

Pastoralists' Association

of West Darling

INDUSTRIAL UNION OF EMPLOYERS

Registered under the Workplace Relations Act and the NSW Industrial Relations Act.

Response to

Productivity Commission

Inquiry into Government Drought Support

5 December 2008

Productivity Commission,
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East Melbourne, Vic 8003
droughtreview@pc.gov.au

Unfortunately no one from the Pastoralists' Association is able to attend any of the Productivity Commission's Round table discussions in person. However, I hope that this response to the recommendations in the Commission's Draft Report will be given serious consideration.

On reading the report I am somewhat disappointed that it did not come up with anything really new recommendations. All of the recommendations appear to have been alluded to by the Minister and or other Government or Departmental officials. My conclusion from that is that the Commission's Recommendations are ones that it thinks the Government wants to hear.

There were a number of suggestions put up in the initial submissions which were virtually ignored or appear to be given little consideration.

These included:

A HEX type financing scheme, A first home buyers type scheme to assist the passing on of the farm to a younger generation, extension of Farm Management Deposit Scheme and Taxation incentives.

The Recommendation to Maintain the **Farm Management Deposit** scheme is to be applauded, but the reasons for not extending it or making it more flexible are not clear.

The value of off farm investment as a means of reducing the effects of drought is acknowledged in the report but there are no recommendations to encourage this approach to drought preparedness other than maintaining FMDs with no broadening of the scheme.

In the Pastoralists' Association's earlier Submission to the Commission it was suggested that the FMD scheme should be extended to possibly include such things as off farm investments

such as the share or property markets. It could be administered in a similar way to self managed superannuation, but targeted at drought preparedness instead of retirement. I have stated on a number of occasions that possibly the best form stress relief in a drought is to have cash in the bank.

Taxation incentives to encourage farmers to invest off farm should be thoroughly investigated and implemented by the Government so farmers can start making plans as their incomes improve following the current drought. Unfortunately current taxation policy encourages debt rather than saving.

Phasing out or EC support:

Due to the on going nature of the current drought landholders have become more dependent on EC support. The Pastoralists' Association has been asking that there be an extended phase out period of support to allow people longer to adapt. A sudden cut off of the program would be extremely detrimental to families in this situation both financially and psychologically.

Transport Subsidies:

The Pastoralists' Association is strongly apposed to the Recommendation to stop Transport Subsidies. For people farming in remote areas during drought these have been most beneficial and one of the most equitable forms of drought assistance as everyone is eligible not the small percentage of landholders eligible for other forms of assistance.

In the Far West of NSW where the Pastoralists' Association members reside the NSW freight subsidies have been of considerable assistance due to the high cost of freight caused by long distances and high fuel costs. Freight Subsidies have assisted in moving livestock off farm for slaughter or adjustment plus the with the freight costs of fodder. Most fodder purchased in the Western Division is for short term feeding due to the high cost of transport even with the subsidies. Usually used to feed stock over shearing prior to moving stock off the property.

It is hard to argue that freight subsidies encourage landholders in the Western Division of NSW keep livestock on farm longer than they otherwise would during drought.

If the NSW Government moves to stop Freight Subsidies the Pastoralists' Association will be putting up a considerable fight to have them maintained possibly with some improvements such as making them retrospective to cover stock that were moved off farm early in the drought period prior to it being declared. This would give landholders further encouragement to move stock and thus encourage the reduction of land degradation.

Drought Property Planning:

Property Planning has become a the latest catch phase for many forms of farm management, one asks how may property plans does one farmer need?

Property Plans have become a requirement for most forms of Land Care works. In NSW the administration and application of the Property Vegetation Plans has been less than satisfactory, especially in the Western Division where the generic computer model does not work. The bad experiences with PVPs has lead many landholders to view property plans with scepticism.

Rural Counselling Service:

The Rural Counselling Service has proven most beneficial in assisting farmers with business decisions, negotiating with banks and assisting with drought issues. Continued support for the service is most necessary with possibly an expanded or different role in the future such as assisting with drought preparedness.

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