Gwydir Shire Council. The events held in November

2018 provide one-day training, opportunities for locals to discuss drought support and local casual employment opportunities, and understand the training requirements to support obtaining casual work.

Water management and drought resilience in NSW public schools

School Infrastructure NSW (SINSW) aims to have a portfolio of resilient infrastructure assets that can withstand events beyond our direct and immediate control such as the current drought impacting several schools across NSW. Sustainable water usage influences education infrastructure planning, including site selection, landscape design, school layout, construction, and operation. To improve school water efficiency, SINSW intends to implement integrated water management to improve our impact on the water cycle by 2030.

SINSW have identified areas where it can provide immediate assistance to schools in drought-affected communities. This includes providing potable and non-potable water by truck to supplement water shortages. Bottled drinking water is being delivered to approximately 50 schools across NSW. SINSW also delivers bulk non-potable water to around 30 schools for agricultural, evaporative coolers and other uses.

SINSW are currently scoping options for a bore water strategy. There are 99 schools with bore water systems in place in NSW. Preliminary modelling has been done to identify additional candidates for bore installations. Over 1,300 schools are located above aquifers across NSW. Drought conditions have led to the water table in many aquifers dropping significantly. This means that drilling will require deeper bores than under normal conditions. Several schools have existing bore water systems that are dry (especially in North Western NSW). There are also a number of schools that rely on town bores which are dry and are receiving bulk water deliveries.

Work is also underway to identify longer term strategies for future water sustainability in schools. This includes improving efficiency of water use by mandating smart irrigation technologies for landscape watering, mandating water efficient fixtures and appliances in new and upgraded schools, and water auditing in existing schools to identify improvements. Further measures such as piloting smart irrigation systems based on moisture content of grounds are being investigated.

TAFE NSW

TAFE NSW North Region, in partnership with DPI, Hunter Local Land Services (LLS) and TSNSW delivers AgriSkills Drought Support Training Programs in the Hunter region. These offer a range of fully funded skill sets for drought assistance and farm recovery to help farmers and their employees diversify their knowledge and skills. By the end of June 2019, 15 programs with over 200 participants have been delivered to drought-affected communities. A further 12 programs are in progress until December 2019 with an estimated 200 participants. Skill sets include digital farm mapping and drone training, rural welding and fabrication, farm solar technology, farm engine and pump maintenance, computer and digital media skills, chainsaw operations, chemical application and weed identification, livestock nutrition and assessment, farm business skills and farm first aid. TAFE NSW is looking to expand the program into other regions.

Support for farmers

The NSW Government has allocated significant funding and assistance through the Emergency Drought Relief Assistance Package that covers a suite of programs that assist with cutting the cost of farming, investment in on-farm infrastructure, supporting transport of fodder and livestock and measures to support animal welfare.

The \$1 billion Farm Innovation Fund is administered by the NSW Rural Assistance Authority and helps farmers to improve farm productivity, manage adverse seasonal conditions and ensure long term sustainability. The Farm Innovation Fund is a long term, low interest loan for NSW farming

businesses for permanent on-farm infrastructure. The interest rate is fixed at 2.5 per cent for up to 20 years. The NSW Government has refunded and waived interest on all existing Farm Innovation Fund customers and all applicants who submitted on or before 30 June 2020 for the 2018-19 and 2019-20 financial years.

The NSW Government has also introduced interest free Drought Assistance Fund loans, for up to \$50,000 per applicant in each of the 2018-19 and 2019-20 financial years. These are used to transport stock, fodder and water, genetic banking of breeding herds and installing on-farm fodder and water infrastructure. The loan term is a maximum seven years and there are no repayments required in the first two years.

Drought Assistance Fund loans can be used for activities which promote profitability and resilience as a result of on-farm investment. This is critical to ensure that producers have the ability to invest in what will meet their enterprise needs during this drought.

Other programs available to assist farmers are:

- \$192 million for the Emergency Drought Transport Subsidy, whereby eligible farmers can receive up to a maximum of \$40,000 for the 18 months prior to 30 June 2019 and \$40,000 from 1 July 2019 to 30 June 2020. This subsidy pays up to 50 per cent of costs for the transport of fodder and/or water to a property, stock to/from agistment and stock to sale or slaughter. This subsidy has been very popular, with more than 13,000 applications approved as of early October, and more than \$100 million already provided to farmers. From July 2019, the subsidy can also be used for transport of farm chemicals, fertiliser and seed to farms.
- Over \$200 million in waivers for fixed charges and levies (see below)
- \$20 million for Donated Fodder transportation program which subsidises 100 per cent the cost of transporting donated fodder organised by community groups.
- \$45 million for the Farm Business Skills, Young Farmer and LLS education programs
- \$17.5 million for rural resilience and outreach programs

Farmers will also receive indirect assistance from the \$37.5 million extension of the wild dog border fence and the construction of three Doppler radar stations in regional NSW.

Waivers for fixed charges and levies

The NSW Government has made considerable efforts towards cutting the cost of farming for primary producers in NSW. In addition to targeted assistance and capital stimulus projects, the Government has waived the following fixed charges and levies:

- \$100 million to waive rates LLS rates
- \$22 million to waive Farm Innovation Fund interest
- \$60 million to waive Fixed Water charges,
- \$7 million to waive Class 1 Agricultural Vehicle Registration fees
- \$5 million to waive interest and two-year repayment free period for the Drought Assistance Fund loans
- \$3.1 million to waive apiary site permit fees
- \$3.5 million to waive wild dog border fence fees
- \$2 million to waive Western Land leases
- \$151,000 to waive grazing permits in the Riverina

- Waiver for licensing fees for the discharge of treated water from Tamworth Council's sewage treatment plant to the Peel River, providing emergency water to downstream broiler production farms without paying load-based licensing fees.

Revenue NSW provides assistance to drought affected farmers who have difficulty meeting financial obligations such as state taxes, levies and duties (more information below).

\$15 million Drought Relief Heavy Vehicle Access Program

The Program made available \$15 million toward maintenance and minor improvement work on council roads and roadsides that assist heavy vehicle access to continue to provide efficient transport in drought affected areas.

Transport for NSW (TfNSW) has received 59 submissions from 48 councils across NSW to a value of about \$14 million. A total of 57 submissions have been approved for funding of nearly \$13.4 million dollars. Councils are eligible for a total of \$300,000 in their area for maintenance and minor improvement works that support the heavy vehicle drought relief freight task.

The customer benefit is maintaining and improving access for higher productivity vehicles servicing farms in drought affected areas. This benefits the movement of feed, water, stock and other farm supplies directly in support of drought relief.

Streamline and prioritise the administration of access approvals

TfNSW has worked with the National Heavy Vehicle Regulator (NHVR) to promote the use of the word 'drought' in permit applications so drought-related applications are prioritised for urgent assessment and the permit fee is refunded to the applicant.

The NHVR is informing TfNSW of drought-related permit applications, including those that only relate to council roads, so TfNSW may actively engage with councils to encourage and support access decision-making in support of the drought relief effort.

The longer term benefit is that TfNSW is identifying parts of state and council road networks that could be retained without the need for a permit beyond the drought period. Total customer savings to date are estimated at \$27,448 in NSW, and \$159,213 nationally.

Providing Access

The *NSW Baled and Rolled Hay Drought Assistance and Dimension Exemption Notice 2018* has been published, facilitating access by way of Notice for the transport of drought relief hay with increased permissible load width and height.

TfNSW is also allowing access under permit that is an exception to operational and/or strategic policy, on a case-by-case basis in terms of vehicle type, load, network and/or conditions of access. Exceptions to the policy include:

- Access for longer, wider, heavier and/or higher heavy vehicles under permit with case-specific controls to support the safe, productive and urgent movement of feed, water and stock to and from drought affected farms. For instance, the temporary approval of road trains under permit on previously non-road-train approved routes, with additional conditions such as the requirement for warning lights and traffic control.
- Travel for certain road train combinations without enrolment in the Intelligent Access Program.
- Travel for Type 1 road trains with tandem dollies, rather than tri-axle dollies, on sections of the Newell Highway and east of the Newell Highway not typically approved for the use of tandem dollies by road trains.

Primary producer registration concessions and refunds

Farmers across the State now benefit from registration savings on heavy vehicle registration costs for two years ending June 2020. The rebate applies to all primary producers who register or renew

a heavy vehicle due on and from 1 July 2018 up to 30 June 2020 inclusive. As at 31 August 2019, TfNSW provided 32,887 primary producer heavy vehicles with free registration to the value of \$39.3 million.

Customers impacted by a primary producer calculation anomaly who were entitled to a higher concession have received refunds to the value of approximately \$43 million.

To give farmers and their families some much needed drought relief, from 30 July 2018 TfNSW has waived registration charges on Class 1 agricultural vehicles (purpose-built agricultural vehicles such as harvesters and fertiliser spreaders).

Animal welfare

A number of animal welfare drought schemes have been funded under the drought package and are being managed by the Chief Animal Welfare Officer. These schemes include:

- **Stock Welfare Panels:** The *Prevention of Cruelty to Animals Act 1979* (POCTA) provides for the establishment of a Stock Welfare Panel for responding to stock animal welfare cases. There have been 23 Panels in NSW in 2018-19 and 2019-20 dealing with over 15,000 animals, mainly cattle and sheep.
- **Stock Disposal Scheme:** An animal welfare assistance scheme to assist livestock owners to euthanase and dispose of drought affected stock that the owner cannot afford to feed and that are not fit to load and sell. DPI funds the cost of destruction and disposal in circumstances where the stock owner has requested assistance from LLS to euthanase drought affected stock and the LLS has approved the need for assistance on animal welfare grounds.
- **Transport Scheme for POCTA cases:** An animal welfare assistance scheme to encourage stock owners to destock when they are unable to properly care for their stock, by paying the full cost of transport of the animals to sale or slaughter.
- **Drought related diagnostic testing:** The District Surveillance Budget scheme provides \$3000 for each of the 50 LLS District Veterinarians to support laboratory testing for animal health cases.
- **Stock Feed and Water Analysis Scheme:** Ongoing drought conditions have resulted in a significant increase in the need for LLS District Veterinarians use of stock feed analysis services to assess feed quality so they can provide feeding advice. Additional funding has been made available for stock feed analysis in situations that have been exacerbated or affected by drought.
- **Pilot On-Farm Advice to Livestock Producers Scheme:** A pilot program had been developed to provide tailored individual on-farm advice to farmers by funding private consultants with expertise in livestock nutrition and management.
- **Drought related communication material:** Animal welfare content has been developed and published on the Drought Hub and updated in drought publications.
- **Additional drought related enforcement agency inspectors:** Additional funding has been provided to allow RSPCA NSW and Animal Welfare League NSW to employ additional inspectors to deal specifically with drought related livestock welfare issues.
- **Drought staffing:** Additional Department staff have been employed to deal specifically with drought related welfare issues.
- **Training and support:** Provision of training to address specific WHS issues (mental health and resilience training) for drought related staff from LLS, DPI, enforcement agencies and NSW Farmers Association members involved in the Stock Welfare Panel process.

Native fish drought response

DPI has developed and is implementing a NSW Native Fish Drought Response Framework to respond to significant concerns regarding the potential for further large-scale fish kills within the Murray-Darling Basin during the Spring/Summer of 2019-20 due to the persistence of drought conditions across much of NSW.

Conditions that preceded the Menindee/Lower Darling fish deaths in 2018-19 are likely to be experienced throughout large parts of the Basin due to record low river flows and forecast above average temperatures. Significant concerns are held for native fish and threatened fish species populations in the Lower Darling, Namoi, Macquarie and Lachlan catchments in the early part of the Summer as well as the Barwon-Darling, Border Rivers and Gwydir should current conditions persist.

In recognition of the increased risk, DPI has initiated the following actions:

- **Planning and preparedness:** Valley-based technical advisory groups are harnessing the best available science and local knowledge from government agencies and community stakeholders (such as Aboriginal organisations, recreational fishers and local councils) to advise on the management of threats to local fish populations, and implement agreed actions.
- **Artificial aeration and oxygenation:** Artificial aeration techniques will be used to prevent the stratification of priority refuge pools. Stratification creates the precursor conditions for fish kills. Direct oxygenation technologies will also be used at some sites to increase the dissolved oxygen availability within priority refuge pools to support native fish survival.
- **Management of environmental water resources:** Management of environmental water releases within valleys such as the Murray and Murrumbidgee (where some water is likely to still be available for use) can be used to enhance water quality and protect native fish populations
- **Fish rescue and relocation:** Rescue and relocation of some native fish and threatened species populations to ensure adequate genetic representation of populations for future recovery and the protection of known populations of threatened fish species.
- **Fish kill clean up strategies:** Fish kill clean-up operations are likely to be required, particularly within and adjacent to regional towns, as was evidenced at Menindee last summer. DPI has identified a list of preferred suppliers across the Basin via a procurement processes to ensure rapid response to fish kill clean-ups as needed by relevant authorities.

Support for land and water management

Widespread drought conditions have led to an elevated risk of bushfires across NSW. That is why the NSW Government manages bushfire risk in NSW's national parks and minimise impacts on park neighbours. The NSW Government committed more than \$76 million from 2011–2017 for the Enhanced Bushfire Management Program, including employing an additional 94 firefighters. We have extended the program, committing a further \$92 million over five years to June 2022. Since the start of the program, NPWS has undertaken 75 per cent of the total hazard reduction burning effort recorded in NSW, despite managing only nine per cent of the land area of the State.

In periods of drought, pest animals are often attracted to high value conservation land such as national parks and this can threaten the conservation of biodiversity. To that end, the NPWS spent \$35 million on pest and weed management in 2018–19.

An additional \$4.1 million was allocated to priority drought-related projects following the in 2018-19. These projects included:

- A partnership project with Murray Irrigation to upgrade regulators on Tuppal Creek to enhance environmental water delivery as part of the Tuppal Creek restoration project

- Protecting the Monaro from high risk weed invasion
- Aerial baiting of wild dogs in the far west and south-east of NSW
- Aerial shooting targeting feral pigs in western NSW
- Enhanced wild dog control and biocontrol of Hudsons Pear
- A trial of fish screens for irrigation pumps

The NSW Government recognises the impact of kangaroos in drought-stricken areas. To help landholders better manage kangaroos on their property, in August 2018 the NSW Government streamlined the non-commercial licensing system and set maximum sustainable limits on the number of kangaroos that could be culled based on property size and species. In January 2019, the maximum property allocation limits were reduced by around 50 per cent, based on updated population survey data. The NSW Government continues to monitor kangaroo numbers to ensure we support farmers while balancing environmental outcomes.

Recovery from drought

The NSW Government is committed to helping communities, businesses and farmers recover quickly from the drought.

Drought recovery will generally begin once seasonal conditions begin to move into recovery. DPI tracks phases of drought onset and production recovery through a Combined Drought Indicator (CDI) which combines meteorological, hydrological and agronomic definitions of drought. Broader production and economic recovery is more complex and depends on a range of factors.

Meteorological, hydrological and agronomic drought

The CDI combines meteorological, hydrological and agronomic definitions of drought using the following indices:

- Rainfall Index (RI)
- Soil Water Index (SWI)
- Plant Growth Index (PGI)

These three indices are based on percentile thresholds calculated from historic rainfall, soil moisture and plant growth information. Along with a drought direction index (a rainfall trend), thresholds of these indices are used to define five phases of drought. The phases are as follows:

- Non-drought: At-least one indicator is above the 50th percentile.
- Recovering: All indicators are below the 50th percentile but above the 30th percentile
- Drought Affected: At least one indicator is below the 30th percentile (weakening or intensifying based on a rainfall trend)
- Drought: At least one indicator is below the 5th percentile.
- Intense Drought: All three indicators are below the 5th percentile

In accordance with these categories, DPI currently assess drought recovery as a situation where all indicators of rainfall, soil water and plant growth are below the 50th percentile but above the 30th percentile. Non-drought on the other hand is a situation where at least one of the indicators is above the 50th percentile. These provide an initial guide on recovery from drought and it is important to reference other metrics like farm business performance and market signals. All data is currently “ground-truthed” using input from farmers and land managers via Farm Tracker (<https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/cdi/edis-self-reporting>).

Water security

Under the NSW Extreme Events Policy, major river valleys are rated according to their drought stage - emerging (stage 2), severe (stage 3) and critical (stage 4). As conditions improve, a conservative, risk-based approach will be taken when making decisions to conclude measures that were implemented during stages 2 to 4. This is to ensure that de-escalation does not exacerbate conditions, causing the decision to be reversed.

Consultation with key stakeholders is expected to occur prior to any decision being made. Providing certainty to the water market is a key consideration.

The water market allowing the trade of licences and annual allocations is an important tool for licence holders to manage their water and business decisions, particularly during drought periods.

Agricultural economic and production recovery

While the climatic impact of drought can be measured at a point in time, the economic/production recovery of drought is staggered and contingent on the industry sector.

The cropping sector will generally return to normal economic/production levels faster as soil moisture profile and rainfall return to normal. As a general guide wheat production of 7 million tonnes and barley of 2 million tonnes is a “normal” production year in NSW. By comparison, wheat production in NSW for 2018-19 was 1.8 million tonnes and 630,000 tonnes for barley (ABARES).

Livestock economic/production recovery will however take additional time to recover as the herd and flock rebuilding phase can take several years. “Full recovery” or a return to normal would be considered when herd and flock levels return to pre-drought level (5 million cattle and 25 million for sheep) and when production returns to pre-drought figures (cattle slaughter 450,000 tonnes, sheep slaughter 150,000 tonnes and wool 110,000 tonnes).

Horticulture will be impacted by the timing of when the drought breaks and the timing of rainfall events which may impact yield at harvest either negatively or positively.

Another important consideration will be how quickly primary producers are able to rebuild farm equity. The rate of recovery will be dependent on a range of factors, including type of business, drought management strategies, location and size of enterprise. Indicators such as the net increase in Farm Management Deposits and ABARES Farm Survey data will be used to track this.

NSW Government policy in recovery and “return to normal”

It is the NSW Government’s ambition to assist industry at this stage with the resources they need to take stock of lessons and build resilience before the next drought event. Government measures adopted during recovery are a mix of both preparedness and in drought measures, which address the particular needs of industry dependent on the timing of when drought breaks and other market and industry factors at this time. Recovery measures will assist producers and communities transition away from immediate assistance and back into preparedness measures.

Preparedness for future events

Water security

The NSW Government is committed to progressing projects to improve water security for our regional towns and industries. Water security is the highest priority under the \$4.2 billion Snowy Hydro Legacy Fund, which will invest in dams, pipelines and weirs. \$6 million has already been committed to fast-track business cases for major projects in the Greater Hunter, Macquarie and Lachlan regions.

The NSW and Commonwealth Governments are co-investing over \$1 billion for major dam projects. This includes \$650 million to raise Wyangala Dam in the Lachlan valley and \$480 million for a new Dungowan Dam near Tamworth. NSW is also investing an initial \$24 million with the Commonwealth Government for preconstruction activities on the proposed new 100,000 ML dam on the Mole River.

The focus is on long term strategies as well. The Snowy Hydro Legacy Fund is helping to fast-track the development of 20-year Regional Water Strategies to determine the best long-term, tailored and enduring water security solutions for 12 regions across NSW by 2020. The strategies will provide best available information about water security risks in each region and identify solutions to improve the resilience of water resources including investment in infrastructure, changes to how we manage and operate river systems and changes to our regulatory and policy frameworks.

At a local level, the Safe and Secure Water Program is co-funding local councils to aid in the completion of Integrated Water Cycle Management planning and to address high priority risks. A key element of this strategic planning is a water security analysis - assessing a water utilities water supply needs now and into the future, factoring the impacts of population and climate change.

This local level strategic planning is an important mechanism that encourages regional NSW's water utilities to consider a wide range of water service options to find solutions that are cost-effective for all water users and that take into account environmental concerns.

The Department of Planning, Industry and Environment is currently working to produce the Greater Sydney Water Strategy (GSWS) to supersede the Sydney Metropolitan Water Plan. The GSWS will clearly articulate the Government's long-term objectives for Sydney's water supply and waste water services. This will include the NSW Government's objectives for water quality, security, sustainability and environmental outcomes, among others.

Small business and communities

The NSW Government is investing in regional NSW so that it is an even better place to live and work. By creating jobs, diversifying regional industries and improving amenity, the NSW Government is ensuring that regional communities will be able to weather future droughts.

The Regional Growth Fund invests in projects that facilitate regional development through six funds. Amenity and local infrastructure are being provided by the Stronger Country Communities Fund, the Regional Sports Infrastructure Fund, the Regional Cultural Fund and the Regional Communities Development Fund. The Regional Growth – Environment and Tourism Fund, Connecting Country Communities and Growing Local Economies are boosting the growth and potential of regional NSW economies. The Resources and Regions and the Regional Drought Stimulus Package are boosting resilience and assisting regions where mining activities place extra demand on infrastructure and ensuring local economies are sustained during the current crippling drought.

The NSW Government is also turning regional locations into thriving business hubs through its Special Activation Precincts (SAPs) initiative. SAPs will create jobs, attract businesses and investors and fuel economic development in regional NSW to ensure regions are well placed to grow and meet future economic needs. SAPs are unique to regional NSW, and bring together planning and investment to focus on growing jobs and economic activity in an area. Precincts will support industries in line with the competitive advantages and economic strengths of each area.

These initiatives will give regional NSW the economic diversity and resilience to weather the flow-on effects of future droughts.

On-farm preparedness

The NSW Government will continue to promote preparedness for future drought events through the extension of the Farm Innovation Fund funding from \$250 million in 2015 to the \$1 billion fund it is today. In addition, the Farm Innovation Fund now offers loans of up to \$1 million (up from \$250,000) at 2.5 per cent for a term of 20 years. The Government will also continue to provide the Rural Resilience Program and support the Rural Financial Counsellor service.

The NSW Government will focus on specific Research & Development (R&D) targeted at better genetics to help mitigate the impact of drought on crops and livestock. DPI will also continue work on driving productivity and profitability through R&D, which allows farmers to build up equity which can then be used to better manage the impact of droughts.

DPI will also build on the current versions of the Enhanced Drought Information System in addition to other programs under the NSW Climate Change Research Strategy.

The NSW Government has also committed to working with industry to look at risk mitigation as a whole, with \$2 million committed to work with industry to better understand farm risk mitigation measures and the role of Governments in this.

Conclusion

The NSW Government's response to the drought is ongoing and agile. To date, the NSW Government has invested almost \$2 billion in drought support for regional communities and primary producers. To ensure that support is provided where it is needed most, the NSW Government is continually monitoring the drought's impacts and the effectiveness of its support.

With a forecast of warmer and drier than usual conditions over the summer, the NSW Government is committed to delivering on its three priorities:

- Critical water security
- Support for small business and local communities
- On-farm support.

The NSW Government welcomes the Legislative Assembly Committee on Investment and Regional Development Inquiry into Support for drought affected Communities in NSW as another opportunity to ensure that support for drought affected communities is appropriate and effective.