





NSW Independent Flood Inquiry

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NSW Farmers' Association
Level 4, 154 Pacific Highway
St Leonards NSW 2065

T: (02) 9478 1000 | F: (02) 8282 4500

W: www.nswfarmers.org.au | E: emailus@nswfarmers.org.au

 @nswfarmers  nswfarmers

For further information about this submission, please contact:
Kathy Rankin, Policy Director – Rural Affairs & Business, Economics & Trade

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About NSW Farmers

NSW Farmers is Australia's largest state farming organisation, representing the interests of its farmer members in the state. We are Australia's only state-based farming organisation that represents farmers across all agricultural commodities. We speak up on issues that matter to farmers, whether it's the environment, biosecurity, water, animal welfare, economics, trade, or rural and regional affairs.

Agriculture is an economic 'engine' industry in New South Wales. Farmers across the state produce more than \$17 billion worth of food and fibre every year, or around 25 per cent of total national production, and contribute significantly to the state's total exports. Agriculture is the heartbeat of regional communities, directly employing almost two per cent of the state's workers and supporting roles in processing, manufacturing, retail, and hospitality across regional and metropolitan areas. The sector hopes to grow this contribution even further by working toward the target of \$30 billion in economic output by 2030.

We have teams working across regional New South Wales and in Sydney to ensure key policies and messages travel from paddock to Parliament. Our regional branch network ensures local voices guide and shape our positions on issues affecting real people in real communities. Our Branch members bring policy ideas to Annual Conference, our Advisory Committees provide specialist, practical advice to decision makers on issues affecting the sector, and our 60-member Executive Council makes the final decision on the policies we advocate on.

As well as advocating for farmers on issues that shape agriculture and regional areas, we provide direct business support and advice to our members. Our workplace relations team has a history of providing tailored, affordable business advice that can save our members thousands of dollars. Meanwhile, we maintain partnerships and alliances with like-minded organisations, universities, government agencies and commercial businesses across Australia. We are also a proud founding member of the National Farmers' Federation.

Overview

The NSW Farmers' Association welcomes the opportunity to provide a submission to the NSW Parliament Select Committee Inquiry into the Response to Major Flooding Across NSW in 2022.

Primary producers know the important influence that climate and environmental conditions have on food and fibre production. As a consequence they prepare and plan for the challenging times as well as the good.

From the onset, it is critical that there is acknowledgement that food and fibre production has been significantly and catastrophically impacted by rain events from March 2021, not only the flooding of 2022.

Twelve months ago major storms swept across the State's north resulting in flooding and infrastructure damage from swift flood waters, extending down the east coast to the Hawkesbury and South Coast. Storm and flood events across Central and Southern NSW in late 2021 resulted in significant hardship for town residents and businesses, and particularly the farming community. Many faced two major storm and flood events in less than 12 months.

Indeed, from late 2017 resilience and productivity of the agriculture sector has been sorely tested. From severe drought, where over 99 percent of the State was drought affected for extended periods, through the most expansive and destructive bush fires over the 2019 - 2020 summer, to the global and ongoing challenge of a global pandemic, many looked forward to a period of stability and rebuilding.

However severe storms and flooding in early 2021 followed by a repeat but more intense event spanning from late 2021 to March 2022 have left many with significant damage that will take years rather than months to identify, restore, and repair.

NSW Farmers highlights this extended impact, as for many primary producers the effect of natural disasters or critical global events is both immediate and delayed.

It is also important that the emergency response provided to producers of food and fibre in each of these events by the Department of Primary Industries and Local Land Services be recognised and acknowledged. This support has been swift, professional, and relevant to the immediate need. It has been critical for the survival for many producers and rural landholders – be they grain growers, dairy farmers, horticulturalists, oyster growers, or beef and sheep producers. However NSW Farmers is concerned that many primary producers may not have been aware of this support.

The scope and severity of the storm and flood events is evident from the activating of the National Emergency Response Arrangements between the Commonwealth and NSW. Information on Natural Disaster Declarations clearly shows the impact.

Between 29 October 2021 and 2 May 2022 there were significant numbers of Local Government Areas where Natural Disaster Declarations triggered access for Primary Producers to concessional loans and animal transport subsidies. Of these, 145 also triggered grants of \$50,000 or \$75,000. For many of these LGAs the response has recognised the severity of these multiple events, with many still recovering from severe storms and floods in March 2021. The challenge for primary producers, as with other residents, is now the transition from emergency response to recovery and rebuilding.

Recommendations

Recommendation 1:

An agreement be negotiated between the NSW and Commonwealth Governments to ensure that the Australian Defence Force (ADF) on the ground support be activated as soon as natural disasters occur to ensure the most timely emergency response.

Recommendation 2:

Priority be given to the establishment of renewable energy micro-cells on farms and on telecommunication infrastructure to aid farmers, rural landholders, and telecommunication providers mitigate the impact of the loss of production and connectivity as a consequence of natural disasters.

Recommendation 3:

Fair Trading NSW establish and broadly communicate a single point of contact for business recovering from flood events to mitigate any unconscionable practice by providers and contractors undertaking emergency repairs following floods and other natural disasters.

Recommendation 4:

Given the increasing frequency and severity of natural disasters a review of the cost of insurance premiums be undertaken, with a particular focus on the Emergency Services Levy component.

Recommendation 5:

The Harvestable Rights limit in coastal draining catchments is increased to 40% productive use in appropriate catchments.

Recommendation 6:

Review the process for multi-agency input for the delaration of Natural Disaster Declarations to ensure the most appropriate data is collected across all community and business impacts and increase transparency.

Recommendation 7:

Additional funding be allocated to the NSW Rural Assistance Authority to deliver improvements to the automation of the grant assessment process.

Recommendation 8:

Consideration be given to a sliding scale of support for smaller or establishing primary producers based on percentage of off-farm income against net primary production income where the landholder:

- *has a right or interest in a farm enterprise, and*
- *contributes a part of his, her or its labour and capital to the enterprise.*

Recommendation 9:

That consideration be given to identifying alternate processes to confirm expenditure for natural disaster rectification work where third party contracting arrangements may not be the most cost effective or timely option available.

Flood Impact on Primary Producers

Impact on primary production:

NSW Farmers acknowledges the initial emergency support provided to the farm sector by the NSW Department of Primary Industries (DPI) and the NSW Local Land Services (LLS). In a challenging and changing environment both agencies sought to provide relevant and timely emergency support for farmers and rural landholders. We also acknowledge the work of the Australian Defence Force (ADF) – which, when activated, provided significant support to these landholders, especially in clearing of debris from fencing facing public roads and land. However, flood affected primary producers have questioned the delay in activating the ADF personnel and resources.

Recommendation 1:

An agreement be negotiated between the NSW and Commonwealth Governments to ensure that the Australian Defence Force (ADF) on the ground support be activated as soon as natural disasters occur to ensure the most timely emergency response.

However, the impact of storms and floods on primary producers across NSW from late 2021 to early 2022 is catastrophic, being both immediate and visible, and at the same time, unknown into the medium and longer term. The immediate impacts are the loss of productive stock (animal and plant based) and severe damage to plant, machinery and built infrastructure, especially fencing.

The longer-term impacts will be on the replacement of lost livestock and harvestable fruit and vegetables to enable immediate cash-flow for business recovery, and the direct impact of the flood event - casual water leading to plant root rot; riparian impacts – silt build up in dams and water courses, weed infestation; inability to prepare land for new planting; and the loss of income from harvesting or livestock sale.

The March 2022 flood event across the Northern Rivers region saw, for the first-time, flooding of farm residences. Due to the need for daily care of livestock and essential monitoring and maintenance by farmers, many had to stay on their properties, relocating to sheds, caravans, or tents on higher ground. These necessities have resulted in both physical and emotional health challenges.

NSW Farmers understands that as of early April there were 1,840 requests for assistance to the DPI/LLS, primarily for fodder, and that the Agricultural and Animal Services Hotline had received 2,654 calls for assistance. NSW Farmers also understands that over 300 primary producers have sought assistance from the Recovery Centres in flood affected areas, and that just under a third of these had flooding to their residences.

It is important to highlight three significant aspects of the flood impact:

Electricity

The loss of electricity caused major challenges for dairy farmers with automated milking systems and the essential cooling infrastructure requirements for milk production and short-term storage. More broadly for livestock, the loss of electricity meant that livestock movements needed physical monitoring as the electric fences were inoperable.

In these situations, most primary producers will have access to diesel generators, but without significant on-farm reserves of diesel, this is a limited option for business continuity. The scale of the

distribution repair requirement following natural disasters results in delays, especially for the reconnection of more geographically isolated farms. Following the Black Summer Bushfires of 2019-20 Essential Energy established small cell solar collectors with battery back-up to farmers at the 'end of the line'.

NSW Farmers believes support for primary producers to establish 'micro-cells' will deliver increased certainty during and following natural disasters.

The high demand for electricians across the flooded region has meant delays in reconnecting once the fences have been cleaned, as reconnection requires certification by a licenced electrician. This loss of connection has also resulted in restrictions for telecommunications access – particularly for internet accessed through fixed lines and complete loss of mobile coverage that has increased isolation and delayed access to emergency support.

Telecommunications

The loss of telecommunications is an outcome of damage to both dedicated infrastructure and loss of electricity. The loss of electricity connection to the network led to battery back-up lasting a total of 3-5 hours. The loss of power to the farms resulted in similar loss of handset power. The added complication is that while there is emergency electricity generation available – it is powered by diesel in the main, and when access is cut off these fuel supplies are unable to be replenished.

Recommendation 2:

Priority be given to the establishment of renewable energy micro-cells on farms and on telecommunication infrastructure to aid farmers, rural landholders, and telecommunication providers mitigate the impact of the loss of production and connectivity as a consequence of natural disasters.

Road Infrastructure damage

Damage to both local and on-farm road infrastructure meant that access for both light and heavy vehicles was impossible – impacting access to essential fodder and production supplies. This particularly impacts the ability to move any primary production, such as milk to processors, wholesalers, or retailers. This loss of road access also meant that essential fodder could not be transported by road, requiring significant air drops to isolated farms.

NSW Farmers is concerned that while there was a financial commitment to Local Government to fund repair, the administrative processes, and the pressure on skilled contractors and road base supplies has meant that either these repairs are still to be undertaken, or that high use roads have been prioritised above farm access infrastructure.

NSW Farmers has received reports from some farmers in the Northern Rivers that road base is being supplied at the 'top end' of market pricing, however the rectification work undertaken has been substandard and there is little support for addressing this poor trade practice.

Recommendation 3:

Fair Trading NSW establish and broadly communicate a single point of contact for business recovering from flood events to mitigate any unconscionable practice by providers and contractors undertaking emergency repairs following floods and other natural disasters.

Impacts by commodity:

It is still difficult to place an exact financial cost of the severe flooding across multiple regions of the State from late 2021 to March 2022. For primary producers there will be ongoing impacts of loss of produce ready to be harvested. For example, a primary producer near Gunnedah at the epicentre of the Nov-Dec floods estimates \$150,000 to repair infrastructure and \$750,000 in crop damage. A cattle and sugar cane enterprise near Lismore estimates \$180,000 in damage to infrastructure, plant and machinery, and livestock loss.

Those who will need to restock cattle lost due to the flooding will need to pay approximately \$7.00 per kilo – replacing livestock originally purchased at \$1.40 per kilo. More difficult to quantify was the loss of breeding stock and bloodlines as a result. This will likely impact future productive capacity of these producers.

As an indicator, 47 NSW Farmers members who shared their estimates of damage following the March-April storm and flood event estimated significant costs across a range of inputs. The average loss is outlined below:

Item destroyed or damaged	Highest Estimate	Lowest Estimate	Average
Livestock	\$180,000	\$2,000	\$29,692
Fencing	\$100,000	\$2,000	\$23,204
Stored Fodder	\$400,000	\$1,500	\$107,928
Fruit and Vegetable Plantings	\$250,000	\$5,000	\$91,660
Pasture	\$90,000	\$3,000	\$22,820
Farm Buildings	\$200,000	\$5,000	\$41,333
Plant and Machinery	\$20,000	\$1,000	\$69,909
Oysters: in-water infrastructure	\$53,500	\$7,000	\$31,750
Oysters: sheds and machinery	\$25,000	\$4,000	\$14,500

Regarding the impact of the recent floods in the Northern Rivers, feedback from affected primary producers is summarised below.

Livestock: Cattle and Dairy

Conservatively, it is estimated that between 8,000 and 10,000 animals were lost due to flooding. There is an increased risk of livestock disease and transfer to other animals due to interaction between animals and these animals with the public. In the short-term the lack of clean drinking water for livestock, the critical need for carcass burial and removal added pressure along with the loss of livestock identification records.

Ongoing animal health and welfare issues were observed, including foot issues and mastitis. Injuries to livestock were also common as stock were required to move through water littered with debris.

The flood waters brought silt and debris onto pasture. This has resulted in loss of hay production and immediate fresh feed. One dairy farmer has estimated that for a herd of 200 dairy cattle, 4 tonnes of fodder will be required per day before the pasture regrowth occurs – conservatively next spring.

Flooding of critical milking plant and loss of access to electricity reduced the daily milking – this increased the risk of mastitis and the high ground moisture levels increased the risk of foot rot.

Permanent Planting:

Macadamia - The current assessment is for 10 per cent crop losses as nuts cannot be harvested from the ground (or were washed away) and there is ongoing concern that the high soil moisture levels will result in loss of trees due to root rot.

It takes 3-4 years before macadamia trees bear fruit. With an existing delay of 2 years for new tree stock these growers will see no income for the next 5-7 years.

Citrus: Growers in Southern NSW experienced significant damage to trees in early 2022. Due to the need to heavily prune orange production will be delayed by up to 2 years.

Vegetables/horticulture: NSW Farmers understands that a minimum of 40 covered cropping businesses have been inundated.

Bees: Loss of hives & bees has led to loss of production and inability to provide pollination services to tree crops.

Sugar Cane: The damage to this sector has affected both growers and millers on the Tweed, Clarence, and Richmond Rivers. The degree of impact varies and is estimated to be approximately 15 per cent of crops in the Tweed area and up to 80 per cent in some areas in the Richmond River area. The actual impact will not be clearly known until the 2023 crop comes to maturity and impacts for the 2024 crop is yet unknown.

Oysters: The immediate impacts have been the damage to equipment from flood debris and loss of stock through gear loss. The recent floods have resulted in almost 100 per cent loss of Pacific Oyster in Hawkesbury, and significant kills in Clyde River & Shoalhaven River. This has come less than 12 months after the major floods and storms of March 2021 in the same areas.

The presence of *prolonged freshwater in coastal estuaries* means that oysters are unable to open and feed. They eventually open, bloat in the fresh water and die. Prolonged freshwater & sub-optimal water quality reduces oyster's resilience, resulting in ongoing mortality. After March 2021 floods, it is estimated the mortality rate was approximately 30 per cent. Blackwater (high levels of decomposing vegetation reducing oxygen levels) events have been recently recorded in the Crookhaven and Macleay Rivers.

The high level of silt in these waters is affecting oyster growth, with many dying due to clogged feeding apparatus, with mud worm infestations also affecting oyster mortality. Due to the flooding the NSW Food Authority closed all NSW estuaries.

Mitigating Natural Disaster Impacts

Insurance

For primary producers, insurance is a significant cost, and the business benefit assessment is based on the critical nature of the item to be insured, as well as the likelihood of damage and the cost to replace.

Following the 2021 North Coast floods NSW Farmers sought feedback from impacted primary producers to understand the insurance coverage, as a proxy indicator for the sector. This feedback was provided by enterprises that undertook cropping, livestock, fixed planting, horticulture, and oyster growers.

Insurance Type	Coverage
Flood Damage	7%
Storm Damage	32%
Farm Building Replacement and Repair	65%
Plant and Machinery Replacement	49%
Fence Replacement	12%
Livestock	2%
No Insurance	21%

Additional insights from this work showed that just over two thirds of the primary producers had flood plans in place. However only 21 per cent indicated they were able to fully implement the plan, 28 per cent were able to partially implement, and 51 per cent had no time to implement the plan.

Following successive years of natural disaster events primary producers are reporting increased premiums due to assessment of higher risk profiles across all aspects of their business. Exacerbating this cost is the application of the NSW Emergency Services Levy on insurance, that over time is disproportionately increasing – and yet considered to provide little benefit to primary producers. The Government’s decision to not progress the proposed Fire and Emergency Levy Act that would decouple this payment from insurance did not progress and by 2019 the ESL component of insurance premiums was calculated to be 15 per cent.

Recommendation 4:

Given the increasing frequency and severity of natural disasters a review of the cost of insurance premiums be undertaken, with a particular focus on the Emergency Services Levy component.

Multi-Peril Insurance

Primary producers operate in a high, and rapidly changing risk-based environment. Despite this, there is no viable multi-peril insurance scheme for the whole of agriculture that would aid the sector manage the impacts of adverse weather events. While there has been some work on this issue, a viable product offering has not been realised. The 2016 NSW IPART Review of Multi-Peril Crop

Insurance found that if a temporary subsidy was introduced it could assist with the development of a commercial market.

NSW Farmers considers that further analysis needs to be undertaken to better inform the opportunities and challenges of a broader multi-peril insurance product to aid primary producers build resilience to both drought and natural disasters.

Flood Plain Harvesting

The intensity of the rainfall on across the northern rivers region in March 2022 resulted in major inputs into the river system. There appeared to be significant communication of the volume of the rainfall, but poor analysis and communication of the impact on the river systems.

NSW Farmers holds significant concerns that there was no communicated analysis of the combined impact of the increased flow of the Richmond and Wilson Rivers when they converged on the total water volume in the system, coupled with the high tides. There is also uncertainty about the impact that the reconstruction of the Pacific Highway may have had on the capacity for water to flow freely. What we do know is that because of major road closures, the supply chain was significantly impacted increasing the pressure on primary producers to replenish supplies and dispatch product.

In 2021, NSW Farmers contributed to the NSW Government's Coastal Harvestable Rights Review and the proposal to increase the allowable harvestable right for landholders in coastal draining catchments. Weather patterns, rainfall, topography, and hydrology varies greatly across the coastal regions.

NSW Farmers has long standing policy seeking a review and increase to the harvestable right along the coastal catchments. This position could be advantageous in aiding flood mitigation by helping to manage the run-off from heavy rainfall into the river system.

Agricultural production in coastal catchments has been limited by growing demand for water availability, limitations on accessing water through trade or other means and the existing 10% harvestable rights limit. Landholders in coastal catchments strongly believe there should be a larger harvestable rights limit in coastal regions which are typically higher rainfall areas than areas west of the dividing range, where the 10% rights measurement originated. An increased harvestable right for landholders in coastal regions will provide improved water security, water resilience during dry periods and droughts, and provide certainty to allow growth and investment in agricultural business.

While the Review was focussed on the value of increased collection, the benefits for primary producers, and the potential down-stream impacts, in light of the severe flooding across the northern rivers, there is potential that increased harvesting could aid in the mitigation of intense rainfall events.

Along with increases to the allowable harvestable right for coastal catchments, additional options to capture and store harvestable right water should be considered. This should include ongoing analysis of topography and hydrology, including investigation of opportunities to build/expand dams on 3rd order streams on an individual case by case basis, for example, the Rocky Creek Dam at Lismore.

Recommendation 5:

The Harvestable Rights limit in coastal draining catchments is increased to 40% productive use in appropriate catchments.

Recovery Grants and Financial Support

NSW Farmers acknowledges the significant commitment of the State and Commonwealth Government financial support activated under the Natural Disaster Relief and Recovery Arrangements (NDRRA).

It is worth noting that prior to the 2019-20 Black Summer bushfires the usual grant support for primary producers was capped at \$15,000 and activated under NDRRA Category C: assistance for severely affected communities, regions or sectors and includes clean-up and recovery grants for small businesses and primary producers and/or the establishment of a Community Recovery Fund.

NSW Farmers understands that the grants for recovery of \$50,000 or \$75,000 for primary producers has been activated under NDRRA Category D: assistance to alleviate distress or damage in circumstances that are considered exceptional.

We also note and welcome assistance, provided for the first time to rural landholders, in the form of a \$25,000 grant.

NSW Farmers also recognises these grants are provided to assist in the costs of repair and will not fully cover the costs to primary producers including loss of income from harvest and livestock sales – which are significant, and which have a significant impact on cash-flow.

The role of the Rural Assistance Authority has been critical in the administration of these grants to primary producers and rural landholders due to its knowledge of the sector and previous interactions with farmers through administration of drought, bushfire and previous flood grants.

However there is still room for improvement in determining eligibility and streamlining processes.

Determination of LGA Natural Disaster Declarations

NSW Farmers raises concerns regarding the process for determination of Natural Disaster Declarations and the assessment of severity of impact.

As we understand it there are multiple inputs that are consolidated, primarily transport for NSW, State Emergency Service, Local Government, as well as key agriculture input from the Department of Primary Industries and Local Land Services as a consequence primary producer survey responses and on the ground feedback through emergency response activity.

However, from a primary producer perspective there appears to be a lack of clarity about what data is collected, how it is sourced and validated, and what weighting the sector feedback has in determining each LGA Declaration.

Recommendation 6:

Review the process for multi-agency input for the declaration of Natural Disaster Declarations to ensure the most appropriate data is collected across all community and business impacts and increase transparency.

Approval Delays

The NSW Rural Assistance Authority is the most appropriate agency for administering these grants as they hold much of the information required for application due to historic engagement with primary producers accessing financial support from Drought, Bush Fire and prior flooding events.

NSW Farmers appreciates that there will be a large volume of grant applications generated due to the state-wide nature of the 2021-22 flooding events. However, we are concerned that applications submitted in March have not been progressed for the initial \$15,000 to be released to the applicant – neither has progress of the application status been communicated.

Recommendation 7:

Additional funding be allocated to the NSW Rural Assistance Authority for improvements to the automation of the grant assessment process to deliver timely assessment outcomes.

Eligibility Criteria

NSW Farmers understands that for a primary producer to be eligible for grants their income from primary production must be 50% of total income. This is a condition of the NDRRA which states:

Natural Disaster Funding Arrangements and Primary Producer Definition

Primary Producer eligibility for financial support under the Natural Disaster Funding

Arrangements <https://www.disasterassist.gov.au/disaster-arrangements/disaster-recovery-funding-arrangements>:

Primary Producer

An individual, partnership, trust, or company which:

- *has a right or interest in a farm enterprise, and*
- *contributes a part of his, her or its labour and capital to the enterprise, and*
- *derives at least 50 per cent of his, her or its income from the enterprise.*

Primary producers are defined as those that are listed under the Australian New Zealand Standard Industrial Classification 2006 (ANZSIC) 1292.0 (Revision 2.0) Codes 01 (Agriculture), 02 (Aquaculture), 03 (Forestry and Logging), 04 (Fishing, Hunting and Trapping) and 05 (Agriculture, Forestry and Fishing Support Services).

NSW Farmers understands that the RAA is able to use multi-year averaging to support drought, fire and previous flood impacted producers meet that criteria. This consideration is welcome.

However, this restriction is negatively affecting primary producers with permanent plantings. Many fruit and nut trees take multiple years to reach maturity and deliver a saleable product, but still have costs to maintain and protect these plants during what can be a 3-5 year initial growth period.

NSW Farmers welcomes the new \$25,000 grants for rural landholders, but this does not address the restrictions for smaller producers, who are undertaking primary production as a business, have existing existing customers, and with the intent of making profit (ATO Ruling 97/11).

Due to the topography of the North Coast hinterland and the productivity of the country, many smaller enterprises have been established, have in place business plans to achieve full primary producer status, but due to the challenges of the last 4 years, have had to focus on maintenance rather than growth.

One primary producer on the north coast has advised that due to the income generated from the need to sell the majority of his livestock due to the bushfire and flood impacts of recent years, for the first time he will meet the 50% income requirement.

Recommendation 8:

Consideration be given to a sliding scale of support for smaller or establishing primary producers based on percentage of off-farm income against nett primary production income where the landholder:

- *has a right or interest in a farm enterprise, and*
- *contributes a part of his, her or its labour and capital to the enterprise.*

Reimbursement of Paid Invoices

Requirement for Reimbursement of 3rd party Invoice rather than financial provision release.

NSW Farmers recognises that these grants are public funds and so the need for accountability and transparency is understood. However, the following issues need to be addressed:

- For many the flood impact has placed a halt on cash-flow and access to operating capital. The size of the event across the larger community places significant strain on available contractors to undertake critical repairs, yet the funding will flow only on the provision of paid invoices from independent contractors. Feedback from primary producers is that many do not have the funds on hand to pay invoices then wait for reimbursement.
- Many primary producers will have employees unable to undertake their usual work, and yet will still be salaried employees of the enterprise. Much of the cost in recovery and repair will be cleaning up and removal of debris on fences, replacement/repair on internal fences, and/or silbuild-up on pasture, waterways or on-farm dams. These are activities that could be undertaken by the primary producer without requiring external contractors, but under the guidelines only materials would be covered.

Recommendation 9:

That consideration be given to identifying alternate processes to confirm expenditure for natural disaster rectification work where third party contracting arrangements may not be the most cost effective or timely option available.