

Productivity Commission Draft Inquiry Report

Inquiry into Government Drought Support

Comments from John Berger.

Having been a farmer for over 45 years in the Murray Mallee in SA I have seen my share of dry years. Our entry to farming was independent of family succession or farm build-up so we saw our share of hardship in getting established. Initially droughts happened to us but experience over time developed strategies that allowed us to minimise the impacts on our business and farm landscape.

We were never eligible for support schemes for varied reasons that were relevant at the time. For this reason I have a fairly independent opinion that preparedness is far better than rescue in a crisis. Being in a position to withstand drought does require a change of outlook and time to put in the infrastructure and an accumulation phase. There is also a required change of culture from victim to one of resilience and self reliance. This capacity building has benefits in other aspects of the business and personal lives.

I have not read or seen the full report, but I have read the overview, recommendations and some support documents. Generally I support the thrust or concept of the recommendations but do have some concerns about the cut off date and possible implications that may have for some businesses. My comments follow:

Recommendation 6-1 to 6-3 Unless there is some form of recovery from drought conditions or unless there is a viable option in place to replace the EC programs, denying access to these programs on an inflexible date may have dire consequences for some businesses.. ie risk averse programs on farm need to be mature enough to survive drought. Developing of new on farm risk management strategies should be a condition of support and any support should go towards these strategies.

Recommendation 7-1 There is a need to develop a culture of self reliance and acceptance that change and adapting to change are inevitable and essential to be dynamic in agriculture. Support is needed for young farmers and protection for their families to ensure there are more diversified age groups in agriculture.

Recommendation 8-1 I think this needs to go beyond R & D and extension to targeted assistance to develop and put in place the necessary strategies to survive drought. The experience gained would then more broadly apply to other strategies in the business. Eg financial risk.

Recommendation 8-2 to 8-4 Rural Counsellors should not be consultants or advisers but should be assessors of viability and provide counsel on options and recommendations for change and counselling for exit and/or retraining etc or for access to temporary family

support. Training needs to recognise different learning styles, age and attitudes to change and education status or ability to learn. FMD's are a good idea and a very useful tool.

Recommendation 9-1 Support changes to family assistance measures as long as any transition or change is staged. Downsides; Encourages lack of preparation or financial risk awareness. There is the potential to reduce self reliance to dependence. Needs to be a genuine safety net not a political tool. There should be a priority to retain young families or at least best farmers and allow others to exit through succession planning or restructuring.

From 1982-2002 I was amazed that the memory of the drought program detail survived almost across generations in the Mallee. The culture of dependence often survives as an alternative to the opportunity to change.

There is a need for an ongoing program of refocus, restructure and revising options for rural communities. This needs to develop dynamic futures type scenarios with some kind of entry/exit program to facilitate succession. The program needs to focus on the whole community not just the victims. Quite often the decision to exit agriculture provides whole families with lifestyle opportunities and benefits that were never options before.

Farmers views the views from recipients didn't justify the scheme by demonstrating how it helped them to move to self sufficiency – it is almost invoked as a right. Tax payers shouldn't be taking over the commercial risk of borrowings without an expectation of a viable result with community benefits.

Family EC relief payments

The process of EC declaration focuses the community away from confidence in the future to examining victim status and the community mindset then changes to rights. This polarises an outlook of self help and focuses people on a mental search for eligibility.

I agree with the temporary relief proposal with the review periods stated, both for the program and recipients. Relief should be conditional on training and business reviews and planning.

The liquid asset criteria for relief payments, compromises future plans for succession and retirement, then counselling with options is needed to deal with this issue.

Small business access to counselling. Access to employment in remote towns is not always easy and in drought there are more competing applicants because of farmers and seasonal workers seeking work outside of their traditional fields.

Drought responses are not good models for community development but targeted programs for community viability may actually take some people out of farming and place them into more suitable occupations without relocating and thus maintain community infrastructure to benefit all. Whole of community focus not just drought affected farmers.

Training and advisory programs need to be directed to farmer needs not the marketing of training modules and products in the market place. ie climate models and computer analysis programs or even research outcomes. One size doesn't fit all!!

Farmbis is a successful delivery model and subsidies and group training accelerates change.

FMD's should be an incentive for self reliance, particularly for smaller farms whose viability is borderline and those who work off farm should be encouraged to deposit on a cumulative basis. There are also issues relating to family business structures that are a disincentive to accumulating FMDs.

Policy management should be complementary and recognise that compliance or access is not the same for remote communities especially where it is technology reliant.

There needs to be built in priorities for land stewardship and to encourage trends to appropriate land uses for the environment and climate. Incentives must deliver best practice.

There is a danger that the drivers of change are budget savings and not the opportunity to deliver better outcomes for agriculture and rural communities. The end result needs to be stronger more resilient communities and businesses.

Having said that I believe there are risks to some EC dependent families if cut off dates are inflexible and not related to drought recovery.