



## AgForce Queensland Industrial Union of Employers

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## **AgForce Queensland's Response to Productivity Commission hearing queries**

- A high level statement from Government recognising the contribution Agriculture has made to Australian history and currently makes to the ethos and economy of the Nation is needed.
- There has been comment of the supposed fraud that occurs with application for assistance. It should be noted that to date and AgForce's knowledge no farmer has been charged with any offence in relation to fraudulently obtaining assistance under EC.
- The fact that only 1 in 20 farmers receive assistance supports the argument that the agricultural sector is very self reliant and does not seek nor embrace Government assistance.
- Anecdotal evidence indicates that 70-80% of all EC funds, ISR and ECRP, are spent in local communities. This is a genuine bottom up support process.
- It is imperative that the good that EC funds have done for rural and regional communities is recognized.
- Many producers accessing ISR did so due to debt incurred directly as a result of buying technology to cope with the drought. They are not bad managers or unviable. Producers are cash poor, but in most cases equity rich. As a result to embrace technology and management changes to deal with drought they need to borrow. Australia farmers are the most receptive farmers in the world to accepting technology and many have used this to handle the drought. *Some examples are listed below. These examples are all very expensive initially though produce environmental benefits, cost saving and production benefits eventually.*
  - Purchase of high technology irrigation equipment e.g. a walking beam can reduce water usage by up to 70%.
  - DNA testing of cattle to select their own bulls with drought tolerant phenotypes to breed this characteristic into their herd.
  - Buying another property to allow cattle to be moved to feed their so that herd is not sold and home property is not denuded of grass. This also protects the gene base developed by many producers from many years of breeding and ensures it is not lost if the cattle were sent to meat works.
  - Moving large herds to agistment many kilometres away to allow their home property to recover.

- Building infrastructure eg dams and haysheds to better prepare and manage drought
- Use of minimum tillage practices, tram track farming and GPS managed soil preparation and planting.
- Telemetry for control of feral and domestic animals in remote areas.
- Capping of flowing bores and piping of bore water to strategic locations to protect pasture and reduce stress on cattle walking long distances.

In many cases the simple approval of EC to Farmers who would never qualify has provided great psychological comfort to them in that the wider suburban community recognises how tough things are.

The loss of EC including ISR and ECRP and the contingent assistances eg Health Care Cards, the Professional Advice and Planning grant without replacement by new forms assistance with practical checks and balances eg means and assets tests that don't disadvantage genuine farmers, will leave many genuine farmers in a difficult predicament and hence small communities in trying to deal with increased climate variability as a result of climate change.

Replacement programs need to be proactive and targeted to specific needs in rural areas to assist with on ground climate change and variability. This needs to include provision for one to one planning and assistance at the individual farm level as well as eg catchment or regional levels. This form of planning must include financial scenario analysis to determine the risks in an individual farm business and how to manage this risk and the sensitivity of the farm business to eg climate variability and change, interest rates and succession risk. Some other examples of assistance other than those mentioned previously that are currently occurring and have been support by the existing EC provisions are:

- Grants to assist with moving large numbers of cattle long distances to agistment or another property to protect pastures.
- Grants to assist with taking farming land out of production until soil carbon levels return to normal.

Industry bodies must be involved in developing and delivering new programs from day one and utilization of proven models like AgForward and Rural Water Use Efficiency programs have best chance of delivering outcomes.

There is a need to match plans and any mutual obligation to real incentives and genuine mutual obligation from both sides i.e. any grant should be matched by provision of cash from the Commonwealth eg irrigation grants, fodder storage grants, regeneration of pastures, reorganization of water points, remote sensing/telemetry technology etc could be jointly funded in the same manner as other forms of industry grants on a 50:50 basis with in kind contributions from the farmer counting.

Other areas for consideration:

- Farm Management Deposits should be expanded to include private family not publicly listed companies and should be available on a business not just an individual basis. The amount that can be deposited could also be related to eg 5 year average gross sale figures from Taxation Returns. The amount available to be deposited could be a base amount for all genuine primary producers but with a sliding scale to allow larger producers access depending on their average income. This would allow eg big cattle producers who may sell 1,000 breeders

for eg \$1M to be able to quarantine a large amount into FMD's for restocking when conditions improve.

- The gifting provisions for access to Centrelink payments to be relaxed to allow for succession planning taking place. Often the next generation is burdened with generational debt i.e. repayments will take all of their farming life, to allow their parent to retire. The gifting provision now takes 5 years. On application and with justification Centrelink should be allowed the discretion to reduce this to eg 2 years.
- Currently Queensland via the Queensland Rural Adjustment Authority offers “concessional” lending to primary producers, (PIPES: Primary Industry Productivity Enhancement Scheme loans). These are available to e.g. to young farmers to buy small farms as an entry into farming, payment to allow succession to take place and development work on a farm to occur. This lending has lower fees and slightly lower interest rates, but basically under commercial terms with longer time frames. It is all based on farm business management plans prepared usually by a third party and the loan is reviewed annually. These loans have been a great boon due to their terms to farmers and there have been very few defaults. These terms are not greatly different from commercial lending and this demonstrates how little practical assistance viable farmers need to develop their farms and to provide for succession planning. This type of lending is very applicable to managing the effects of climate variability and change.
- The provision of income contingent lending is a real option to generate change and adoption of expensive technology by farmers. These loans would need independent plans prepared and annually reviewed in the same manner as the PIPES loans above. There would need to be a tight time frame eg after 7 years of no agreed repayments then the loan is due and payable whether the farm is generating a profit or not.

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