

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

Organisation: Singleton Council

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Our Ref: 19/78423

29 November 2019

The Chair
Committee on Investment, Industry and Regional Development
Parliament House
Macquarie Street
SYDNEY NSW 2000
AUSTRALIA

Dear Committee,

RE: SUPPORT FOR DROUGHT AFFECTED COMMUNITIES IN NSW

It is with pleasure that I write on behalf of our organisation to make a submission to this very important inquiry.

Singleton Council would like to address the following topics from the committee's terms of reference:

- Direct and indirect impacts of drought on businesses and industries;
- Assessment of current Government programs;
- Social impacts from drought in regional NSW; and
- Preparedness for future drought events.

SINGLETON LOCAL GOVERNMENT AREA OVERVIEW

Singleton is the centre of the Hunter Valley, located 200kms North-West of Sydney and 80kms from Newcastle on the New England Highway. Singleton has a population of just over 23,000 people, with an average growth rate of 1.5%. Singleton's local government area (LGA) services 4,893km², and is a mix of national parks, state forests, rural charm, vineyards, horse studs, mining, heavy manufacturing and country living.

The Singleton LGA is home to the World Heritage-listed Wollemi, Yengo and Mount Royal national parks, is a gateway to scenic vineyards and bushland beauty. An incredible 40 per cent of the Singleton area is national park, where accessible bush tracks take walkers to gorgeous vistas and picnickers stop to enjoy the wildlife.

Singleton has a powerful industry base, significant agricultural lands, skilled labour force, is located on major transport routes and is home to the 1,500ha Lone Pine Army Barracks and the Singleton Army Training Area. Singleton is an attractive business and commercial destination, with major industries including mining, heavy manufacturing, construction, Defence, public administration, agricultural production and viticulture.

As the gateway between the Upper and Lower Hunter, the newly opened Hunter Expressway has made Singleton even more accessible to the Port and coastal attractions of Newcastle, as well as an easy 2.5 hours' drive to Sydney. Rail and air transport links allow convenient access to major cities on the eastern seaboard and beyond.

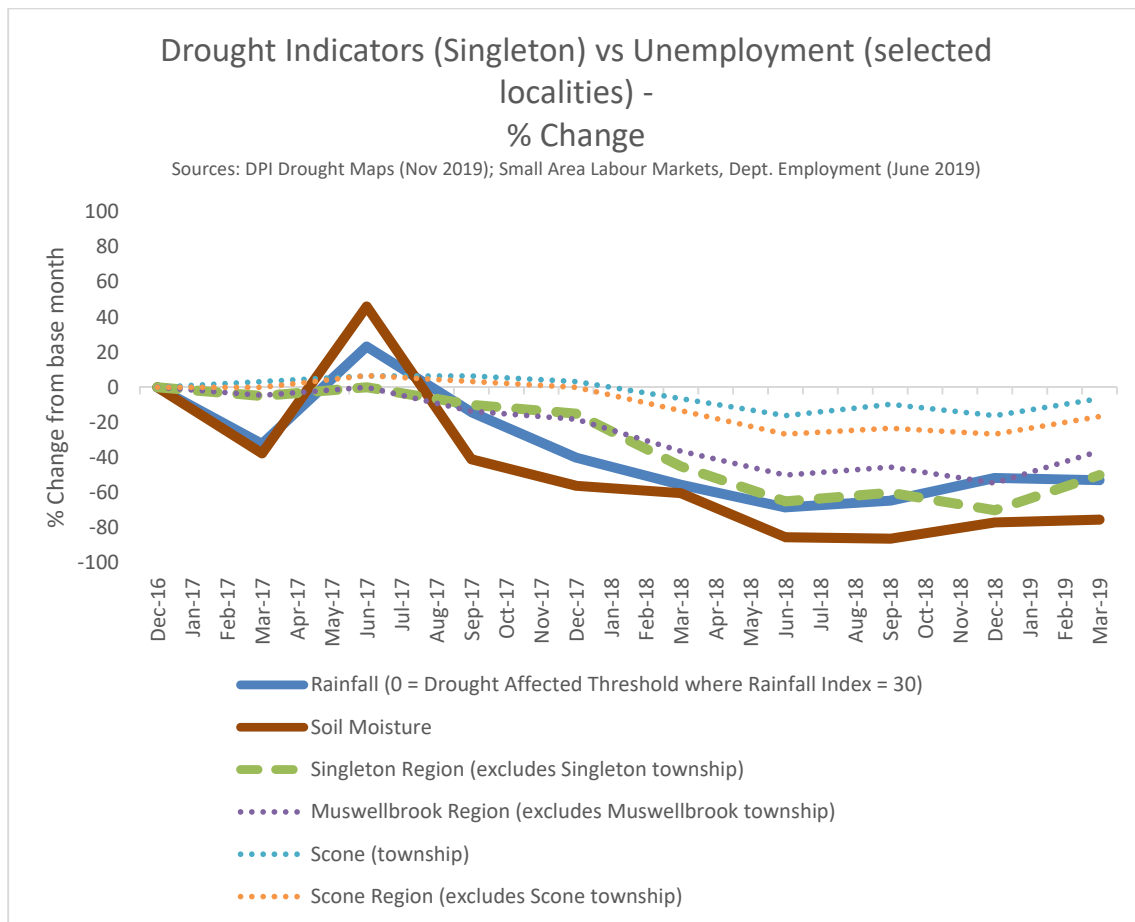
DIRECT AND INDIRECT IMPACTS OF DROUGHT ON BUSINESSES AND INDUSTRIES

The Singleton LGA is a rural community covering an area of 489,335 hectares. 43% of this area is covered by National Parks, State Forests and Biodiversity Offsets, 56% covered by farming and mining land and less than 1% is residential and industrial land.

The Hunter Regional Plan 2036, Hunter Regional Economic Development Strategy 2018 – 2022 and Singleton Community Strategic Plan 2027 all have economic strategies that link the long-term prosperity of the Singleton LGA to water dependant industries such as agriculture, wine tourism, adventure tourism, thermal power generation and mining operations (washing, wetting and remediation). If we look further ahead into Singleton's future, industry diversification is required to compensate for the expected change in thermal electricity generation and mining output.

Currently plans for industry diversification are based around industries that are reliant on water availability to derive an economic outcome. Therefore, a continued and prolonged drought could affect Singleton's ability to maintain its high levels of regional output, low unemployment and high average wage rates, resulting in an increase in social issues such as housing stress, homelessness, mental health issues, unemployment and underemployment.

The table below compares drought indicators to the unemployment rate for the Upper Hunter via a percentage change analysis from the base month of December 2016. The relationship between drought indicators (rainfall and soil moisture) and unemployment is strongest for Singleton (excluding township) and Muswellbrook (excluding township).



This data shows a clear correlation between drought indicators and increased unemployment, and that the relationship is strongest in the case of the rural areas of the Singleton and Muswellbrook LGAs. With a Singleton regional labour force of 2,919 people and an unemployment rate of 2% in December 2016 raising to 3% in March 2019, we can show that 30 jobs have been lost to drought related issues.

Singleton water dependant industries contribute the following to the local economy (REMPLAN 2018 Release 2):

- Tourism – Output of \$138.929 million, wages & salaries paid by businesses and organisations to workers contributes \$36.209 million and this industry supports 716 jobs.
- Agriculture - Output of \$161.193 million, wages & salaries paid by businesses and organisations to workers contributes \$12.916 million and this industry supports 455 jobs.
- Electricity & Water Services - Output of \$141.256 million, wages & salaries paid by businesses and organisations to workers contributes \$15.822 million and this industry supports 121 jobs.

Singleton Council is starting to consider the impacts of a lasting drought and what that means for the regions long term future. Many of the NSW Government Strategies and Plans focus on actions that are directly linked to water availability to boost regional economies. The following water dependant goals, directions and actions have been taken from the Hunter Regional Plan 2036, the Hunter Regional Economic Development Strategy 2018 – 2022 and the Singleton Council Socio-Economic Development Strategy 2019 – 2024.

Hunter Regional Plan 2036:

- Direction 5 – Transform the productivity of the Upper Hunter
- Direction 9 – Grow tourism in the region
- Direction 10 – Protect and enhance agricultural productivity
- Direction 11 – Manage the ongoing use of natural resources
- Direction 14 – Protect and connect natural areas
- Direction 24 – Protect the economic functions of employment land

Hunter Regional Economic Development Strategy 2018 – 2022:

- Manage transitions and risks to the Coal Mining and Electricity Generation sectors and diversify the Region's economy to build resilience
- Optimise mine site rehabilitation and uses of rehabilitated and buffer lands
- Develop tourism assets and supporting infrastructure
- Develop and enhance the region's events to build the Region's capacity and reputation as an event destination
- Improve access to National Parks and State Forests

Singleton Community Strategic Plan 2017 – 2021:

- Collaborate to enhance, protect and improve our environment
- Attract new investment to increase the diversity and resilience of the Singleton economy
- Inform and inspire our community to be prepared and embrace jobs of the future
- Support the capacity of Singleton businesses to be flexible, adaptable and prepared for change

If Singleton and the Hunter continue to receive below average rainfall then we may fail to achieve the expected growth from water dependant industries such as agriculture, horticulture, farm tourism, adventure tourism and thermal power generation. This will result in higher

unemployment, reduced tax revenue and increased social issues that all levels of government will be required to address.

Singleton Council recommends that the NSW Government research products or services that can be produced in rural communities with limited water availability. If a low water industry or product cannot be identified, then large landholdings within our region will become unproductive or underutilised.

Singleton Council would be willing to participate in such a research project by providing access to rural land, provide office space and provide a point of contact for additional support requested.

ASSESSMENT OF CURRENT GOVERNMENT PROGRAMS

Available drought assistance in NSW consists of the following programs as per the Department of Primary Industries website <https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub/drought-assistance>.

Although Singleton Council does not profess to be an expert in designing drought programs we would like to make the following comments for consideration.

Loans – Drought Assistance Fund: NSW Government provides interest free loans to primary producers to implement systems and management practices that enhance the sustainability of their primary production enterprise. Up to \$50,000.

Singleton Council feedback regarding this fund:

- Eligibility is onerous to the applicant.
- Applicants are reluctant to take out a loan to build infrastructure that may not result in a cost benefit within 5 years, which could place the applicant under more financial stress.
- The new entrant requirement of operating a farm business for between 12 months to three years excludes established farmers.
- The security requirements are risky to landowners "Funds will not be released until all security requirements have been satisfied and caveat registered over security property".

Loans – Farm Innovation Fund: NSW Government loan scheme for capital works up to a value of \$1 million per project for infrastructure works (eg sheds, silos, water storage) to prepare for dry conditions, to build resilience and improve on-farm efficiency.

Singleton Council feedback regarding this fund:

- 2.5% loan interest that is subject to change adds financial pressure to an already struggling business.
- The works must be completed within 12 months from date of loan approval. This timeline is too short to complete a project of this size to the correct standard.
- The new entrant requirement of operating a farm business for between 12 months to three years excludes established farms.
- This fund excludes the applicant from using their own machinery and labour. We recommend that this is reconsidered as using underutilised labour and machinery is a fundamental economic principle to boost output.

Loans – Regional Investment Corporation Low Interest Loans: The Australian Government is offering low interest loans to help farmers prepare for, manage through and recover from drought. Up to \$2 million.

Singleton Council feedback regarding this fund:

- 3.58% variable interest loan. Applicants are reluctant to take out a loan to build infrastructure that may not result in a cost benefit within 10 years, which could place them under more financial stress.
- They must be financially viable in the long term. How do farmers easily prove this in a drought?
- At least 50% of the debt must be with a commercial lender. This then requires twice as much paperwork to gain approval for both loans.

Subsidies – Farm Business Skills Professional Development Program: The NSW Government will subsidise up to 50% of eligible costs for an approved course or activity, with a maximum reimbursement of \$5,000 per farmer and \$9,000 per farm business.

Singleton Council feedback regarding this fund:

- This program provides education to the right people in the right areas that will grow capacity and strengthen the industry.
- This program should continue beyond 30 June 2020.
- Council requests that the maximum subsidised amount be increased from 50% to 80% to reduce the financial burden to the applicant.

Subsidies – Skills training for drought affected farmers and businesses: The NSW Government is subsidising skills training for farmers and regional businesses impacted by the drought and looking to transition into new or updated career opportunities.

Singleton Council feedback regarding this fund:

- This is a fully funded program that provides a pathway to employment in new industries. This program will provide opportunities for drought affected farmers to receive income from non-farm sources that will assist them to get through the drought.
- This program should continue indefinitely.

Proposed Fund - Grant – Low Value Farm Infrastructure Fund: Singleton Council requests that the NSW Government create a fund that provides low value grants up to \$15,000, with a co-contribution of 25% for infrastructure projects that enhance the sustainability of primary production enterprises.

Eligible projects could include:

- Farm automation
- Water infrastructure
- Weed control
- Tree planting
- Wild life corridors enhancement
- Erosion control

By providing grants to eligible farmers, jobs will be created within drought affected communities and funds injected into the local economy. This grant fund will provide meaningful work and job opportunities for drought affected communities, provide benefits in mental health, build capacity to grow when conditions allow and will not add to financial stress. For fair funding distribution an allocation for each Regional NSW local government area should be made based on drought severity, rural land area and agricultural output.

SOCIAL IMPACTS FROM DROUGHT IN REGIONAL NSW

The social impact of drought in Singleton and the Upper Hunter are often hidden. Many struggling farmers and drought affected businesses are resilient and have absorbed much of the shock of the drought. However, there is an increasing presentation of families for emergency relief. Leading into Christmas, the demand for food hampers will increase as families face struggles of providing a Christmas meal and gifts. The local neighbourhood centre is experiencing an increase in demand for financial counselling, homelessness support, emergency relief and general support demands.

The cases of mental health amongst drought affected families, business owners is increasing. Rural Aid counsellors report that farmers and people on the land facing the drought have little money for anything besides keeping the farms and families going. Many have no surplus funds for a social life and many have no interaction with anyone outside their immediate families. This brings with it the risk of isolation and as a result children having no support from their peers.

Local businesses are also suffering as a result of the drought. With sales down and an inability to offer unlimited credit to farmers, farming related suppliers are laying off staff. More and more people are seeking assistance from the Singleton Neighbourhood Centre for basic essentials so that they can maintain their homes.

PREPAREDNESS FOR FUTURE DROUGHT EVENTS

Singleton Council is placing a high priority on water security and drought preparedness through our actions to progress three major water projects. These water projects are:

- Bulga and Milbrodale Water Supply Scheme;
- Glennies Creek Dam to Lostock Dam Water Pipe; and
- Singleton Water and Hunter Water Connection Project.

With the support of the NSW Government and Federal Government, Singleton Council has an objective to complete water projects that provide water security for all 23,595 residents and to provide industry enabling water supplies capable of supporting Singleton's \$8+ billion regional output.

Singleton Council looks forward to working with all levels of government to make these projects a reality and in doing so help move one step closer to securing the future of Singleton and the Hunter.

Bulga and Milbrodale Water Supply Scheme Project Summary

The rural communities of Bulga and Milbrodale have been identified by Singleton Council as a key village for which additional water services are required to support its development and wellbeing.

The Bulga and Milbrodale Water Supply Scheme will provide a safe and reliable water connection to 180 properties, including Milbrodale Public School, across the communities of Bulga and Milbrodale. This project will service regionally significant vineyards and wine tourism businesses from the Broke Fordwich Wine Region which has an estimated output of \$14 million per annum.

Preliminary investigations have been completed for the project, including concept design of the system and detailed design of the reticulation mains at Bulga and the transfer main from Broke to Bulga.

The current project estimate is \$12 million. The cost will be further refined through the detailed design and construction tender process. Council will make a significant co-contribution to the project, however grant funding is required to ensure this project can be successfully

completed. Project funding will be used for the construction of the transfer and reticulation water mains as well as a new reservoir, pump station, chlorinator and water filling station. Following the completion of the detailed design, the project will be put on hold, until funding can be secured.

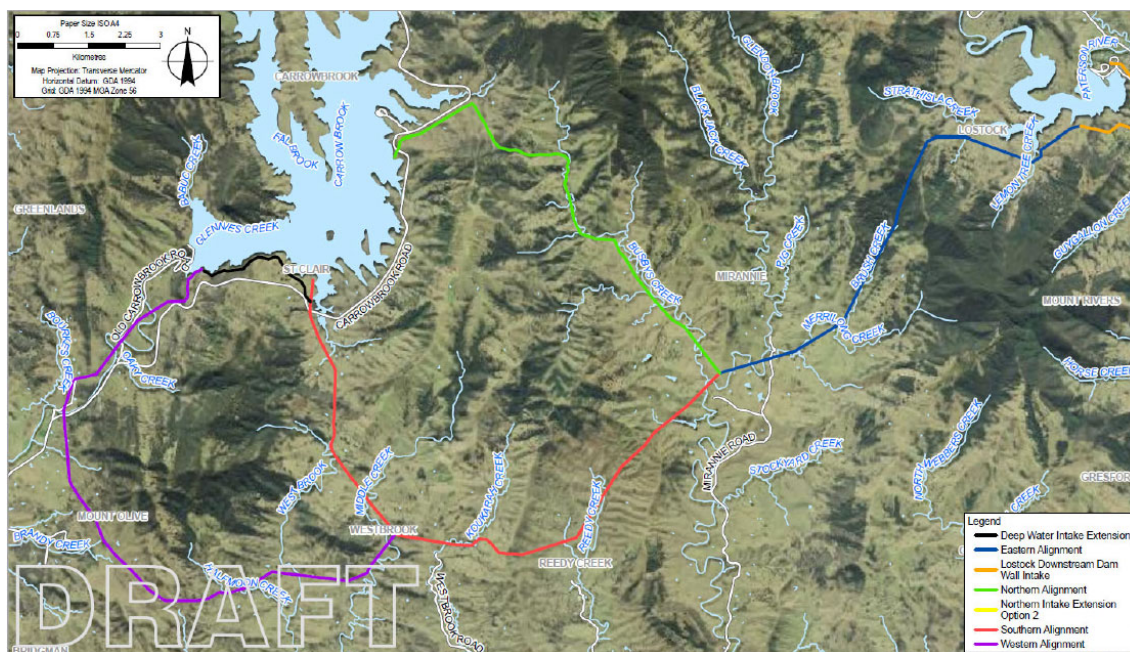
See the attached Bulga and Milbrodale Water Supply Scheme information sheet for further details.

Glennies Creek Dam to Lostock Dam Water Pipe

WaterNSW and the Department of Planning Industry & Environment (DPIE) are currently developing a business case to connect Glennies Creek Dam to Lostock Dam for the transfer 15,000 ML/yr of raw water via a pipeline.

Hydraulic modelling shows that the water overflowing from Lostock Dam could be in part transferred through a pipe to Glennies Creek Dam which has the capacity to store the water until a time that it is needed. If the proposed pipeline was in use from 2003 to 2011, the pipeline would have provided an annual 50% more yield in the storage volume of Glennies Creek Dam.

Singleton Council is supportive of this project and is working with WaterNSW and DPIE to progress this project.



Singleton Council Water and Hunter Water Corporation 2-Way Water Connection Project

Singleton Council has been working with WaterNSW, DPIE and Hunter Water Corporation to develop a business case to connect Singleton Council Water to Hunter Water Corporation via a potable 2-way water pipeline from Lochinvar to Rixs Creek Reservoir with a 4,000 ML/year transfer capacity.

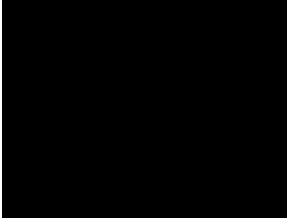
The Greater Hunter Regional Water Strategy (GHRWS) 2018 identifies prolonged periods of reduced water availability as a key risk to the industries of the Upper Hunter. This risk represents a significant economic and energy security risk to the NSW economy, as well as being a disincentive for the future diversification of industries in the future.

A key recommendation of the GHRWS is the development of a preliminary strategic business case for a potable water pipeline to connect the Hunter Water and the Singleton Council potable networks.

The motivation for the project is to free up the Singleton local water utility access entitlement, which is supplied from Glennies Creek Dam, to be used to address water supply risks for other water users in the Upper Hunter.

Singleton Council appreciates the opportunity to make a submission into the 'support for drought affected communities in NSW' as our community is directly affected by the actions government may take. If you require further information relating to any of the issues and actions suggested above, please contact me and I will prioritise a response.

Yours faithfully



Jason Linnane
General Manager

BULGA AND MILBRODALE WATER SUPPLY SCHEME

Providing safe and reliable
water connection to the
communities of
Bulga and Milbrodale



SINGLETON
COUNCIL



BULGA AND MILBRODALE WATER SUPPLY SCHEME

The Bulga Water Supply project will provide safe and reliable water connection to 180 properties, including Milbrodale Public School, across the communities of Bulga and Milbrodale. This project will service regionally significant vineyards and wine tourism businesses from the Broke Fordwich Wine Region with an estimated output of \$14 million per annum.

BACKGROUND

Bulga is a rural village approximately 20km south west of Singleton NSW. It is home to approximately 350 residents with the area surrounded by farming, tourism and mining. Milbrodale is a small rural village approximately 28km south of Singleton NSW which houses a school servicing the Bulga, Milbrodale and Howe Valley areas.

Bulga and Milbrodale do not have reticulated water with residents and business relying solely on rain water and carted water for potable uses. As such, Council has identified Bulga and Milbrodale for which reticulated potable water should be provided in order to ensure water security and guaranteed quality of water supply.

In February 2017, Council was successful in receiving \$1.4 million (50% funding contribution) from Restart NSW for the project. At the time of approval of the grant, the project cost was estimated at \$2.8 million. However, during the early project planning phase, a number of issues were identified which required that significant changes be made to the project scope with major cost implications for the project. Further investigations have altered the project from a package water treatment plant to connecting Bulga via Milbrodale to Council's existing water supply network in Broke. This provides a lower operational cost, reduced the environmental risks and provides additional economic benefit to the residents of Milbrodale but has an increased capital investment.

Council has used the Restart NSW grant funding to undertake project planning and design activities. However, is seeking additional funding to enable to construction of the water supply to Bulga and Milbrodale.

CURRENT STATUS

Preliminary investigations have been completed for the project, including concept design of the system and detailed design of the reticulation mains with Bulga.

Detailed design of the transfer main from Broke to Bulga, the final component prior to construction, is currently underway and is expected to be completed in July 2019.

COST

The current project estimate is \$12 million. The cost will be further refined following detailed design of the transfer main from Broke to Bulga.

Council will make a significant co-contribution to the project, however grant funding is required to ensure this project can be successfully completed. Project funding will be used for the construction of the transfer and reticulation water mains as well as a new reservoir, pump station, chlorinator and water filling station. Following the completion of the detailed design, the project will be put on hold, until funding can be secured.

TIMING

The construction program is expected to take 26 months from commencement to installation of water meters at properties.

The detailed design of the transfer main from Broke to Bulga is due for completion in July 2019.

SCOPE

The project will provide direct access to connection for approximately 180 properties between Bulga and Milbrodale, including 20 commercial and tourism properties in Milbrodale.

The project scope includes provision of reticulated water mains within Bulga served by a transfer water main connecting to the existing water supply network at Broke. The transfer water mains are to be located along Milbrodale Road then onto Putty Road to Broke. The proposed transfer main has the potential to serve a number of commercial properties within Milbrodale which is a significant tourism hub for Singleton.

The project will also include provision of a water carter filling station which may be accessed by commercial operators to supply water to properties outside the water supply area.

BENEFITS

The project benefits include:

- Ensuring better health outcomes for the community by reducing reliance on rainwater
- Providing water security to residents especially during drought periods
- Supporting the Broke Fordwich Wine Region with an estimated output of \$14 million per year
- Providing economic benefit to the region, including hoteliers and vignerons, in the Milbrodale region; access to reliable potable water is estimated to provide an economic benefit to these businesses of \$800,000 p.a. which represents a 6% increase in economic output for these properties
- Increased property values of approximately 10% for those properties with access to reticulated water
- Provide potable water supply to Milbrodale Public School which serves students within Bulga, Milbrodale and Howe Valley
- Supporting the NSW Rural Fire Service in accessing reliable water supply for firefighting in the Putty Road region

RISKS

FUNDING

While the majority of the planning work is now essentially complete at a forecast cost of approximately \$740,000, without additional funding the project cannot be progressed.

UPTAKE OF CONNECTIONS

There is a risk there will be low uptake of the water supply within the residential areas. These communities have never had reticulated water and connecting to the water supply does come with an upfront and ongoing investment on the part of the property owner.

COMMUNITY SUPPORT

Sentiments from sections of the community indicate some reluctance to pay for access to the water supply scheme. However, in principle they have no objection to access to reticulated water supply. Council will continue to engage with the community about the benefits of the project.

COST RECOVERY

Full recovery of project costs from the residents of Bulga and Milbrodale would place unreasonable burden on these communities. Council has implemented uniform pricing for all customers across Singleton. Under this model the cost for the Bulga water supply scheme can be accommodated at full cost recovery without significant cost increase across the customer base.



Broke Fordwich Wine Region





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