

The Strathbogie Shire has its centre in Euroa, approx 180 kms from Melbourne and 200kms from Albury. It is situated in the Hume region of Victoria and comprises twelve shires consisting of small and medium sized towns – there is no large regional centre. Each of the shires in the region is highly agriculturally dependant and most are experiencing protracted drought conditions. In the Strathbogie shire, 5.7% of the population are employed in the Sheep, beef, dairy and grain farming industry and is one of three local government areas in the Hume region with the highest proportion of employment in agriculture. (ABS 2008 – in Rickards 2008)<sup>1</sup>.

As the drought coordinator for the Strathbogie Shire, I deal on a day to day basis with people and families in stress and distress due to this ongoing and relentless drought. There are 115 families in receipt of EC income support and from my experience this has been a measure of last resort. I have met with families on numerous occasions who resist the option of income support, only to succumb due to dire need. They find the staff and service providers excellent to deal with, but the process of applying for and accepting income support as humiliating and for some, shameful. At community gatherings it is rare for anyone to admit they are in receipt of income support. When the topic is raised by people seeking information about what is available to help them, the silence from their friends and neighbours is deafening. I usually find out that a family is in receipt of income support after several visits and conversations when they admit, in hushed tones, that they are already receiving help. They go on to explain how long it took them to apply because of shame and not wanting to receive “handouts”. I know of several families who had thought about applying in the past couple of years, going as far as obtaining the application forms, but finding they couldn’t go through with it. Now, however, as their debt levels rise and their income is non-existent they find themselves with few other choices.

As a consequence of this experience, I found some aspects of the productivity commission’s findings inconsistent. Whilst the panel’s recommendations overall have merit and there is no doubt that the current arrangements require improvement, farmers and rural communities do require continuing assistance and support to manage in this drought and to meet the challenges ahead. Significant change is required in the agricultural industry in the context of a drier and more variable climate, with more frequent and severe periods of drought as predicted by the CSIRO’s climate change modelling. Farming families are already under long-term, sustained stress and pressure as they face a future full of complex change, decision-making and adaptation.

Whilst the Commission’s report attempts to address the areas of deficiency within the current system, it delivers a narrow focus and appears to make many assumptions. For example, there is an inference that farmers are increasingly looking for income support from Government due to their failure to adequately drought proof their farms; that those receiving this support lack prudent financial management skills and that many are looking for a handout. The report fails to focus on the major cause of the rise in applications for assistance – which is lack of rain over a sustained period (a drought) within a context of drastically increased input costs, higher debt, and reduced income due to falling prices.

1. Taken from “Drought Research in the Hume Region Scoping Study” December 2008 prepared by Dr. Lauren Rickards on behalf of a group of partners within the Hume region.

The 20% of farmers who have sought help have done so because of lack of rain over a very long period of time– not because they are bad farmers. The report provides a range of statistics which it then links to comments made by other farmers thus inferring that farmers who are doing well, have low debt and higher off-farm income are better farm managers than those who do not. The eligibility criteria required for income support ensures that those most in need are those who receive assistance. There is no evidence provided in the report to back up claims by some farmers that others are purposely mismanaging their finances in order that they receive the equivalent of the dole. Any links made or inferences drawn throughout the report should be backed up with qualitative research and evidence, rather than assumptions of cause and effect through the use of selective data.

The report does not explore and analyse the links between the longevity and severity of the drought with the number of farmers receiving income support, nor the amount received, nor the timing of their applications. It stands to reason that as the drought continues from 2002 onwards and with more severity that less and less farmers are able to sustain themselves – having used their cash reserves and other means to keep afloat, and only then seeking assistance. This accounts for the apparent trend upwards discussed on pages 8 and 9. This upward trend does not amount to robbing, as inferred by some of the quotes from more fortunate farmers that are sprinkled throughout the report.

Pages 8 and 9 of the summary document, appears to conclude that because only 20% of farmers have accessed income support, that the support is really not needed, as most farmers manage without it. That is akin to saying that because most people are not receiving Newstart Allowance, or because most parents are not receiving Parenting Payment Single, that those payments should cease and are no longer appropriate.

It is also of some concern that if one accepts that the current process for EC declaration is a flawed basis for income support (pages 10-13) why should it then stay in place until end of June 2010? This timeframe is unlikely to be adequate for all of the Commission's recommendations to be in place in an effective way and for alternative measures to have a positive impact on farmers if the drought continues. If this is the reason for continuing EC at all, then it should remain in place until at least end of June 2012 to allow sufficient transition and implementation, especially of R&D activities.

The panel does not provide any assessment of how full implementation of its recommendations would impact on small, rural, agriculturally dependant communities with little access to significant labour markets. Given that the purpose of this report includes a requirement to *"identify the most appropriate, effective and efficient responses by governments; to build self-reliance and preparedness to manage drought. These issues are to be considered in relation to the circumstances of farmers, farm businesses and farm dependent rural small businesses"* it is reasonable to expect an analysis of the wider impacts of implementation of the recommendations on such communities. The recommendations are not *appropriate, effective and efficient* if they actually create more hardship, isolation and community disconnectedness.

Whilst the Commission's report refers briefly to the social impacts panel review, there is little by way of recommendation for adequate funding for community building, economic development opportunities or regional development to ensure that communities do not suffer when the recommendations are put into place. I make

reference to the power industry restructure in the Latrobe Valley, Victoria in the 1990s when the State Electricity Commission was privatised and large numbers of people were made redundant. Whilst few would argue that the changes were not necessary in the long-run, there appeared to be no analysis of the impacts on the Latrobe Valley when thousands of jobs disappeared over a relatively short period of time. Nor were there employment and/or economic development programs put into place to create new jobs for affected workers. People received their redundancies and were left to their own devices. The region now, some 15 years after the event, is still recovering – and has a disproportionate number of very long-term unemployed (10 years plus) people, many of whom were employed directly or indirectly in the State's power industry. Governments need to learn from the mistakes of the past. For the recommendations from this panel's report to be effective over the long term and not create more hardship, there must be a focus on economic development to ensure that affected farmers have options and pathways to other employment – this is especially true for areas surrounded by similarly drought-affected regions and too far from major centres and cities to access other options.

The report focuses on the cost of income support in isolation from the value of keeping people on farm, of maintaining self-worth, identity, attachment to the land and belonging to community. The view that income support is to be cut off after 3 years (one assumes that the farm would have to be sold at that point) with little reference to other supports apart from planning and re-skilling is a simplistic solution and one which would lead to dire consequences, particularly in relation to mental health issues and family breakdown – not to mention the impact on whole communities. Whilst some reference is made to the complexities involved in relation to the findings from the social impacts panel report, solutions offered are narrowly focussed.

Solutions to the problem of supporting farms managing through climate change, drought and other difficult periods need to be holistic and coordinated. It is an ineffective response, and in fact may be harmful, to remove parts of the current system without generating alternatives and linking supports together. For the recommendations to have a positive effect there must be programs put into place to fill the gaps. The social impacts panel recommendations in combination with the productivity commission panel recommendations must take into account the complexity of rural Australia. The Government must make a fundamental decision about the value of agriculture and rural communities to Australia and make changes based on that philosophy at the core of its decision-making. Any changes must take a holistic view and cannot isolate income support from other measures, or they are doomed to fail as the current system has. The following points need to be considered:

- Funding is required for research into the needs of farming families in the context of long-term, unprecedented drought and climate change to inform service provision in a coordinated and targeted way. This is essential to ensure that measures implemented are effective in increasing resilience, advancing community development and producing economic viability, thus achieving long-term results for rural communities.
- projects to bring alternative business and real long-term employment opportunities to rural Australia especially for areas more than 100kms from metropolitan areas
- equal access for rural and remote areas to access broadband and mobile coverage – whilst providers may deny there is a problem with mobile

coverage, anyone taking time to listen to rural people or who spends time in rural areas knows this isn't the case – there are many black spots

- an income support system which does not leave a family in the situation where they have no access to income. It's not good enough to cancel a payment after a set period of time without alternatives – has consideration been given to the possibility that assets may not be liquidated within the timeframe, thus leaving the family without any support? They cannot eat dirt!
- greater emphasis on delivering direct health services to small populations negating the need for extensive travel as exists now.
- medium to long-term funding (ie. Minimum 5 years) for research and development for agricultural solutions to climate change impacts – short term funding for scientific research does not yield sufficient results so farmers have to gamble with a possible solution that hasn't been properly and fully researched (ie research on pasture species) The costs associated with these changes needs to be recognised and supported.