



Tasmanian Women in Agriculture Inc.
ABN 30 181 120 393

18th November 2008

Inquiry into Government Drought
Productivity Commission
Locked Bag 2
Collins Street East
Melbourne Vic 8003

Via email: droughtreview@pc.gov.au

Dear Commissioner

RE: REVIEW OF NATIONAL DROUGHT POLICY

Tasmanian Women in Agriculture welcome the opportunity to comment on the Productivity Commission Draft Report into the National Drought Policy.

The Organisation agrees with the Productivity Commission that the primary responsibility for managing risks, including from climate variability and change, rests with farmers. However we reinforce the message that if primary producers are to bear the responsibility for managing risks this must be underpinned by more appropriate forms of Government support.

The appropriate form of support needs to be an integrated, holistic approach to policy that recognises interconnections between the environment, society and the economy. Support should not be based on a nationally determined 'blueprint' alone. Needs vary from place to place, therefore any policy will need to vary appropriately according to demands of people, the environment and the economy and have an ability to be responsive, flexible and resilient. Local participation of any initiative is crucial to ensure ownership of outcomes.

We support the view that significant public funding be directed to R&D and extension to farmers prepare for, manage and recover from the impacts of climate variability and change. Any funding should be linked to development and implementation of sound farm management plans.

To this end, we also support the view that funding should be directed to a continuous learning program incorporating the successful elements of FarmBi\$. This program would include advice and training for managing climate variability and for farm business management. Funding should be a combination of subsidy and recipient contribution and should not be tied to an EC process that excludes proactive farmers.

The Productivity Commission notes that current drought assistance programs are not focused on helping farmers improve self-reliance beyond 2009-2010. Tasmanian Women in Agriculture are concerned that ECIRS is recommended

to end within the last year of eligibility for those in EC declared areas being 2009-10. We believe that this time frame is too early considering that the Australian Government plans to introduce the Carbon Pollution Reduction Scheme (CPRS) in 2010. Whilst Agriculture remains under consideration for the CPRS for inclusion until 2013 (potentially a covered industry in 2015), farmers will be impacted at the outset in 2010 with rising input costs (such as energy, fuel and fertilisers). These two major policy changes by the Australian Government will have a significant impact to the farming community in drought affected areas, unless sufficient transitional support is provided.

Our organisation has not formed a view on the EC declaration process other than we concur that the existing process is challenging for any entity that assesses the boundary lines. These "lines" cause significant challenges for farming enterprises on the wrong side of the line.

Tasmanian Women in Agriculture has had insufficient time to consult the membership base regarding the key features of an alternative income support scheme. We do however concur that any income support must be designed for farming circumstances and not limited to EC areas. Any business support should not be linked solely to land ownership. Small business owners reliant on agriculture, leaseholders and share farmers are also impacted and should be considered in any new support package. It is important to recognise that hardship can be a result of more than just drought and in a climate that in future will to be increasingly variable, it will be critical for farmers (and those support services that rely on farmers) to choose actions to improve their preparedness relevant to their circumstances.

We agree that farm management deposits should be retained and that they have indeed encouraged farmers to be more self reliant and plan for the future.

The Productivity Commission has recommended that any relief payment is limited to a maximum of three years out of seven. Whilst we are not in a position to dispute the PC figures that about half of all EC relief payment recipients receive support for one to two years, our membership believes that it is important to balance maintaining viability with providing assistance for temporary hardship.

The Productivity Commission Draft Report reveals higher levels of liquid assets and lower farm business debts for those that do not seek ECIRS support. Whilst these figures may indicate a stronger capital base they could also be impacted by the fact that we have an average farming age of 58. There is a need to take into account industry demographics. Our industry ageing demographics must be taken into consideration (ie succession and retirement issues) for any policy considerations. The older generation of farmers may not have transitioned their enterprise to the younger generation because of the tougher economic climate or family members do not wish to take on the farming enterprise. These figures may hide the ongoing succession of a business and the financial implications in the future if family member buyouts need to be made.

What about ongoing support for young people - especially wishing to transition into farming? Current EC provisions exclude share farmers and

young farmers. Existing professional advice and planning grants are for people already in a farming enterprise. We recommend that these grants would be beneficial to anybody considering entering into a farming enterprise and even more critical in drought affected areas.

If we are to consider the ongoing demand for food security and our future farming needs, we need to attract young people into the sector. Given the considerably high property prices currently facing the market and the ongoing challenge of the current credit crisis, it is difficult for young people to establish into the industry. Support programs for transitions in and out of agriculture are a way of sustaining the industry and should be considered as part of a future direction under *Australia's Farming Future*.

A new discourse is needed that does not require a choice between disaster and risk - an understanding of each is fundamental to effective response and recovery. It is hoped that the review will result in the right of farmers to be judged according to their long term viability and sustainability rather than their best guess on the prevailing weather conditions. We agree with other commentators that traditional approach to risk management of conserving stock feed and cash reserves in the 'good' season in order to offset the 'bad' is not a workable alternative if good seasons are to become the exception.

The Productivity Commission has recommended that the Rural Financial Counselling Services (RFCS) be reviewed. Since the service establishment in 1997, there has been an audit in 2003, a review in 2004, a restructure in 2005 and your report recommends that a further review be undertaken. Our Organisation has considerable concerns of the impact that another review will have on these services. The Counsellors provide a valued service under stressful conditions, and it is unfair that the service providers continue to have uncertainty of tenure.

Any proposed review of the RFCS should be left until at *least* to 2011 (when existing funding arrangements cease). This means that the Government will have at least a two year time frame where it can assess the success (or otherwise) of the case management approach and at least one year of any new operational requirements under an enhanced *Australia Farming Future* package.

If the concern of the Commissioner with the RFCS is that there is a high retention rate of existing clients, then provide sufficient time for the services to implement the case management approach and time a review in line with a period after a revised National Drought Policy is established. We strongly recommend that the Australian Government continue funding for RFCS past 2011. The track record of this service clearly highlights the value to the farming community.

We hope that you find these comments useful for your review.

Yours faithfully

Sheryl Rockliff
Treasurer