



**Australian Government**

**North Queensland Livestock Industry Recovery Agency**

# Submission to the Senate Select Committee on the effectiveness of the Australian Government's Northern Australia agenda

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## Introduction

1. The remoteness and vast expanse of our continent's north is a reality faced by many Australians on a daily basis. This reality is particularly accentuated in times of natural disaster, with cyclones, floods, and increasingly bushfires, affecting North and North West Queensland and Northern Australia more broadly.
2. With more than 58 per cent of Queensland under severe conditions of drought at the time<sup>1</sup>, the arrival of the 2018-19 monsoon was initially a welcome – albeit short-lived – relief to many communities.
3. The *North and Far North Queensland Monsoon Trough (25 January – 14 February 2019)* (the event) brought with it prolonged heavy rains, low temperatures and winds breaking a number of coastal and inland records<sup>2</sup>.
4. The event caused unprecedented and catastrophic flooding in the North West that proved fatal for an estimated hundreds of thousands of livestock, isolated families and communities for weeks, disrupted mining operations and damaged vital transport corridors, resulting in significant flow-on effects to local businesses, communities and the region's economy.
5. In Townsville and surrounds, more than 3,300 residential properties (including social housing) were damaged and thousands of residents evacuated; more than 12,000 businesses were impacted, as well as schools and emergency service buildings; there damage to essential services such as electricity, water and sewerage; and major crop losses and damage including sugarcane, broadacre, horticulture and aquaculture<sup>3</sup>.
6. While the region is accustomed to regular natural disasters, including monsoonal floods, the unprecedented nature and extent of this weather event warranted a specific collective response from the Australian, Queensland and local governments.
  - i. *"There's no amount of preparation we could have done. It was just too much rain, interspersed with days of freezing winds up to 70kph."* – Jaqueline Curley, Gipsy Plains Station, Cloncurry<sup>4</sup>
  - ii. *"We had to try to get our staff back out to site. They'd been off work for quite some time so we needed to try to get them back to some sort of normality... [but] You just don't get straight back on your feet. The water doesn't go away and everything goes back to normal."* – Tim Bade, Spring Creek Barramundi Farm, Townsville<sup>5</sup>
  - iii. *"Locals, the council, friends and family from afar all called to check up on us. They had seen the media coverage and the devastating images, and they just wanted to make sure we were okay... We've seen water here that nobody has really seen before. How quickly it rose, and the amount of country that went underwater was unheard of... The quicker we can restock and get back into the cattle business, the better. It's also better for our community too – once we can start generating a cash flow we can start spending money locally again."* – Emma Forster, Werna and Belfield Stations, Winton<sup>6</sup>

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<sup>1</sup> Queensland Drought Situation: As reviewed on 1 January 2019 <https://www.longpaddock.qld.gov.au/drought/archive/>

<sup>2</sup> 2018-19 Monsoon Trough Rainfall and Flood Review, Office of the Inspector-General of Emergency Management, July 2019 <https://www.igem.qld.gov.au/reports-and-publications/reports/Documents/IGEM%20MTRF%20Review.pdf>, and Special Climate Statement 69 – an extended period of heavy rainfall and flooding in tropical Queensland, Bureau of Meteorology, 8 March 2019 <http://www.bom.gov.au/climate/current/statements/scs69.pdf>

<sup>3</sup> Deloitte Access Economics: *The social and economic cost of the North and Far North Queensland Monsoon Trough (2019)*, Queensland Reconstruction Authority, June 2019.

<sup>4</sup> <https://www.nqlira.gov.au/stories/were-it-next-generation>

<sup>5</sup> <https://www.nqlira.gov.au/stories/saving-fish-and-fending-crocodile-spring-creek>

<sup>6</sup> <https://www.nqlira.gov.au/stories/after-flood-emma-and-andrew-forster>

- iv. *"The worst is yet to come."* – Grazier, Julia Creek<sup>7</sup>
7. The Queensland Government activated 39 local government areas (LGAs) for Disaster Recovery Funding Arrangements (DRFA) assistance, covering an area of around 56 per cent of Queensland.
  8. Eleven LGAs were identified by the Queensland Government as being most impacted by the event: Burke, Carpentaria, Cloncurry, McKinlay, Richmond, Flinders and Winton (collectively known as the North West region); and Douglas, Hinchinbrook, Townsville and Burdekin (collectively known as the North region). As well as the usual DRFA assistance, these LGAs received additional immediate assistance of \$1 million each directly from the Australian Government under the DRFA, to be spent as required based on local priorities.
  9. Of these, the McKinlay, Richmond, Flinders and Winton Shires were fully drought declared prior to, and have been fully or partly drought-declared since, the event by the Queensland Government<sup>8</sup>.
  10. In the North West region, a number of key river systems flooded between Cloncurry and Hughenden, with these catchments covering around 1 million square kilometres. Key river systems in the North region, including the Ross River which flows through Townsville, were also severely affected – accumulated rainfall over consecutive days in Townsville alone exceeded 1,200mm over a 10-day period<sup>9</sup>. A map outlining the impacted areas of the monsoon trough and associated flooding and weather conditions is at **Annex A**.
  11. The event adversely impacted communities; public, commercial and residential infrastructure; industries and small businesses; and the environment. In the immediate aftermath of the event, the Queensland Government estimated direct impacts to small business at \$36.3 million, 6,420km of state roads: damage to 40,000km of local government roads, 15,000km of on-farm roads, 307km of rail line, 1,000km of water pipelines, and 10,000km of fencing; \$14.5 million damage to public water and sewerage infrastructure; 43 national parks and forests closed; and more than \$40 million in damage to riparian and coastal areas<sup>10</sup>.
  12. A significant number of agriculture enterprises were affected by the monsoon trough and associated weather conditions in North Queensland. Agricultural industries in these regions include livestock production (predominantly cattle with some sheep and goats), cropping, dairy, poultry, fruit and tree nuts, mushrooms and vegetables, aquaculture, nursery and floriculture. Livestock production is the predominant industry across the affected region, particularly in the North West.
  13. Stock losses were reportedly as high as 100 per cent on some properties and while verifiable estimates are still not yet available, several hundred thousand head of cattle are estimated to have been lost across the impacted region (based on estimated stock holdings prior to the event and expected calving rates).
  14. It is understood that graziers had been destocking (or agisting to other properties in Queensland and the Northern Territory) as a result of the ongoing drought conditions that the North West region had been experiencing prior to the monsoon trough, so properties were not stocked to maximum carrying capacity.
  15. In addition to high stock losses, there was extensive damage to on-farm infrastructure – such as on-farm roads, fences and water sources. The scale and extent of this damage across the affected region will take some time to fully encapsulate with the Commonwealth,

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<sup>7</sup> Strategy for long-term recovery & resilience, *Julia Creek roundtable*, Julia Creek, 27 August 2019

<sup>8</sup> Queensland Government – as at 1 September 2019 <https://www.longpaddock.qld.gov.au/drought/drought-declarations/>

<sup>9</sup> Deloitte Access Economics: *The social and economic cost of the North and Far North Queensland Monsoon Trough (2019)*, Queensland Reconstruction Authority, June 2019.

<sup>10</sup> Monsoon Trough - \$242 million DRFA Category C and D package <https://www.qra.qld.gov.au/funding/Monsoon-Trough-DRFA242M-package>

Queensland and local governments, as well as industry and natural resource management organisations working together to develop a clearer picture of the impact.

16. The Queensland Government has estimated the cost of recovery efforts across a record 11 natural disaster events during 2018-19 to be around \$1.3 billion, comprising around \$270 million worth of state-funded infrastructure remediation and around \$1 billion worth of operating expenses, the bulk of which is in the form of capital grants to local governments<sup>11</sup>.
17. Further, it is estimated the social and economic cost of the damage and disruption caused just by this event to will exceed \$5.68 billion<sup>12</sup>. This is approximately 14 per cent of the annual gross regional product of the affected areas<sup>13</sup>.
18. The Insurance Council of Australia estimates the cost of the associated floods in Townsville at around \$1.24 billion. An estimated \$1.04 billion worth of insurance claims have been lodged to date<sup>14</sup>. Around \$521 million has already been paid out against insurance claims, with 1.5 per cent of claims being denied.<sup>15</sup>
19. Further information on the economic and geographic profile of the affected regions is at **Annex B**.

## How the Agency is helping to deliver on the Northern Australia agenda

20. The Prime Minister, the Hon Scott Morrison MP, first visited the flood-affected areas in Townsville, Cloncurry and McKinlay Shires in mid-February 2019, to see firsthand the impact of the monsoon trough on individuals, local communities, primary producers, small businesses and industry.
21. In response to the event, on 22 February 2019 a Taskforce was established in the Department of Prime Minister and Cabinet to:
  - i. provide strategic leadership and coordination for the Commonwealth's recovery and reconstruction activities in the flood-affected areas of North, Far North and western Queensland following the *North and Far North Queensland Monsoon Trough (25 January – 14 February 2019)*
  - ii. administer the Commonwealth loan scheme to provide assistance to eligible primary producers by way of loans to Authorised Deposit-taking Institutions at the Government's cost of borrowing<sup>16</sup>
  - iii. design, develop, consult on and coordinate the delivery of a longer-term plan for the recovery and reconstruction of these areas
  - iv. build and maintain effective working relationship with stakeholders in these areas to inform recovery and reconstruction priorities
  - v. provide advice to the Prime Minister on how existing and new Commonwealth policies and programs can best contribute to the recovery and reconstruction efforts in these areas
  - vi. provide a coordination point for information on associated Commonwealth recovery and reconstruction activities

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<sup>11</sup> Queensland Government Budget Statement: Disaster Recovery

<https://budget.qld.gov.au/files/Budget%20Statements%20-%20Disaster%20Recover.pdf>

<sup>12</sup> Deloitte Access Economics: *The social and economic cost of the North and Far North Queensland Monsoon Trough (2019)*, Queensland Recovery Authority, June 2019.

<sup>13</sup> Budget Strategy and Outlook, State Budget 2019—20, Budget Paper No.2, page 52.

<sup>14</sup> *2018-19 Monsoon Trough Rainfall and Flood Review*, Office of the Inspector-General Emergency Management, July 2019

<sup>15</sup> Insurance Council of Australia, Media Release, 2 August 2019.

<sup>16</sup> The Executive Order was amended on 28 March 2019 to incorporate this clause.

- vii. provide advice to the Prime Minister on matters relevant to the North Queensland Livestock Industry Recovery Agency, and
  - viii. undertake other relevant tasks as the Prime Minister may require from time to time.
22. The North Queensland Livestock Recovery Agency (the Agency) was subsequently established in March 2019 and assigned responsibility for strategic leadership and coordination of Commonwealth efforts to deliver the longer-term plan for recovery and resilience in the region. This included responsibility for ensuring Commonwealth efforts complemented existing recovery structures and arrangements (such as the DRFA which is administered by Emergency Management Australia), as well as supporting the Prime Minister by providing advice on how Australian Government policies and programs more broadly can best be tailored to support flood affected communities in the North and North West regions.
23. The Agency coordinates its efforts, and works in concert with, a range of Australian Government agencies ensuring targeted and effective delivery of support and assistance, with a focus on avoiding duplication. This includes working across jurisdictions through the DRFA to ensure alignment between immediate disaster recovery needs and those in the medium and longer term. The difference between this and previous approaches is that the Agency has authority to work across jurisdictions, and ensure a coordinated approach at all levels of government.
24. To date the Agency has had a lead coordination and oversight role in the delivery of Commonwealth support totalling more than \$600 million to individuals, businesses and communities in the affected region. This assistance is delivered by a range of Commonwealth and Queensland Government agencies in accordance with existing and new arrangements, with an emphasis on getting the support to those who need it in a way that will genuinely help them.
25. In addition to the \$232 million in DRFA funding provided to date, additional extra-ordinary Commonwealth support has included \$300 million for Restocking, Replanting and On-Farm Infrastructure Grants; \$2.6 million to improve mental health support; \$4.5 million to support non-government schools and isolated students; \$5 million for the management of prickly acacia; and ongoing funding for two new radars and associated rain gauges to be installed near Maxwellton and Charters Towers.
26. More than \$2.75 billion has also been made available by the Commonwealth for concessional loan products, including the new AgRebuild Loan being offered by the Regional Investment Corporation.
27. The early and targeted response to the monsoon trough has ensured individuals, communities and businesses in the North and North West regions are well supported to return to being key contributors to the local and national economy.
28. While the Agency's early focus has been on the immediate response efforts, it is also clear that, given the extent and unprecedented level of damage across the region, the recovery process will take some years. To address this, the Australian Government has committed to a five year life for the Agency.
29. Further information on the Agency is at **Annex C**.
30. The Agency has also been tasked with designing, developing, consulting on and coordinating the delivery of a strategy for the longer-term recovery and strengthened resilience of the affected areas (the strategy). Again, it is doing this across all levels of government, and through close engagement with communities, businesses and individuals throughout the region.
31. This strategy will focus on the future resilience, sustainability, prosperity and betterment of individuals, families, communities, primary producers and businesses in the affected area and will help deliver on the government's broader Northern Australia agenda in a variety of

ways. Without limiting what may be included in the strategy, current efforts are focused on:

- i. identifying opportunities to increase the viability of the affected area as a trade and investment gateway, with a particular focus on the North West region and the trade infrastructure in Townsville and surrounds – while ensuring alignment with the broader northern Australia agenda
  - ii. investigating regional solutions for a more diversified northern economy, including where there may be opportunities arising from changes to water infrastructure investment, Indigenous entrepreneurship and businesses, and research and innovation, and
  - iii. identifying opportunities to strengthen the resilience of the region
32. Natural disasters are recurrent and frequent in many parts of Australia and particularly in Northern Australia. Strengthened resilience is key to the ongoing viability and further growth of the region.
33. In developing the strategy, the Agency is pursuing a co-design approach with a broad range of stakeholders. The guiding principle for this work, consistent with the activities undertaken by the Agency since its establishment, is *“locally led, locally understood and locally implemented.”*

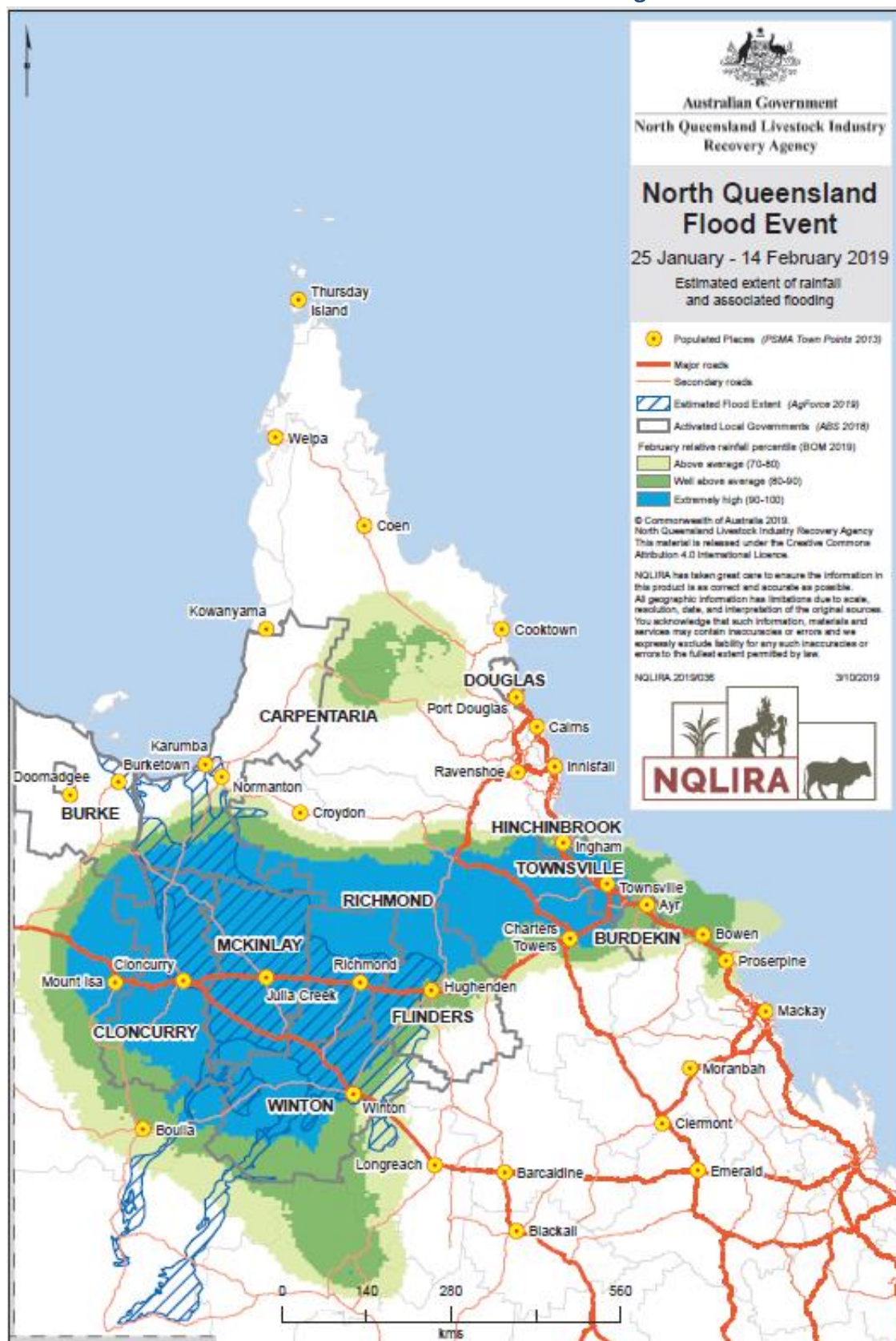
## Agency insights on the Northern Australia agenda

34. The Agency has undertaken extensive stakeholder engagement since its establishment to understand the impact of the event on the North and North West regions and the interdependencies across the activities of the Australian Government in Northern Australia.
35. As detailed in this submission, the impacts of a natural disaster such as this event are significant, will take some time to recover from and require an integrated whole-of-government response.
36. In responding to an event such as this it is also clear that longer term recovery needs to take into consideration the opportunities to improve profitability and productivity in order to ensure economic resilience and viability of a region. In the absence of a lead and co-ordinating agency with a broad development mandate, there are limited opportunities for a truly integrated approach. While the Office of Northern Australia and Regional Development Australia have important roles to play, their mandates in this area are limited.
37. While there are positive working relationships between the Agency, the Office of Northern Australia, the Department of Infrastructure, Transport, Cities and Regional Development, Emergency Management Australia, the Co-operative Research Centre for Northern Australia, and the North Queensland Water Infrastructure Authority, there are even greater opportunities to build a more coordinated vision to deliver on the current and future needs of Northern Australia.



## ANNEXES

### A: Estimated extent of extreme rainfall and associated flooding



## B: Economic and geographic profile of the North and North West region<sup>17</sup>

1. The North and North West regions affected by the event are representative of Northern Australia in their remoteness, isolation and vastness. At the same time, the regions continue to show resilience to natural and economic shocks.
  - i. The North and North West regions represent roughly 80 per cent of the northern region in Queensland and roughly 25 per cent of Northern Australia as a whole (see **Annex A**).
  - ii. The total area affected by the monsoon trough covers nearly 1 million km<sup>2</sup>.
  - iii. The North and North West regions account for nearly 244,000 individuals (nearly 5 per cent of Queensland's population). Townsville shire alone accounts for nearly 194,100 individuals (approximately 80 per cent of the region's population).
2. These regions account for around 75 per cent of Queensland's base metal mineral endowment including copper, lead and zinc, as well as major silver and phosphate deposits and rare earth mineral potential.<sup>18</sup>
3. The mining and minerals processing industry accounts for 67 per cent of the North and North West regional economies, contributing \$215 million in royalties as well as employing over 11,100 people (28 per cent of workers employed in the industry in Queensland).
4. In 2014 – 15, the North West region contributed \$2.4 billion or 18 per cent of Queensland's gross value of agricultural production and accounts for over 82 per cent of land use.
5. Tourism accounts for \$214 million of the gross regional product (nearly \$584.8 million in expenditure from domestic overnight visitors).
6. They are also home to nearly 2,400 businesses (96.8 per cent are small businesses employing <20 employees), of which nearly a third are in the agriculture, forestry and fishing sectors.<sup>19</sup>
7. 100 of the region's 118 schools (60 in Townsville; 15 in the North West region and 43 in the North region) in the region were affected during the event.
8. The median total personal income in the entire region is approximately \$35,750 per annum with an estimated 7.5 per cent unemployment rate in March quarter 2019. It is estimated the North West region contributes \$176,000 per capita to the national economy compared to \$66,000 elsewhere in Queensland.<sup>20</sup>
9. There are over 17,890 registered businesses in the entire region (nearly 6,800 in Townsville shire), with over 1,160 businesses (6.5 per cent) with a turnover range of \$2 million or more (over 29,330 (6.5 per cent) in all of Queensland).
10. The construction industry accounts for the largest sector with around 17 per cent registered businesses. However, the agriculture, forestry and fishing industry accounted for around 40.6 per cent of registered businesses in the North West region and 14.5 per cent in the North region.
11. The North region accounts for over 16,770 businesses with nearly 4,640 (27.7 per cent) employing between 1 to 4 employees. The North West region accounts for around 1,120 businesses with nearly 280 (24.9 per cent) employing between 1 to 4 employees.

<sup>17</sup> Derived from Queensland Regional Profiles. <https://statistics.qgso.qld.gov.au/qld-regional-profiles>.

<sup>18</sup> Queensland Government: *A Strategic Blueprint for Queensland's North West Minerals Province*- supporting strong and prosperous regional communities. 2017-2018

<sup>19</sup> Queensland Government: *North West Queensland Economic Diversification Strategy*. 2019

<sup>20</sup> North West Queensland Regional Organisation of Councils (NWQROC) *2019 Federal Election Platform*



12. Tourism accounts for around 25 per cent of gross regional product (GRP) and 98,000 jobs. The North region includes popular destinations including the Great Barrier Reef, Daintree and Whitsunday Islands.<sup>21</sup>
13. In the North West region, 107 businesses (9.6 per cent) recorded a turnover range of \$2 million or more. In the North region, 1,053 businesses (6.3 per cent) recorded a turnover range of \$2 million or more.
14. Health care and social assistance services account for the highest employment of 13.7 per cent (14,345 individuals), followed by public administration and safety accounting for 12.2 per cent (12,689 individuals) in the North region.
15. Agriculture, forestry and fishing accounts for the highest employment of 22.5 per cent (1,113 individuals), followed by mining accounting for around 9.6 per cent (457 individuals) in the North West region.

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<sup>21</sup> Deloitte Access Economics: *The social and economic cost of the North and Far North Queensland Monsoon Trough (2019)*, Queensland Recovery Authority, June 2019.

### C: North Queensland Livestock Industry Recovery Agency

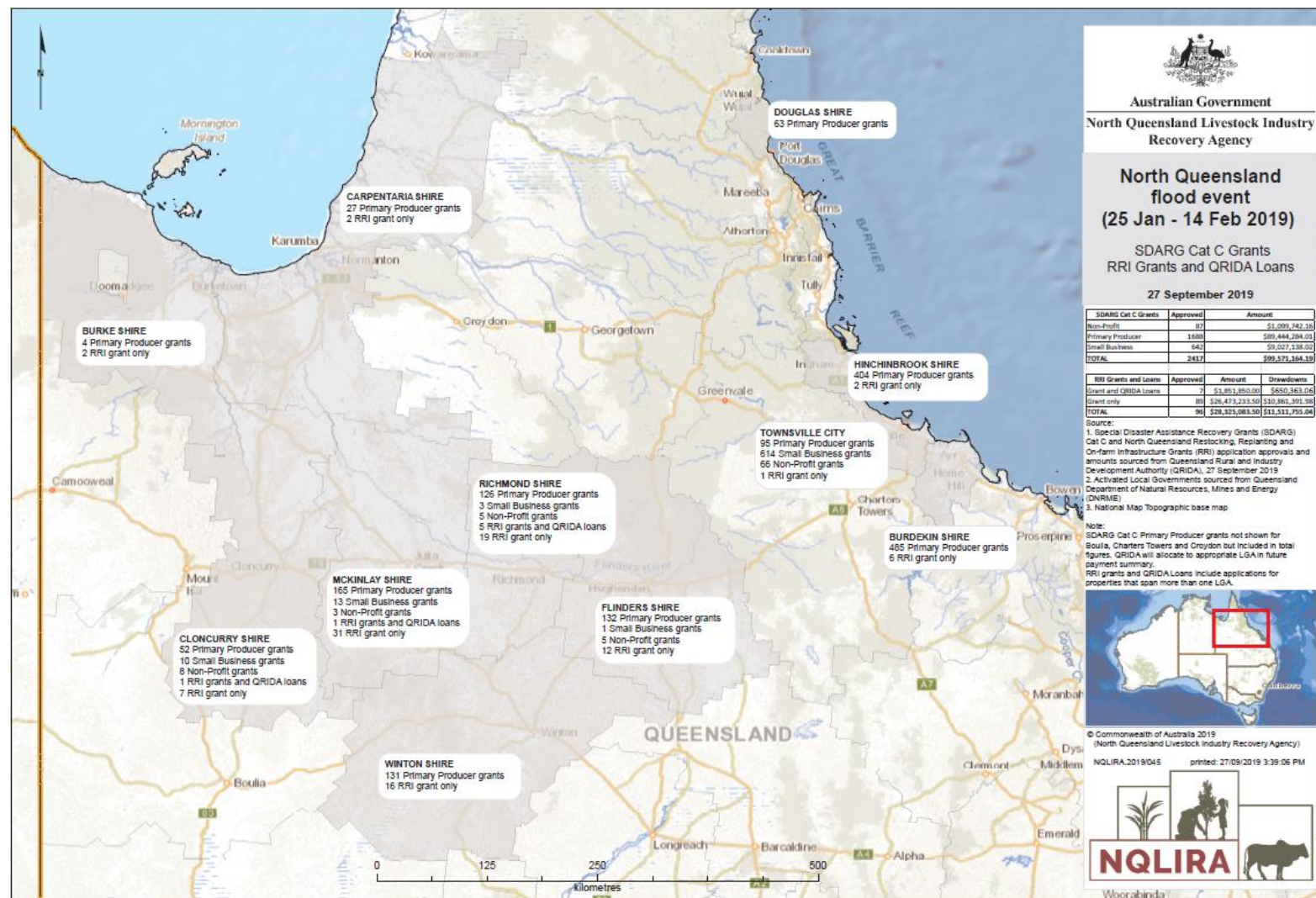
1. The Agency engages closely with the Queensland Government and other key stakeholders to ensure the coordinated and effective delivery of assistance measures and the provision of advice and support. The Agency has worked with officials from around ten Queensland Departments and agencies, including the Queensland Reconstruction Authority (QRA) and the Queensland Rural and Industry Development Authority (QRIDA), to ensure support to affected individuals, communities, primary producers and businesses is timely, effective and equitable.
2. A number of Commonwealth funded measures are being delivered by the Queensland Government through new and existing arrangements, with the Agency providing the leadership and coordination of the delivery of these measures for the Commonwealth. Key measures and where they have been delivered is at **Annex D**.
3. The Agency has built critical partnerships with the 11 LGAs that are responsible for the affected communities to ensure assistance and support is appropriately targeted and effective, and to understand the impact at both the local level and across the North and North West regions.
4. The Agency has also built relationships with a range of community and environmental organisations including Natural Resource Management groups, charities, the Rural Financial Counselling Service, mental health service providers, and many others.
5. The Agency is supported by an Advisory Board, which has now met more than ten times since its inception, with five meetings in regional locations including Townsville, Winton, Cloncurry, Mossman and Karumba. Future meetings will continue to be held in the North and North West where scheduling permits.
6. Several invited guests have attended Advisory Board meetings including the Prime Minister, the Hon. David Littleproud MP, the Queensland State Recovery Coordinator Major General Stuart Smith (Ret'd) AO DSC<sup>22</sup>, local community leaders and Queensland Government representatives. Guests and Board members have been able to share their perspectives on the impact of the government's response, opportunities in relation to the long term recovery and strengthened resilience of the region.
7. Since its establishment Agency staff have also travelled extensively to the North and North West with estimates being that more than a third of the time of Agency staff has been spent in affected communities. **Annex E** provides a map of engagement activities to end September 2019).
8. Agency staff have been focused on gaining an understanding of the support needed in the immediate aftermath of the event, as well as how the Australian Government can assist the region's longer-term recovery and strengthened resilience.
9. Agency CEO, the Hon Shane Stone AC PGDK QC and Agency staff have met with Mayors, local government representatives, farmers, community leaders and other key stakeholders across all 11 of the most impacted shires. The Agency has spent time sitting around kitchen tables, hearing people's stories first hand, and have engaged with small businesses, service providers and charities to ensure our response is locally led, locally understood and locally implemented.
10. In addition to the ongoing engagement with individuals and organisations from the affection regions, a number of targeted roundtables have also been recently held with primary producers, and community and environmental organisations on:

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<sup>22</sup> Major General Stuart Smith (Ret'd) AO DSC was appointed as the State Disaster Recovery Co-ordinator, including for the recovery effort following the monsoon trough.

- i. how the flood affected their future and the future of their family, community, business and/or region
  - ii. what a strong, resilient and sustainable community/business looks like to them 10 years from now – and what do they see as the greatest opportunities in achieving this vision, and
  - iii. what does their community/business need in order to be in a better position to deal with this kind of event in the future.
11. Feedback has highlighted that having a visible presence 'on the ground', including by the Prime Minister on multiple occasions, demonstrates the Australian Government's commitment to help people get back on their feet.

## D: SDARG Cat C, RRI Grants and QRIDA Loans





## E: NQLIRA Staff and Board member site visits March-September 2019

