

# **PRODUCTIVITY COMMISSION INQUIRY INTO GOVERNMENT DROUGHT SUPPORT**

## **SUBMISSION by GANNAWARRA SHIRE COUNCIL**

### **Gannawarra Shire Council sees the continuation of Exceptional Circumstances Assistance for the farming community and small business as of paramount importance for the sustainability of productive farming communities.**

It is extremely important for the overall wellbeing of the rural sector that Exceptional Circumstances Assistance be continued after March 2009. This invaluable income support payment assists not only the farming community, but the small business sector which indirectly benefit also when the money is spent locally.

The requirements for farmers to be granted the Exceptional Circumstances assistance and Interest Rates Subsidy is inconsistent from one year to the next, leaving them confused and disillusioned. They therefore are reluctant to keep applying for this much needed assistance, as often it is just too difficult, even though it is this money that puts food on the table for their families.

Small businesses, whilst being able to apply for Exceptional Circumstances, are most often not able to receive this assistance because of the justification that 70% of their business is reliant on the support of the farming community. This is very difficult to justify in small communities, however ALL small business in these smaller communities are affected by the drought, even if only indirectly, because if farmers are not spending in their communities when they are have no ready cash to do so, then it follows that every business is going to be affected.

Financially the families will feel the effects of this drought for many years to come. While most farming families have 'paper' assets, they have virtually no cash flow. So while buying groceries, updating the family car or utility, or buying new clothes may give the appearance of the family 'doing well', what is actually happening is the families are increasing their overall debt by increasing the overdraft they already have. The banks are happy to continue lending the farming families money to live on, as the assets they hold will more than cover any unpaid debts. This is an unrelenting, ongoing pressure that is facing families in drought stricken areas every day. Every time they fill the car up, every time they buy hay, every time they do the weekly grocery shop, more debt is added onto what they already owe as a result of the drought. Recovery is many, many years into the future, and the farmers know this. This adds to the pressure and stress as at this moment in time, they cannot see a way out of the ongoing

financial strains. The prospect of a good year to fix it all up is a pipe dream; it will take far more than one good year for these farmers to be back in the black again.

The overall impression gained through the implementation of Farm Gate Program by the Gannawarra Shire, St Luke's and Murray-Plains Division of General Practice, reflects the farmers determination and resilience, yet the realisation that they may not be able to hold on for much longer is very much at the forefront. Food parcels and vouchers have been a welcome addition to the Farm Gate Program, with farming families most appreciative of this immediate assistance.

Farming families are beginning to contemplate relocation to areas with higher rainfall – a contingency plan should this year be as low yielding as they expect. Many farmers have increased their loan capacity to plant crops, and buy water and feed for stock, yet even with a minimal return they will be unable to cover these costs. The increased pressure on families as a result of this situation will cause existing familial issues to deteriorate even further.

Programs and policies need to reflect acceptance by the governing bodies and society that the current situation, regardless of whether the drought 'breaks', will be ongoing for many years to come. Farming families will need years to recover from the damage that has been wrought not just on their land and farms but on their family and finances. Therefore, policies regarding ongoing funding for drought recovery need to be in place as a matter of semi-permanency – not just until it rains. Programs need to focus on sustainability, and also on everyday and emergency relief. There is clearly room for these types of programs to run alongside each other, with the understanding that sustainable programs allow for future planning, and projects providing everyday or emergency relief allow farmers and their families some respite and breathing space.

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