

**RESPONSE TO
THE PRODUCTIVITY COMMISSION**

**INQUIRY INTO
GOVERNMENT DROUGHT SUPPORT**

**SUBMITTED BY
BOARD OF DIRECTORS
RURAL FINANCIAL COUNSELLING SERVICE NSW
– BOURKE**

RECOMMENDATION**THE CURRENT EC RELIEF PAYMENT SHOULD CONCLUDE BY JUNE 2010.
FROM JULY****RESPONSE:**

EC Assistance in its current form and criteria should continue for the length of this cyclic climate change period of drought followed by a suitable recovery period and not conclude at 2010.

Income support provisions are vitally important for the maintenance of everyday expenses and it helps relieve the stress of ongoing pressures and the consequential health aspects.

As per current criteria, allow for at least 12 month recovery period to those areas that are no longer EC declared. This will allow financial and agricultural production recovery to begin; allow for breeding cycles, re-stocking, crop, market and capital developments thus allowing cash flow to be generated and viable businesses retained.

Assistance during the recovery period will enhance and compliment assistance already received prior throughout EC period. The enterprise will then be able to consolidate and move forward with adequate financial, production, management resources and conservation of the land may be implemented in line with climate change policy and requirement.

Existing areas coming out of EC declaration thereafter should be eligible for Transition income support (TIS) as recommended with amended criteria:

- Liquid asset cap be equal to the net result of the previous four years average trading. Capped at \$50,000.
- Asset cap should be exclusive of all farm assets.
- Assistance past three in seven years should be reviewed on a case by case basis. If Enterprise Action Plan (EAP) and all case management requirements are adhered to, then further assistance should available to that enterprise if factors are outside their control.

RECOMMENDATION

EC INTEREST RATE SUBSIDIES (ECIRS) SHOULD BE TERMINATED WITH THE LAST YEAR OF ELIGIBILITY FOR THOSE IN EC DECLARED AREAS BEING 2009-2010.

RESPONSE

EC Assistance (Primary production) in its current form and criteria should continue for the length of this cyclic climate change period of drought followed by a suitable recovery period and not conclude at 2010.

The procedures should be status quo for the period of this drought period. Continuation of ECIRS is integral to the recovery of the primary production industry in our area.

Limited uptake of small business assistance has been due to the criteria being too restrictive to be inclusive. We suggest criteria be based on average trading result for previous four years, not annual turnover.

Business support measures are vital to ensure the ongoing continuity of agricultural businesses and indeed rural communities during times of exceptional droughts.

Additionally, Government needs to consider the importance of retention of rural communities. Productivity report seems to focus on the individual rather than the preservation and cultivation of the community.

While the interest rate subsidy itself does not flow directly to the community as it is paid to the banks, incidentally it does allow for residual farm income to be circulated through the community on living and operational expenses.

RECOMMENDATION**EC EXIT PACKAGE SHOULD NOT CONTINUE AFTER APPLCIATIONS
CLOSE IN 2009.****RESPONSE**

The Exit grant should be retained with modified criteria, as an incentive to leave the land and assist relocation in an orderly and timely fashion. The small number of successful applicants is not a true reflection of need of those who may take up an Exit grant, if they were able to meet the criteria. The criteria are too restrictive.

Because of the extreme prolonged drought conditions we have experienced in this area, timing for the sale of a property has not been ideal. Some irrigation blocks have not been able to be sold even although the farmer has actively marketed.

By diversifying and finding off farm income in times of extreme conditions, the applicant is then considered not to be defined as a 'farmer'.

The farmer needs to know pre-sale if they are eligible to allow for options and plans to be developed prior to Exiting. Those that are forced to leave the land with nothing are in dire straights and in more need than those that choose to exit with some equity intact.

Definition of 'being in control of farm' needs to be investigated and those that voluntarily surrender the farm to the Bank (rather than forced foreclosure by the Bank) should not be deemed ineligible for the Exit grant.

RECOMMENDATION

TERMINATE TRANSACTIONS-BASED SUBSIDIES, EFFECTIVE BY 30 JUNE.

RESPONSE

Rebates need to be retained.

The Productivity Report claims are ill conceived and not applicable to this area. Rebates encourage stock to be agisted and moved earlier rather than retaining and degradation of the land occurring.

If the producer is supplementary feeding stock, the fodder transport rebate allows for and assists animal health and wellbeing. It is a good risk management tool and good management practice.

RECOMMENDATION

EC DECLARATION PROCESS SHOULD BE TERMINATED. NO NEW AREAS, FULL OR INTERIM SHOULD BE DECLARED AND CURRENT DECLARATIONS SHOULD CEASE BY 30 JUNE 2010. IN AREAS THAT REMAIN DECLARED, RECIPIENTS OF EC ASSISTANCE SHOULD CONTINUE TO RECEIVE ASSISTANCE UNTIL DECLARATIONS TERMINATE, NOT BEYOND 30 JUNE 2010.

RESPONSE

EC Assistance in its current form and criteria should continue for the length of this cyclic climate change period of drought followed by a suitable recovery period and not conclude at 2010.

It should be possible to assess an area individually based on need rather than draw lines on a map to encompass a large area. It may be easier to put a large area into EC however, when recovery commences it makes it near impossible to pull an area out on mass, as not all in that area may have recovered.

Government need to assist protect the National Asset of Rural Industry.

RECOMMENDATION

FARM MANAGEMENT DEPOSITS SCHEME SHOULD BE RETAINED WITH ITS CURRENT CAP OF \$400,000 AND NO WIDENING OF its ELIGIBILITY.

RESPONSE

Retain as is.

RECOMMENDATION

SIGNIFICANT PUBLIC FUNDING SHOULD BE DIRECTED TO R & D AND EXTENSION TO ASSIST FARMERS PREPARE FOR, MANAGE AND RECOVER FORM THE IMPACTS OF CLIMATE VARIABLILTY AND CHANGE.

SEVERAL FEATURES OF THE RURAL FINANCIAL COUNSELLOR SCHEME SHOULD BE REVIEWED, INCLUDING IMPEDIMENTS TO PRIVATE SECTOR PROVISION AND THE LEVEL OF REFERRALS TO OTHER SERVICES.

SIGNIFICANT PUBLIC FUNDING SHOULD BE DIRECTED TO A CONTINUOUS LEARNING PROGRAM, INCORPORATING THE SUCCESSFUL ELEMENTS OF THE FORMER FARMBIS WITHIN THE FARM READY PLATFORM. THE REVISED PROGRAM SHOULD ENCOMPASS ADVICE AND TRAINING FOR MANAGING CLIMATE VARIABILITY AND FOR FARM BUSINESS MANAGEMENT. FUNDING SHOULD BE BY WAY OF SUBSIDY AND RECIPIENT CONTRIBUTIONS.

RESPONSE

Agree. In our area the producers are already making and/or have begun significant changes to their farming methods due to the impact of this drought.

Land quality has improved and they understand the implications of drought. Funds are needed in order to combat these changes, assist ongoing training and development needs specific to our Western Division area and compliment existing improved land management opportunities being offered through other agencies e.g.: Catchments Management Authority, Envirofund, Special Conservation Loans, NSW DPI. Training and self development should be encouraged. A major inhibiting factor to training is the cost of training, travel and accommodation – building on the FARMBis program will assist accessibility.

History of this area indicates cyclic climate change. This area needs to retain and share experience and knowledge that will be able to handle and understand the next cycle of dryness. Local knowledge and factual history of seasons cannot be underestimated in importance nor ignored to the recovery of this area and in deed, to the new younger farmer entering the industry.

It is important to provide a degree of assistance to allow people to upgrade and up skill to become self sufficient. The duration and area of the drought have gone beyond these preparedness factors. Drought preparedness and self reliance are not mechanisms that can be utilized in times of drought alone. If preparedness or self reliance strategies are developed they need to be in conjunction with drought support measures for periods of drought, in times of recovery.

Our Rural Financial Counselling Service is well respected and supported. The volunteer Board of Management is elected from the local community and has a good understanding of community need.

Our Rural Financial Counsellors network well and make appropriate referrals to agencies in and outside our Service area. They act as the 'hub' in a hub and wheel approach to service provision. The main impediment to make a referral is the absence of services available in this community. Population shift, service closure and centralizing of agencies mean that a referral sometimes is near impossible and/or necessitates an 800km plus round trip for the person or the need for countless hours on the telephone accessing information.

The sheer location and remoteness of our area means that our counselors are sometimes called upon, to source and deliver information. Quality and reliable service provision by our Counsellors can sometimes 'fill the gap' of absent private sector services.