

**Pastoralists and Graziers Association of WA (Inc.) submission to the Productivity Commission on the Federal Drought Policy Review**

▪ **Meeting held 16th July**

- Farm Management Deposits (FMDs) need to be made available to limited, P/L companies & family trusts
- There is a need for primary producers to be encouraged to put aside monies for drought years
- FMDs have not been drawn down during drought years, and we would ask why this is. Are they being treated as a Superannuation Fund?
- Super is possibly more attractive than a FMD
- Household Relief funding – Intention is to protect the asset base so people don't sell the farm and or family home, but is this still viable? Should there be a mutual obligation arrangement so that farmers getting Household Relief must also look for a job away from the farm?
- The pastoral industry requires increased turn-around time after drought to get restocked, and even more time if using NRM practices, feral animal control etc. What about a NRM Stewardship program?
- If a landholder has not drawn down his FMD it becomes an issue whether he or she should not get a drought subsidy
- Liquid assets like FMDs should be differentiated from physical ones with the requirement that liquid ones are drawn down to get household relief and other drought subsidies
- Are Exceptional Circumstances interest rate subsidies topping up people who shouldn't be helped? Why not have direct grant schemes for cleaning out farm dams, roofs over stock fodder etc? A banker should not sign the agreement they will carry on a loan, just to get our top up interest rate subsidy. This is a mismatch.
- There is a problem with getting the EC interest rate subsidy. Some P/L companies are excluded due to shareholders having other assets, even though the P/L Company relies 90% on agriculture and is in drought.
- The backdrop for a review on drought funding is that it is not profitable to sell livestock any longer – the terms of trade have changed.
- A commercially focused NRM stewardship program could be an option.
- Producers are not getting enough of a share of the food dollar and this is also a problem to fix.

- The Gascoyne Murchison Strategy was set up to deal with many of these issues.
- Pastoral recovery periods after drought are much longer than in agricultural and irrigation areas.
- We need to consider how landholders can re-stock after drought when the prices are sky-high.
- The focus of current drought relief needs changes. Incentives are required.
- The terms of trade problem for landholders is affecting profitability.

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