

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

Organisation: Moree Plains Shire Council

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Friday 29 November 2019

Mr Justin Clancy MP
Chair
Committee on Investment, Industry and Regional Development
Parliament House
6 Macquarie St
Sydney NSW 2000

Via email investmentindustry@parliament.nsw.gov.au

Dear Sir,

Re Inquiry into support for drought affected communities

Drought is currently the single most significant issue affecting the viability and vitality of our regional communities, and it is imperative that we, as government, get drought support right. This inquiry provides a timely opportunity to tackle drought through a targeted, outcomes-focused and whole-of-government approach. Moree Plains Shire Council greatly values this Committee's undertaking to strengthen our rural and regional businesses, economies and communities to boost our resilience in tough times and create long-lasting capacity to abate the severe impacts of drought.

This submission focuses on regional areas where agriculture is a significant part of their economic base. It does not, for example, address high-growth or urban-dominated coastal communities that are often described as regional areas.

Planning for drought support in the long-term

There are a number of key principles that Moree Plains Shire Council sees as critical in any comprehensive drought response. These principles are the same as we recently submitted to the Federal Government's draft drought policy:

- 1 There is a need for both a **comprehensive long-term policy** and **effective relief policies** in the case of a drought. The first needs to set the framework for the second. A **recovery strategy** is then necessary and would extend two or more years after the technical end of a drought.
- 2 We can only design appropriate policy when we know what we are designing for. This means that we need the concept of the **"reference" or design drought**. Previously best practice was to design for the worst previous recorded drought. With inflows into some NSW rivers being less than 10% of the worst drought on record, we need to re-think this based on the best of scientific evidence and probability studies.
- 3 The key is resilience and the **key to resilience is water**. The flaws in the Murray Darling Basin Plan need to be addressed and NSW requires a comprehensive water policy. The cost of water buybacks in Moree Plains Shire's agricultural community is resilience. Irrigation was the critical factor in ensuring there was economic capacity to recover from drought events. That is now gone.

- 4 Other essential elements of resilience relate to a complex range of economic, social and community factors. It is crucial that **regional NSW be looked at holistically** rather than by interest, industry type or other filter. The high level of inter-relationship and integration within communities, such as Moree with their farming base, means that every single business and community member is affected by a major drought event. No one is exempt.
- 5 Policy needs to involve and recognise **all three spheres of government**. Local government is often excluded whereas local government is the sphere of government in the front line.
- 6 A **genuine whole of government approach** across all three spheres needs to give specific consideration to:
 - a. What sphere has the control of an issue or has the area of responsibility?
 - b. What is the best sphere to fund various measures?
 - c. What is the best sphere to deliver various measures?
- 7 Current response frameworks and programs are **too narrow and complex**. They revolve around what state and federal bureaucrats think should be done rather than listening to communities. Programs need to **identify broad categories of support** rather than narrow outcomes. For example, rather than programs around playgrounds, programs need to be around “infrastructure to facilitate community cohesiveness”. Local, bottom-up needs would then drive what is actually put forward for funding.
- 8 There is a complete **underestimation of the economic impacts of drought**. In a good season, Moree Plains Shire would typically have a Gross Regional Product of up to \$2 billion. \$2 million of federal money, poorly targeted, is merely loose change. This community needs a **rapid injection of cash** that will flow right through the local economy and it needs it now.
- 9 Drought provides **some opportunities to address environmental and other issues**. **Feral animal control** can be significantly easier. There are also opportunities to **desilt and restore natural and artificial waterways** to improve their storage capacity.
- 10 Australia has a **strong history of supporting industries going through difficult times**. Agriculture is no different. **This is not about handouts** it is about industry survival in **catastrophic circumstances**. Good policy will ensure that next time industry is more resilient. The survival of business communities and family-owned agricultural enterprises is now under **immediate and direct threat**.
- 11 State agencies need to be **proactive and responsive**. A positive example is the NSW Active Kids Program where the Director visited Moree within days of a media release discussing drought response initiatives of the Council. The program has been re-pitched locally with up to \$500,000 likely being injected into the community within the next six months. Council is now a provider for this service.
- 12 Government overall needs to **recognise productivity as an essential driver** for providing infrastructure, both physical and social. Metrics unfortunately are driven almost purely by population. Moree Plains Shire has had a steady increase in average productivity for over 30 years and improved efficiencies mean that output has risen as labour needs have reduced. Nevertheless, there is an **increasing need for key social and community infrastructure** to encourage professional people to live and work in the region to support agribusiness as it moves into a high-tech future. Yes, Moree is getting a new hospital. Will there be any doctors?

- 13 The end of a drought is not the end of the impacts of drought. Drought policy needs to specifically **address the recovery phase**. This means ensuring that agricultural enterprises have the **ability to restart their activities** and that **ongoing support will be necessary**, especially for businesses dependent upon the agricultural sector.
- 14 It **takes time to rebuild staff resources**, it **takes money to plant crops or re-establish herds**. While restarting the agricultural sector will provide some support for direct supplier businesses, it can take several years before farm incomes rebuild and discretionary expenditure becomes available to support a wider range of goods and services in the community. This secondary recovery is made significantly more difficult because of the **higher debt burdens** that both the agricultural sector and supporting businesses carry forward after a drought.

Immediate drought responses

In this submission, we outline a number of additional and immediate drought relief actions for all levels of government (**Table 1**) that will inject much-needed cash flow into our struggling small, medium and large businesses (on and off farm) and prepare us better for future drought events. This is not a definitive list, but provides examples of the types of responses which can come from different government levels. Many more initiatives exist. While most drought support measures so far focus on on-farm support and water security, we are seeking coordinated action on the broader social and economic issues of the drought to support all members of the regional and rural community.

Table 1: Drought preparedness and response actions we (government) must take now

<p>What local government can do</p> <p>(some initiatives would require/benefit from funding from other spheres)</p>	<ul style="list-style-type: none"> • Local gift cards spent locally • Employ people on temporary work contracts • Rural water rebate scheme • Waive library late fees • Free clothes washing program • Free household potable water for people not on town supplies • Ensure water supplies to communities are resilient and that water quality is safe • Run/sponsor community events • Support sports as a key community “glue”
<p>What state government can do</p> <p>(some initiatives would require/benefit from Federal Government funding and may be best delivered through local government or the not-for-profit sector)</p>	<ul style="list-style-type: none"> • Local government rate relief • Raise drought to natural disaster status • Remove or defer payroll tax from regional communities • Waive vehicle registration for local businesses • Fast track water infrastructure approval and funding for towns and villages • Tourism campaigns • “Buy Bush” programs • Expand Active Kids Voucher program • Develop Active Adults Voucher program • Further resource primary health services, for example mental health and extra locums to support local GPs • “One stop shops” for “all things drought”

<p>What federal government can do</p> <p>(some initiatives could be delivered by or with other government spheres or the private or not-for-profit sector)</p>	<ul style="list-style-type: none"> • Income equalisation scheme for rural and regional businesses • Skills retention payments to workers or employers • Interest-free loans for regional producers and businesses • GST relief or deferral in drought declared regional areas • Cash stimulus packages • Income tax concessions for drought affected businesses or residents in regional areas • Interest free loans to producers and businesses in drought declared regional areas • National regional business income protection insurance scheme
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Many rural and regional communities have reached their limits of resilience

A Moree Plains case study

The Moree Plains Shire lies in the heart of North West NSW and is the most productive agricultural area in Australia. We attribute this to our fertile black soil plains, access to a myriad of waterways and aquifers, and a long history of agricultural production in the area dating back to the 1800s. Our success is also thanks to a great passion for innovation and adaptation, an introduction and acceptance of new people, skills and ideas, and our prowess for mitigating risks and maximising production and revenue. As a region where agriculture has long been the backbone of our economy, we are proud of our connection with this industry and the land, and are invested in its long term sustainability.

Despite the past successes of our agricultural sector, the current drought is the most significant economic challenge to face our region, bringing growth and economic development to a halt. The drought has been exacerbated by water buybacks with the Murray Darling Basin Scheme, placing unsustainable pressure on irrigators and those dependent businesses, with cataclysmic flow on effects to all enterprises within the rural network.

The nature of the current drought is unprecedented and communities within our Shire have reached, or are fast approaching, their limits of resilience. The toll on our community is dire:

- **Partial or total income loss for agricultural producers** - Over multiple years, loss of income has significantly eaten into capital and equity to the extent that for many there are few, if any margins left. With the exception of the 2016 season, some producers have had no income for up to seven years. With further business loans becoming more and more unobtainable, the only option is sale of assets and large scale employment cuts, and as the last resort, selling the farm and leaving the community.
- **Negative multiplier effects through the business sector** - Businesses that rely on agriculture, businesses that rely on them and the other businesses in the economy such as retailing and personal services are struggling to survive and keep staff employed, particularly those that rely on discretionary expenditure. Shops on the main street are closing, businesses and families are relocating and no one is replacing them.

- **Substantial skills loss** – The significant losses of on-farm labour, skills and expertise will be difficult or impossible to replace when better conditions return. With the dwindling economy, skill retention issues are being felt in essential trades and professional services. One landholder reported that the equivalent of 500 person years of experience had been lost from his property.
- **Reduced wellbeing of the community** – There are severe drought-related mental health and well-being issues within the Shire. Limited mental health services mean volunteer groups and networks are being overworked, and combined with the tendency of rural people to not ask for help, initiatives to improve mental health and boost morale are needed more than ever. For example, normal social activities have often been suspended as there is no discretionary expenditure available, even fuel to attend in-town events.

There has also been a significant loss of general practitioners in Moree, partly due to burn-out. Many of those remaining doctors are under severe pressure and getting an appointment can take up to 6 weeks.

- **Uncertain long-term recovery** – Should the current drought extend beyond another 12 months, there will be a potentially catastrophic situation for the Shire where skills, businesses and families will have been lost to relocation, and regional economy recovery will be crippled. In addition, the challenges of re-starting agricultural enterprises through replanting or restocking may be beyond the capacity of remaining businesses.

Providing regional NSW the leg-up now and into the future

Moree Plains Shire Council is appreciative of the drought response in NSW so far by other local, the state and federal governments and private and not-for-profit organisations. With the combined state and federal government investment at over \$7 billion, we are seeing action on critical water supply and infrastructure and direct cash or loans to farmers' back pockets. However, the overall available support has largely been focused on the primary impacts of drought. As the drought has worn on, secondary impacts and flow on effects to our communities are being realised too late, and now it is time to make up for lost time and do more.

It is our responsibility as the three spheres of government to work together to deliver targeted, integrated and outcomes-focused drought responses to all of the community. Presented below is Moree Plains Shire Council's vision for the additional lifelines we can provide drought-affected regional communities now, and the seeds we can plant to build resilience for the future.

Local government is the front line for regional NSW

Local government is at the front line of this drought. It is the sector of government best-equipped to engage with the community in a drought situation. At the same time local government is highly constrained by its financial capacity to make meaningful change. Nevertheless, local government is committed to its role in championing the community during tough times and maintaining social and economic wellbeing.

Many Councils have drought relief policies and practices, however these are usually targeted at stock and domestic and urban water supplies for private or business use, rather than adopting a more holistic community and economic development solution to drought. This is something local government needs to change.

Local government has three avenues to work with communities to manage drought. These are outlined below (**Table 2**) with example initiatives included.

Table 2: Local government's role in drought support

Role	How this works	What it could look like
Direct Action	<ul style="list-style-type: none"> This is the most straightforward approach to drought support for Council Involves small, targeted and timely one-off or ongoing programs tailored to local needs Direct actions need to be within the financial capacity of the Council or receive funding support from other spheres 	<ul style="list-style-type: none"> Some type of rate relief, such as rate relief for town water supply services Direct financial contribution by way of a "Active Kids" programs or similar Sponsoring and running community social and wellbeing functions to help community cohesion and resilience
Advocacy	<ul style="list-style-type: none"> This is most effective where funds are available from other spheres of government Here, Councils make a case for specific local needs under existing programs or specific drought programs that might be created The programs Councils advocate for would be larger-scale or grant-based to inject significant cash flow into the community or to build drought proofing/ preparedness infrastructure. 	<ul style="list-style-type: none"> Payment from state/ federal government to Councils for rate relief/ concessions to primary producers Waiving of a wider range of state and federal fees and charges Payment for voucher systems to spend in local businesses Direct community subsidies including payments to laid-off farm workers for skill preservation, provided that they continue to reside in the local government area Funding for infrastructure that builds resilience, and which broadens the economic base of communities (e.g. the SAP program or water infrastructure)
Facilitation	<ul style="list-style-type: none"> This is most effective when working with existing program providers, particularly government, not-for-profit or private providers who operate services within the local government area It involves community engagement, outreach, education and support, where Councils coordinate and facilitate programs 	<ul style="list-style-type: none"> Facilitation of a round table around mental health and support services Hosting a one-stop-shop for drought support Linking community members/ groups with government or non-government programs

Local government can take direct action now

Moree Plains Shire Council has workshopped, with input from our communities, new drought relief responses that regional Councils can action now to aid our communities:

- Response 1: Local gift cards – Direct Action/ Facilitation**

With a lot of local businesses struggling, some even closing, the Love Local Gift Card program is an initiative developed and facilitated by Moree Plains Shire Council that involves gift cards that can only be used locally, meaning the cash is staying within our community, giving our local economy a much-needed boost. Successfully introduced in time for Christmas, the Card is giving local business owners hope, that there is a possible future that involves their business surviving.

Drought support packages provided to primary producers could potentially also utilise these cards as opposed to the standard VISA debit card that Rural Aid, for example, supplies. Expansion of the Love Local Gift Cards program would require a pool of funding outside of Council resources to purchase, but would bring much-needed "outside money" into communities.

- **Response 2: Drought relief funding to employ people on temporary work contracts – Advocacy/ Direct Action**

Assuming funding is available, this program would employ people who find themselves out of a job from the drought. Working under Council work contracts would benefit those employed, their families and broader community. Those being employed are contributing to the community by retaining their skill sets here and Council are helping the employee maintain stability in their personal life, while achieving outcomes that would normally be beyond their usual programs.

As local government, our job is to support the community and if employment can be made available, we should take advantage of that opportunity. Each contract would cost approximately \$100,000 p.a with the number of positions available dependent on level of external funding. Funds need to be provided for plant and equipment and also for engaging supervisors.

- **Response 3: Rural Water Supply – Direct Action**

Moree Plains Shire Council have supported urban water ratepayers through implementing a one off rebate to residents. From the success of this rebate, Council has developed a “Free water for Christmas” program whereby potable water is supplied free of charge to residents who are not on reticulated water.

Funding required for this scheme would depend on the financial capacity of the Council, in particular in the Council Water Fund, and would be in addition to current state and federal water security programs that focus on building infrastructure rather than relief on current immediate water needs.

- **Response 4: Waive library late fees – Direct Action**

Waiving the library late fee is a small yet powerful gesture Council can offer library members. It provides reassurance in the community that Council is eager to find ways to support the public whether they are big or small. This could be implemented immediately at a minor cost to Councils (\$1,500 p.a).

- **Response 5: Free clothes washing program – Direct Action/ Facilitation**

The impact of the drought has caused on-farm water to run out in many cases and Moree Plains Shire Council has had to enforce water restrictions in a number of the smaller towns and villages. Based on a program developed by Gunnedah Shire Council, providing free clothes washing at the existing commercial laundry in Moree would keep much-needed potable water available for drinking and cooking. This program would also assist those finding it hard to find work and struggling to pay for both water and electricity.

Council would operate this program through a voucher-system, where vouchers are obtained through Council and redeemed at the commercial laundry.

- **Response 6: Main Street Revitalisation Program – Direct Action/Advocacy**

Funded through a cash injection into the existing heritage support program, funds available to drought-declared rural and regional Councils would be boosted to enable repainting of entire collections of heritage buildings or conservation areas, as well as works to restore or modify buildings that have been unsympathetically altered or which are not consistent with the desired streetscape character. The program would suspend the need for financial contributions from owners.

A revitalisation program would support local trades that carry out work that is often deferred when funds are short and assist in retaining skills such as rendering, plastering, carpentry, bricklaying and painting within the local community. The “refresh” would also lift the presentation of the town, boost community morale, and in Moree’s case, showcase the largest collection of Art Deco buildings within a coherent streetscape anywhere in the southern hemisphere.

Council support measures are constrained by financial pressures

Local government are implementing what actions they can to keep their communities viable. However, Councils are fiscally constrained in their ability to engage in direct action options, by way of providing relief, rebates or loans. Councils’ hands are tied in what they can do for the community if there is a significant increase in unpaid rates, and if this is not matched by rate relief funds to either landholders or Councils.

Councils in drought affected areas are also increasingly having to bear additional costs and expenses associated with water supply to communities that are under water stress. While there currently are only a limited number of communities within Moree Plains Shire in this position, any further extension of the drought will worsen this situation. This is why a whole of government drought response with substantive, allocated and timely access to resources is critical.

State government can bolster regional economies

The NSW Government has the fiscal capacity, especially in conjunction with the Commonwealth, to get substantial drought relief programs up and running and provide significant, targeted cash injections into our regional economies. Again drawing (where relevant) on a Moree Case-Study:

- **Response 7: Council land rate relief – Direct Action/ Advocacy**

Regional local government land rate relief would relieve significant financial pressure from ratepayers affected by the drought and could be in the form of full or partial rate relief or rate deferral. This response option is championed by numerous regional stakeholders including the National Farmers’ Federation and Country Mayors’ Association.

Rate relief is highly dependent on levels of external financial support, and if Councils were to self-fund a scheme, relief or deferral would generally have to be through loans. These would place Council’s financial security at risk.

- **Response 8: Drought natural disaster status – Advocacy**

The Queensland Government have categorised drought as a disaster, defined by “*a serious disruption in community, caused by the impact of an event, that requires a significant coordinated response by the state and other entities to help the community recover from the disruption*”. The NSW Government, in adopting this concept, could also lobby the Federal government to change their definition also. This would trigger the policy settings at both State and Federal levels for considerable, rapid resources to be readily available to communities experiencing hardship through drought, as well as utilising existing disaster funding arrangements without having to invent new programs, and therefore having to navigate additional layers of bureaucracy and red-tape.

- **Response 9: Removing payroll tax from regional communities – Advocacy**

Removing payroll tax from regional communities has long been a priority for a majority of regional-development focused associations and organisations in NSW. With very little cash-turnover, business owners are struggling to keep the doors open, let alone pay tax and other fees. The economic impact of the drought means removing or raising the payroll tax threshold for regional and rural business is needed now more than ever.

This significant tax break will allow regional businesses to be able to scrape by, rather than their money going towards the next new flashy infrastructure project in the big city. Moree Plains Shire Council joins the Country Mayors' Association and calls again on the NSW Government to make this commitment. Council acknowledges that funding support for this measure would in part be a Federal responsibility, and is potentially associated with GST reform.

- **Response 10: Waive vehicle registration fees for regional businesses – Advocacy**

Expanding the current NSW Agricultural Vehicle Registration scheme to waive registration and renewal costs for off-farm business vehicles in drought affected areas would provide one less expense, taking stress and weight off the shoulders of regional businesses.

- **Response 11: Water infrastructure for towns and villages - Direct Action/ Advocacy**

Fast-tracking water infrastructure in the Moree Shire will build our resilience for any future climate challenges. This includes:

- providing additional treatment systems to improve water quality and palatability
- commissioning additional bores to ensure redundancy of supply to existing towns on reticulated supply
- bringing reliable and safe potable water supplies to all towns and villages within the Shire that are not currently on reticulated supplies.

Being prepared for future events will safeguard residents and organisations and provide reassurance and economic confidence throughout the community and investors. Improving water efficiency will turbo-charge our local agricultural sector in both the good and dry seasons.

- **Response 12: Tourism campaigns – Direct Action/ Advocacy/ Facilitation**

Creating and building on existing regional tourism campaigns will attract those from elsewhere to soak up the wonders Moree and the North West has to offer. With Moree's main attraction being the Artesian baths, a tour to the baths and possibly even the local bore would be enticing to experience. Out-of-area advertising of major events in Moree that contribute back into the community, for example the Moree Twilight Races or Moree Long Lunch, are opportunities for individuals in other towns and cities to come and experience our unique region.

Smaller towns and villages can also benefit from targeted campaigns, for example Boomi, with its hot baths, caravan park, general store and RV-friendly facilities together with Mungindi, which also has artesian water, can be part of a "water trail" within and beyond the Shire. Targeted infrastructure such as accessible public toilets, RV dump points, free wifi, upgrades to walking trails and parks and the like can also enhance the visitor offer. These projects could be carried out under the proposed Council temporary employment response, and lead to active promotion through Tourism NSW.

Linking existing non-government campaigns, such as #buyfromthebush with tourism operators are another way Councils can facilitate visitor spend in drought affected centres.

The resources put into tourist attraction and subsequent visitor economy outcomes depends on the level of internal and external investment and partnerships.

- **Response 13: Expand Active Kids Voucher program – Advocacy/ Facilitation**

The NSW Active Kids Voucher program has been very well received by our community and has given families that extra leg-up to keep their children in sport and boosting community morale.

The Voucher is currently being expanded to include more options to redeem, for example, entry to swimming pools like the Moree Artesian Aquatic Centre and potentially travel subsidies for regional sport competitions.

More monetary value could also be added to the voucher or additional vouchers be made available to encourage it to be used for more recreational activities within the community. (Note: Moree Plains Shire Council has now signed on as a participant and can issue local vouchers).

- **Response 14: Develop active adults voucher program – Advocacy**

Current lack of employment opportunities due to the drought is causing significant stress, leading to mental health issues in adults particularly. Creating an Active Adults Voucher, based on the successful model as Active Kids, would enable social cohesion opportunities for adults, to get out and about and look after their health. Having the voucher be redeemable as a membership voucher at a gym, health classes or sporting memberships, are initiatives that will have a positive effect on one's wellbeing.

Federal government can give the flexibility to communities to be resilient

The Australian Government is well placed to coordinate national drought response at the most strategic level and Moree Plains Shire Council welcomes the Government's recent Future Drought Fund commitment. At the top level, the Australian Government can allocate and direct significant resources to agencies, local government and non-government organisations to deliver targeted, outcomes-focussed resilience-building programs that are tailored to local needs. The Australian Government also has the ability to deliver direct household social support services and implement financial future-proof schemes for families and business:

- **Response 15: Rural Business Deposit Scheme – Advocacy**

The Farm Management Deposit Scheme is an example of a great approach that encourages and fiscally supports farmers through tax breaks on deposits to provide financial buffers as part of planning for the uncertain future and access equity when they need it most. Expanding or developing a similar scheme to cover rural businesses, would allow regional enterprise to make long term investments into our communities with more security, helping keep regional NSW an attractive place to live, have a family and grow a business.

- **Response 16: Skills retention payment - Advocacy**

Due to the lack of employment opportunities available in Moree during this drought-related economic lull, employees with sought-after skills are relocating to centres with more work. The aim of a skills retention program is to keep people with needed skills living locally so that they would be available when labour demand recovers.

Having the external funding available to be able to give out supplementary payments to people who have lost on-farm work within the last two years, for example, would require eligible participants to reside in the Shire until the drought has broken or they obtain work. Alternatively, eligible employers could receive a "skills retention payment" to retain worker's on-farm who would otherwise leave to find work. A skills retention program could be expanded to other essential trades and professional services and would help organisations dealing with the pressure to rehire for those vacant positions once businesses start thriving again.

- **Response 17: Cash stimulus – Advocacy**

Many jobs within Moree Shire rely on secure water supply or adequate rainfall, and with so little of it, on and off farm businesses are struggling to keep employees employed. A cash stimulus towards either the individual or business would help avoid future hardship.

There are various ways a cash stimulus drought relief program could be delivered, ranging from equal handouts to all adult residents through to more targeted programs such as landholders through similar approaches as the Household Allowance, or specifically targeting those who have lost employment as result of the drought.

Ease of administration suggests that universal application would be the most straightforward approach and would also avoid the challenges of designing a scheme without some participants not being eligible, irrespective of need. This could be based on either individual payments or household payments.

A stimulus would best be operated by the external funding agency and would require significant individual payments to make a real difference to local economy. In the case of Moree Plains Shire, injections of up to several thousand dollars per resident would be required to make a meaningful difference.

A stimulus, in addition to the \$500,000 of concessional loans available from the federal government, could also be provided to local businesses to boost equity and keep doors open and staff on the books.

- **Response 18: Interest-free loans - Advocacy**

The current federal loan scheme is low interest rather than no interest. Interest rates should be zero, or at least lower than the rate of inflation so that the loans are effectively interest-free in either real or cash terms. Loans should continue to be extended to the business sector as well as the agricultural sector.

The borrowing power of the federal government should be used effectively to minimise interest costs and no profit should be made on any loans.

- **Response 19: GST relief or deferral – Advocacy**

Providing relief from or deferral of GST payments would assist cash flow at critical times for regional economies.

A particular challenge for regional businesses is when income decreases sharply with a “hangover” of GST payments from higher income periods. Providing deferral or relief from GST payments in the circumstances would significantly assist with business cash flow.

- **Response 20: Income tax concessions – Advocacy**

This approach could assist in attracting and retaining residents (including migrants and refugees) to regional areas.

Positive, purposive action is needed to ensure that sufficient skills are accessible and labour is available in regional areas to take advantage of economic opportunity, including where economic diversification is being encouraged and supported as part of enhancing overall community resilience.

A zonal taxation system operates in a number of countries and elements of it are already present in Australia, with remote area concessions such as tax packaging of interest rates on mortgages, utilities and the like. This could be extended to a more comprehensive economic incentive system.

With the Australian Government’s recent announcement for an extra \$1 million towards drought affected Councils, Moree Plains Shire Council advocates for the guidelines to be broad enough to cover as many of these Council-led direct action drought response initiatives as possible.

Recovery when the rains return

Droughts do not end when the rains return. In addition to the time required to re-establish soil moisture and return water storages to usable levels, there are other significant issues that delay agricultural businesses returning to full productivity, including:

- increased debt levels which is borne by both agricultural and other businesses within regional areas following a drought event
- finding capital to restock shelves and yards, to undertake plantings and to rebuild herds
- the process of finding, recruiting and/or training additional labour resources
- accessing cash flows to pay down the debt before funds are available to increase employment, invest in new plant and equipment or undertake discretionary expenditure.

Dealing with drought recovery will require a combination of extending suitable drought programs and developing specific recovery programs to kick-start the regional economy:

- **Response 21: Continuing immediate drought responses** – Advocacy

Many immediate drought responses could be maintained until there are clear signs that the regional economy is “back on its feet”. This could include skill retention payments, additional direct cash input into regional economies, extension of tax/rate/concession waivers or deferrals, low or zero interest loans and the like.

- **Response 22: Subsidised relocation program** – Advocacy

An example of a drought recovery strategy could be a subsidised relocation program to facilitate the return of workers to regional towns or to encourage other workers to relocate to regional towns where market shortages exist.

- **Response 23: Accelerated depreciation** – Advocacy

A short-term increase in the value that can be fully depreciated in the year of purchase could be considered. For example, instant asset write-off thresholds could be raised significantly to \$100,000.

This would significantly reduce the burden of new plant and equipment acquisitions and would accelerate the recovery of key rural suppliers.

Integrated drought response

The long-term value for regional communities through an immediate, integrated, fully-funded response to these and other proposed drought support measures from other communities will go a long way to securing our communities’ future and way of life for generations to come.

Moree Plains Shire Council is committed to drought support being the top priority for our Shire, and we will take a leading role, working with neighbouring Councils, regional associations of councils, state and federal government bodies, private organisations and community members to keep drought support front and centre to our business.

Our Shire thanks the Committee for the opportunity to be part of a coordinated institutional transformation that will see Moree Plains and other similar communities survive this drought and be more resilient to future events.

We look forward to continuing to work with our local members, Adam Marshall MP and Mark Coulton MP on proposals in the coming weeks, and welcoming the Drought AgMin Meeting to Moree on 10 December 2019.

If you have any questions or would like to meet to discuss further, please contact Angus Witherby at

[REDACTED]

Yours Sincerely,

[REDACTED]

Katrina Humphries
MAYOR

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CC:

Adam Marshall MP, Member for Northern Tablelands, Minister for Agriculture and Western NSW

John Barilaro MP, Deputy Premier, and Minister for Regional NSW

Gladys Berijikian MP, Premier

Mark Coulton MP, Member for Parkes, Minister for Regional Services, Decentralisation and Local Government

David Littleproud MP, Minister of Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management

Senator Bridget McKenzie, Minister for Agriculture