

Inquiry in to Government Drought Support  
Productivity Commission  
Locked Bag 2  
Collins Street East  
Melbourne VIC 8003

**Re: Mid West Regional Council Dry Season Assistance Forum**

To the Productivity Commission,

I refer to correspondence dated June 2008 which invites submissions to be made to an inquiry in to Government Drought Support.

The Mid West Regional Council (MWRC) has championed a Dry Season Assistance Forum to discuss concerns with the assistance being provided to landholders in the North East Agricultural Regions of Western Australia, some of which have experienced simultaneous years of dry seasons.

After several forums and meetings with Minister Chance, the 7 member Shires of the MWRC and the Shires of Chapman Valley, Dalwallinu and Northampton drew up a list of concerns for the government, both Federal and State, to acknowledge and address.

The forum appointed a Dry Season Working Group comprised of representation of landholders, local government, agri business, farm improvement groups and the Department of Agriculture and Food W.A. The purpose of this group is to continue to liaise with the Minister on dry season issues affecting our region and to set a strategic plan relevant to the region and connected with the major stake holders.

The Dry Season Working Group was given the opportunity to present this list of points to the Productivity Commission in Mullewa, W.A on the 18<sup>th</sup> July, 2008. We thank you for this opportunity to present our issues and wish to formally submit these for consideration by your Commission as below;

| No | GOVERNMENT RESPONSIBILITY | ISSUE THAT REMAIN TO BE ADDRESSED  | COMMENTS/ACTION  | MINISTER'S RESPONSE   |
|----|---------------------------|--|--|---|
| 1  | Australian                | <p>Investigations are to be undertaken into improvements to the Exceptional Circumstances (EC) guidelines and criteria in an attempt to increase the level of assistance being offered i.e.</p> <ul style="list-style-type: none"> <li>○ streamlining the process to ensure a more rapid response is delivered to those in need;</li> <li>○ ensuring assistance is targeted to the sectors in most need.</li> <li>○ Amendments to the EC criteria to ensure a series of drought, or poor seasons, yet not necessarily continuous, are recognised</li> <li>○ Longer term interest rate subsidy.</li> <li>○ Introduction of long term low interest loans for business operations (both farmers and small businesses).</li> </ul> | <p>Recent Australian Government announcement to increase off-farm asset from \$473k to \$750k to be eligible for the Interest Rate Subsidy is welcomed. However, it is believed this should be increased further to \$1m</p>   | <p>The Minister does not support an increase in the off farm assets threshold.</p> <p>Rather than low interest loans, other options may be considered to facilitate liquid capital for future business operations to avoid an increase in further debt.</p> <p>AACL is an option which may foster a long term solution for finance. The Minister may consider presenting a case to the respective Treasuries.</p> <p>The Minister remarked there may be share farming investments for tax purposes.</p> |
| 2  | Australian & State        | <p>Carbon Sequestration/Carbon Credit Footprint Scheme.<br/>Page 2 of 7</p>  | <p>The Midwest Oil Mallee Association's proposal to assist with drought proofing the NEAR by diversifying into oil mallee planting in the area to be used in carbon credit trading is a concept which needs support as it covers all three aspect of sustainability and gives governments the ability to assist landowners, communities and the environment.</p> | <p>The Minister to explore options to fund the \$95K required for an industry development plan for oil mallees. A potential market has been identified with a range of opportunities. Follow up by the Minister is required on a proposal made by 4 Shires for funding to plant 10K hac of oil mallees each, rejected by the steering committee.</p>  |
| 3  | Australian & State        | <p>More resources and funding assistance are required for improvement of mental and general health services to assist those in areas of need, as existing resources are currently inadequate. Resources from a Federal level assigned to the North Eastern Agricultural Region (NEAR).</p>   | <p>Assistance of an additional 25 family Support Drought Response teams (\$11m). What guarantee the NEAR will be given priority for receiving these services?</p>  | <p>The Minister is to address the lack of accessible support for health issues in the region.</p>   |
| 4  | State                     | <p>Retention of school bus services and rural schools at current levels, irrespective of</p>   | <p>Concern with the population drain from the rural communities State Government guidelines may result</p>   | <p>The Minister will continue to support the need for rural schools and bus services to</p>   |

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|   |                    | viability.   | in Schools & School Bus Services being removed. It is important the State ensures the guidelines are relaxed during these drought periods.  | remain.<br>The Minister has requested parents direct their concerns through the Shire, who are then to pass these on to the Development Commission.   |
| 5 | Australian & State | <u>Localised Local Government Infrastructure Projects</u><br><br>State funding assistance (either matched or unmatched) for local governments in dry/drought areas to undertake localised infrastructure projects (e.g. road works) utilising local residents plant & labour.  | This was not addressed under the DAF assistance scheme as it falls outside this particular department/portfolio. This is understandable; however, a "whole of Government" approach (both Australian & State) should be taken to address areas which cross departmental & government boundaries. | This point remains an on-going issue. The Minister requests local government highlight projects in their community to be bought forward for action.   |
| 6 | Australian & State | Wage subsidies to keep staff in the community (in addition to infrastructure projects).  | Important to retain the experienced workers within the rural community.   | The Minister highlighted payroll tax concessions for several large machinery dealers in the region as vital. Drought Force offers farm workers the dole, with the farmer to pay the top up. |
| 7 | Australian & State | To consider an exemption when calculating the off-farm asset value for a property owned by landowners who are over the age of sixty years and have owned a particular property for a minimum of 10 years. This will then protect the landowner's retirement property.<br><br>This may allow the landowner to either sell or transfer the property into their Superannuation Portfolio. However; the State Government Stamp Duty would render such an action economically unviable and impracticable. It would be far less complicated for the EC criteria to simply exempt such a property from the off-farm asset valuation test. |   | The Minister was requested to consider waiving the stamp duty incurred on the transfer of off- farm assets to a super fund.   |
| 8 | State              | <u>Agric WA Dry Season Assistance Scheme</u><br><br>o Amend the threshold criteria for the State Government dry season   | State Government \$9.3m Drought Assistance Package announced in August 2007 set the grant   | The Minister believes the Drought Assistance Package may be better invested in a longer term agronomic solution. This would only be proposed if   |

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|    |                    | <ul style="list-style-type: none"> <li>○ assistance scheme to achieve a greater eligibility rate; Increase in the value of this Scheme to at least \$20,000 per successful application and an expansion of criteria to where these funds can be spent (e.g. include Shire Rates, School/Tertiary Fees, Fuel, Fertiliser, etc);</li> </ul> <p>Revisit State Drought Assistance Package criteria to ensure more farmers, small businesses are eligible.</p> | level at \$8,000. It was suggested this should at least \$20,000. | <p>supported by other relevant bodies ie WANTFA, WAFF, local government.</p> <p>It was acknowledged that these payments to those eligible, helped to keep communities together.</p> |
| 9  | Australian & State | Pursue improved Australian and State Government assistance packages to create a situation where dry/drought season assistance is treated similarly to other natural disasters (e.g. flood, cyclone). Create a "Natural Disaster" type response package to address needs immediately for dry/drought season circumstances are confirmed as being evident.  |   | Drought assistance requires long term solutions.  |
| 10 | State              | Exemption of Stamp Duty on the refinancing of loans, new loans directly associated with the business operations   |   | The state government is to consider a moratorium of stamp duty charges on the re financing of an increased loan.  |
| 11 | Australian & State | Continued funding assistance made to Shires to conduct community events. This was a huge success over the past 12 months and should be continued.   |   | Appreciation was shown for funds granted for the dry season community events. The Minister hopes to continue with this support.   |
| 12 | Australian         | Seek assurance from the Australian government for the continuation of the Farm Management Deposit Scheme.   |   | Incentives to inspire investment into FMD's were recognised as a way of facilitating sustainability.  |
| 13 | Australian         | Farm Management Deposit Scheme (FMD) should be linked to an investment allowance of 20%.  |   | Covered with point 16.  |

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| 14 | Australian         | Tax incentives to save e.g. 120% deduction for FMD.  |  | Covered with point 16.  |
| 15 | Australian         | Industry adjustment funding 120% tax incentive e.g. Investment Allowance.  |  | The Minister suggested this needs to be done.   |
| 16 | State              | <p><u>WA Grants Commission – Rating Capacity</u></p> <p>Investigate with the Minister for Local Government and the WALGGC the possibility of introducing a specific disability factor for those Shires in declared dry/drought agricultural regions to ensure they are not victimised under the current WALGGC funding criteria for grant allocations. The situation exists where Shires in these areas are doing the right thing by keeping their rate increases to a bare minimum to help their constituents during these difficult times, only to have their General Purpose Grants reduced because they are not rating to their capacity (as per the WALGGC criteria).</p> |  | <p>This point was accepted and is to be taken up with the Minister Ravalich. The CEO's are to follow this up.</p> <p>The CEO's are to follow up on this issue.</p>  |
| 17 | Australian & State | More opportunity farming- research, development.   |  | Research and Development of agronomic programmes to investigate long term solutions is greatly supported by the Minister.   |
| 18 | Australian & State | Industrialisation and decentralisation and diversification.  |  | Minister is keen to facilitate industry out in to the regions, such as State funded projects such as Oakajee. This will be an on-going issue.   |
| 19 | Australian & State | Banks to be at arms distance e.g. Banks signing off on viable statement.   |  | Banks have been advised legally not to sign off on the paperwork assessing the viability of a business operation for EC funding. The Minister is to respond to the meeting on whether the department is able to sign off on the attestation document. |
| 20 |                    | Will the Minister support additional funding required for the DAFWA Northern   | It is understood that the DAFWA Geraldton office as part of the Northern Agricultural Region, have |   |

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|    |       | Agricultural Region to continue with agronomic research and tools to meet tactical needs of farms for decision making for next years cropping and progress a strategic plan for Future Options for the NEAR? | responded to community and the Ministers requests to develop an identifiable long term strategy for the management of the issues that farmers face in the event of consecutive bad years and the need for a direction statement which sets out the Governments aims for the survival of farms in the affected area. It is also understood that this work is in addition to the existing project work being undertaken and additional resources have not been provided |  |
| 21 | State | A welfare contribution is required for early in the new year ie. similar to the one off CWA payments made  |   |  |
| 22 |       | Research and funding is required to explore plant genetics and herbicides on a trial basis within the region as a possible tool for dry seasons.   |   |  |

| No | GOVERNMENT RESPONSIBILITY | ISSUES NO LONGER TO BE ADDRESSED  | COMMENTS/ ACTION   | MINISTER'S RESPONSE TO DATE   |
|----|---------------------------|---|--|---|
| 1  | Australian & State        | Is there a designated area in North Eastern Agricultural Region deemed to be unviable by government?<br><br>If so, does the Government have any strategies to maintain the values of land adjacent to land deemed unviable?   | This could be linked to Australian Governments \$150,000 Exit Grant for farmers deciding to leave the land.  | The government does not have a view on what areas should not be farmed. Need to consider agronomic restructuring with technology to ensure there is a future in marginal areas.                         |
| 2  | Australian                | Relax the existing stringent EC boundary guidelines, which disqualify any particular landowners outside an EC declared area in a Shire, to allow such landowners to apply for EC assistance if they are able to prove they have been as adversely affected by the dry/drought season as a landowner inside the EC declared area has been. | Australian Government has attempted to extend the EC declared boundaries in its Media Release on the 17 <sup>th</sup> Sept 2007. However, the map provided with this release identifies two distinct area: <ul style="list-style-type: none"> <li>o EC Declared (no change to existing area)</li> <li>o Prima Facie Declared Areas</li> </ul> Clarification required on what the Prima Facie Area is | A map of the EC boundaries was circulated, with a buffer zone incorporated.<br><br>It was discussed if EC should apply to an entire Shire however, each individual case is assessed on their own merit. |

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|   |            |  | eligible for as it appears this does not address the issue of landowners outside the EC Declared areas, who can prove similar hardship, being eligible for assistance similar to those inside the EC Declared area.   |   |
| 3 | State      | Minister to work in conjunction with CBH proposal to secure seed grain for the forthcoming season.   | Imperative for next season seeding program.   | CBH is considering the segregation of seed, stored for the upcoming season, with the cost covered until the following harvest. This is yet to be confirmed. The Minister asked for the Shires to approach CBH by letter to support the need for this scheme. The quantity of seed required for the NEAR needs to be determined. |
| 4 | Australian | Revisit the debate on the introduction of an Australian Government run Multi Peril Crop Insurance Scheme to cover the seeding associated costs with a Government subsidy to encourage farmer participation in the Scheme (as per the Australian Government Health Insurance Scheme subsidies). |   | This point was covered with the discussion on AACL.   |
| 5 | State      | Rate relief via a Rate Rebate system similar to the current Pensioner Rate Rebate legislation (percentage of rebate does not necessarily need to be the same 50% Rebate offered to Pensioners).  | The State assistance offered through the DAF scheme, which gives farmers to option to pay rates from the \$8,000 grant is welcomed. However, it is considered a "whole of State Government" approach should be introduced to introduce a rate Rebate system to all farmers & small businesses, possibly utilising the LG rating system. | The Minister stated this point is a difficult one to be undertaken, and most complex.   |