



eA68367

Date: - 2 FEB 2009

Productivity Commission
Locked Bag 2
Collins Street East
MELBOURNE VIC 3002

**Minister for
Agriculture, Food
and Fisheries**
Minister for Forests
**Minister for Regional
Development**

Level 17
Grenfell Centre
25 Grenfell Street
Adelaide SA 5000

PO Box 668
Adelaide SA 5001
DX 192

Tel 08 8226 0322
Fax 08 8226 0316

Email
Minister.McEwen@state.sa.gov.au

The South Australian Government welcomes the Productivity Commission's review of the appropriateness, effectiveness and efficiency of business support and income support measures; identifying impediments to improving self-reliance and preparedness; and identifying the most appropriate, effective and efficient response to build self-reliance and preparedness to manage drought.

The South Australian Government is committed to supporting the long term sustainability of primary industries and rural communities and accelerating recovery from drought, recognising the value and need to have a strong rural sector coming out of what is the worst drought in South Australia's history.

South Australian industry, business and community organisations have worked in close partnership with the State Government to identify key areas of need and develop and implement a policy approach that has the objective of achieving a stronger rural sector.

The State has a range of support measures in place to complement National Programs. A list of some of those measures relevant to farming businesses are outlined in Attachment 1. These measures have been successful and demonstrate the value of business planning, as well as increasing community support to reduce the personal and community impacts of drought.

In principle support is given for the ten recommendations provided in the draft report, but the following matters should be given consideration prior to developing and presenting final recommendations:

1. Removal of Exceptional Circumstances declarations and regional boundaries would be seen as a significant improvement, as the development of more appropriate support measures would not be reliant on defining regional boundaries.

2. Transitional arrangements will provide the greatest challenge in progressing to new policy and the recommended timelines to end current policy and programs by 2009/2010 will potentially disadvantage those areas that do not have opportunity to make considerable recovery from the ongoing drought conditions.
3. Future policy and programs that support building preparedness and self reliance are critical, and it would be valuable to provide further consideration on what programs might be best suited. Continuous learning is one component, but the recommendations do not provide details on broader options.
4. While ongoing research and development is important, it is not necessarily an area in which significant investment is required over and above other measures to ensure currently available technologies are adopted by farmers.
5. While the focus of the Productivity Commission's review is an economic assessment, the recommendations do not specifically address the need for social wellbeing, business viability, and community capacity to be considered concurrently in the context of future drought policy. However, it is acknowledged that this is considered in the body of the report.
6. The proposed policy approach to non-agricultural small businesses and the relationship between drought and water issues are discussed in the report but are not the subject of specific recommendations. These still need to be considered in the context of future policy development.

The South Australian Government has implemented a policy framework underpinned by its commitment to National Drought Policy and looks forward to the opportunity to work collaboratively in developing policy and programs that contribute to building greater regional productivity and resilience.

Yours sincerely



Hon Rory McEwen MP
MINISTER FOR AGRICULTURE, FOOD AND FISHERIES
MINISTER FOR FORESTS
MINISTER FOR REGIONAL DEVELOPMENT

Encl.

Attachment 1 South Australian Government Drought Support Measures

Response Measure	Immediate needs	Longer term capacity	Description	Measure of success to date
Additional Rural Financial Counsellors	✓		To support the appointment of an additional 1.5FTE rural financial counsellors and a 0.5 FTE Coordinator to support clients who would otherwise not require assistance expect for circumstances directly resulting from the drought.	Additional RFC are supporting the growing demand in the Murray River corridor and upper Eyre Peninsula.
Drought Coordinators	✓✓	✓	To establish regionally based Drought Coordinators in the three most severely drought affected regions in the State: Eyre Peninsula, River Murray and Northern Areas.	The Drought Coordinators have been a key link for communities and government in resolving issues and streamlining support measures.
Premier's Special Adviser on Drought.	✓✓		To engage a high level specialist to work between Government, industry and communities.	Former Premier, Hon Dean Brown, has been appointed as Special Adviser. His position has been a key success factor for communities and industries in gaining resolution on issues.
Planning for Recovery	✓	✓✓	Provision of up to \$4,000 for an integrated business plan and up to \$10,000 to assist with implementation of priority action.	1,100 farm businesses have now developed a business plan and feedback has strengthened the value of the model in better preparing businesses to cope with drought conditions.
Technical advice and information workshops	✓	✓	A range of technical advice and information to assist farmers and irrigators with tools to enable management of their farm, their finances and their family through the drought towards recovery.	Workshop/information sessions have been critical in assisting farm businesses making decisions relating to management through drought, particularly where these extreme circumstances have not been experienced previously.
Drought Hotline and website	✓		To provide a single point of contact for the SA Community for SA Government Drought Response through a freecall call centre service.	As a core component of the collaborative approach to drought support, the hotline has provided continuous information for communities seeking access to support.
Farm Debt Mediation	✓		For primary producers in drought affected areas, who need the assistance of an independent mediator to negotiate with their bank, after having followed the arm Finance Strategy.	The program has received strong support from the South Australian Farmers Federation and primary producers.
Drought Apprenticeship Retention	✓✓	✓	Employers in declared drought-affected areas can apply for payments for	This program has greatly assisted rural businesses and employees to continue.

Response Measure	Immediate needs	Longer term capacity	Description	Measure of success to date
Program			apprentices and trainees enrolled in selected rural, horticultural, and mechanical trades that support agricultural production, as well as electrical and plumbing trades.	
Labour Market Transition	✓✓	✓✓	Training for regional people who derive 75% of their revenue from primary production. Areas covered will be forklift, front end loader, heavy vehicle and dump truck licences.	Over 340 expressions of interest have been received.
Community Counselling	✓	✓	This program provides counselling and outreach support, access to psychiatric services and preventative clinical interventions and peer networking support to people in drought affected communities.	The response from the community has been very positive and extremely well received and accessed across the state.