

Recommendation Paper

NSW Flood Relief Funding

Review of Natural Disaster Assistance Schemes

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Exceptional heavy rainfall between November 2011 and March 2012 has caused major floods throughout NSW and resulted in the majority of the state to be completely inundated and 63 local government areas to be declared *Natural Disaster* areas¹. To highlight the scale of the recent weather events; more than 13,000 individuals were evacuated, 2,000 properties abandoned and over 2,000 farms isolated from outside access². As Minister Gallacher indicated;

*The rain and the flooding continues and there is hardly an area of NSW that has not been affected at some point.*³

The costs associated with the most recent floods have not yet been estimated and will likely take weeks to months to be fully determined. The damages to both private and public infrastructure as well as a large scale losses to production are however clearly evident.

While the declaration of the *Natural Disaster* areas has enabled those affected by the floods to apply for a number of supportive financial schemes - *Commonwealth Natural Disaster Relief and Recovery Arrangements* and the *NSW Disaster Assistance Arrangements*⁴ - the funds currently available are highly insufficient to meet the needs of individuals that are affected.

An assessment of the existing flood relief scheme in NSW has highlighted that the state is currently ill-prepared to cope with such large adverse climate events. Additionally, the *NSW Natural Disaster Assistance Scheme* does not align with measures in place in other states.

NSW Irrigators' Council (NSWIC) hopes that the NSW Government urgently reviews the current system and considers an upgrade of its *Natural Disaster Assistance Scheme* to reflect more closely the damages sustained during the recent floods. Only through such an upgrade will sufficient financial support be available to enable those affected by the recent floods to recover.

The table below outlines - in brief - the differences between the *NSW Natural Disaster Assistance Scheme* and similar schemes available in other states. Queensland was chosen as a comparison since NSWIC believes they have comprehensive and suitable natural disaster relief schemes currently in place.

Assistance Programs	Queensland⁵	NSW⁶
Exceptional Disaster Assistance	<ul style="list-style-type: none"> • Up to \$650,000 + Grant \$50,000 • Interest free for 2 years • Terms up to 10 years 	N/A
Natural Disaster Assistance	<ul style="list-style-type: none"> • Up to \$250,000 • Interest rate of 4% • Terms up to 7 years 	<ul style="list-style-type: none"> • Up to \$130,000 • Interest free for 2 years • Terms up to 10 years
Special Disaster Assistance	<ul style="list-style-type: none"> • Up to \$25,000 	<ul style="list-style-type: none"> • Up to \$15,000

¹ <http://emergency.nsw.gov.au/newsarticle.html?newsid=655>

² <http://www.guardian.co.uk/world/2012/mar/06/australia-floods-nsw-evacuate-wagga-wagga> , <http://news.smh.com.au/breaking-news-national/17000-needed-flood-help-in-nsw-20120309-1unqo.html>

³ <http://www.mpes.nsw.gov.au/newsarticle.html?newsid=642>

⁴ <http://www.emergency.nsw.gov.au/news.php/655.html>

⁵ http://www.qraa.qld.gov.au/index.php?option=com_qraa&audience=3&Itemid=89

⁶ <http://www.emergency.nsw.gov.au/content.php/501.html>

The table outlines clearly the current inadequacies in the *NSW Natural Disaster Assistance Scheme*;

- The NSW Government has not addressed exceptional disaster events that fall outside the range applicable to the *Natural Disaster Assistance Scheme*.
- The funding available under the *Natural Disaster Assistance Scheme* and *Special Disaster Assistance* is substantially lower than equivalent schemes available in Queensland.

Whilst these discrepancies exist, it is surprising that the eligibility criteria between both states are vastly similar (if not more strict in NSW). As the table below highlights, individuals affected by natural disasters in both NSW and Queensland are eligible for financial assistance under broadly the same circumstances;

	Queensland	NSW
Exceptional Disaster Assistance	<p><i>"received direct damages caused by flooding in <u>November 2010 - January 2011</u> and be located in one of the (specified) local government areas"</i>⁷</p> <ul style="list-style-type: none"> • In case of extreme damages where the assistance available under the <i>Special Disaster Assistance Scheme</i> and <i>Natural Disaster Assistance Scheme</i> is inadequate to meet the recovery needs. 	N/A
Natural Disaster Assistance	<p><i>"Direct damage from an eligible natural disaster and (the) enterprise must be located in one of the (specified) local government areas"</i>⁸</p>	<ul style="list-style-type: none"> • Hold a particular occupation + gross income • Conduct activity in an area that has been declared a Natural Disaster. • Proof financial hardship • Proof of repayment capability. • Provision of security/collateral.⁹
Special Disaster Assistance	<p><i>"Direct damage caused by flooding in <u>November 2010 to January 2011</u>, (and) be located in one of the (specified) local government areas."</i>¹⁰</p> <ul style="list-style-type: none"> • Be a primary producer • Have been engaged in your primary production enterprise • Intent to re-establish your primary production enterprise • Responsible for meeting the costs you are claiming. 	<ul style="list-style-type: none"> • Flood affected small businesses and primary producer in: • Griffith, Leeton, Lockhart, Murrumbidgee, Narrandera, Urana, Wagga Wagga and young communities for clean-up and recovery grants¹¹.

It is evident that Queensland does not only provide a more generous financial assistance scheme, but its eligibility criteria appear to be less restrictive.

NSWIC recommends that the NSW Government urgently reviews the current *NSW Natural Disaster Assistance Scheme* so that individuals affected by the floods are provided with the adequate financial means to recover from the devastating floods.

⁷ http://www.graa.qld.gov.au/index.php?option=com_graa&view=detail&id=227&Itemid=89

⁸ http://www.graa.qld.gov.au/index.php?option=com_graa&view=detail&id=47&Itemid=89

⁹ http://www.raa.nsw.gov.au/_data/assets/pdf_file/0004/274720/Information-Bulletin-NDRA-Loan-Primary-Producers.pdf

¹⁰ http://www.graa.qld.gov.au/index.php?option=com_graa&view=detail&id=200&Itemid=89

¹¹ <http://www.emergency.nsw.gov.au/newsarticle.html?newsid=652>

The following adjustments are therefore suggested;

- Adoption of an *Exceptional Disaster Assistance* similar to Queensland in order to account for extreme losses sustained during the flood.
- Upgrade of the funding available under current *Natural Disaster Assistance Scheme* to align with Queensland. Up to \$250,000 should be made available to enable individuals to recover from the flood events.
- Increase in the amount available under the *Special Assistance Grant* scheme from \$15,000 to \$25,000 to provide adequate relief.

As many parts of NSW are still under water, it is impossible to estimate the damages to private infrastructure and production in the state, but recent estimates have indicated that the losses could run as high as \$1 billion. NSWIC calls on the NSW Government to address the inadequacies in the *Natural Disaster Assistance Scheme* as quickly as possible to lessen the burden of those who sustained severe losses during the recent floods. As the recovery efforts will take weeks to months, it is for the NSW Government to act quickly to assist the recovery.