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21 July 2010

The Hon. Tony Burke MP  
Minister for Agriculture, Fisheries and Forestry  
PO Box 6022  
Parliament House  
CANBERRA ACT 2600

Dear Mr Burke

### **National Drought Support Reform & the WA Drought Support Pilot**

The Local Government Association of NSW and the Shires Association of NSW (the Associations) are the peak bodies for NSW Local Government.

The Associations commend you and the Department of Agriculture Fisheries, & Forestry on the progress of the Government's new drought policy and the WA drought support pilot. The Associations support the objective of a more equitable support system for drought relief and mitigation. However, the new system must prove to be better than the current one before it is rolled out across the nation.

The Associations have long advocated the need for an inter-governmental review and overhaul of the current drought relief measures. While the new measures being trialled in the current WA pilot include several welcome improvements, the Associations are concerned that they may fail to deliver adequate support for farmers and communities in extreme drought conditions, leaving them further disadvantaged.

Drought support for rural and regional communities (for example business support from Exceptional Circumstance Drought relief) should never be viewed as a handout. Rather, it should be seen as an investment in the success and survival of rural and regional industries and communities.

The inclusion of mental health support within the WA pilot is certainly welcomed and is considered critically important. Although, if drought support is prematurely withdrawn from areas (as seen with the removal of Exceptional Circumstance declarations) the mental health needs of farmers dramatically escalate. The Associations strongly urge the Minister to ensure that mental health support is retained for communities in need.

The Associations welcome the introduction of the 'Stronger Rural Communities' grants which will assist in building more resilient communities. Such local funding programs are extremely important and provide immense benefits to struggling areas.

An identified deficiency in the WA pilot support measures is the inadequate level of emergency support for farmers during an exceptional drought. We welcome further funding for improving drought mitigation capacity, and it is reasonable to expect farmers to prepare for 2-3 years of drought. However, it is unrealistic to expect farmers to plan and manage for a drought that moves beyond 2-3 years, no matter what drought mitigation measures have been put in place. Emergency support is essential for farmers when extreme drought conditions occur. It is also vital that support is focused on maintaining

farm occupancy rates and retaining experienced farmers in rural communities to ensure the long term survival of the industry and communities.

Another concern with the WA pilot is the apparent lack of drought support for businesses dependent on the agricultural sector. For holistic support of communities during an extraordinary drought, businesses dependent on agriculture equally require support.

Furthermore, the Associations maintain that eligibility criteria for assets and income levels remains too restrictive and will disqualify many farmers deserving support.

The Associations also question the soundness of basing the new National Drought Policy reform on a single 12 month trial in a region that is currently not experiencing a drought.

In summary, we welcome the new policy measures, however, we find that they are deficient in that they do not provide adequate relief measures for extreme drought conditions. A new drought reform package must recognise and provide for the incidence of extreme circumstances.

The Associations policy positions on drought support are presented below:

- It is very important that drought support policies encourage farmers to remain in farming rather than exit farming. Depopulation of farms will have a detrimental effect on rural and regional communities, the economy as a whole and places Australia at greater risk of food insecurity.
- Any change to drought policy needs to allow time for the recovery from the current drought; and the recovery needs to be proven. Two types of recovery ought to be completed before any amendments occur - the recovery of climatic drought conditions and financial recovery. In previous droughts farmers required on average three consecutive years of good seasons and good market prices to recover financially from the impacts of the drought. Farmers are currently experiencing high levels of debt because of the unprecedented duration and severity of the drought. The Associations recommend an effective method to support farmers adversely financially affected by drought is through the provision of long term low interest rate loans and tax incentives (e.g. accelerated depreciation, for silos and other drought proofing measures). In addition, to assist with financial recovery when EC is removed because climatic conditions have improved, we suggest that a one-off recovery payment be made to farmers. This would help provide support until financial recovery occurs.
- The Associations are of the view that the Exceptional Circumstances (EC) Declaration concept needs to be retained, but with its processes reviewed and amended to provide a more equitable and sustainable system. The Associations acknowledge lines on a map are not the best way to determine EC Support. We believe a better system would be to retain the state drought declared areas as where EC could commence and paid to farmers whose audited financial statements show they have maintained the funding of their inputs and have consequently included increasing debt levels due to lack of income caused by the drought. If EC payments are removed ongoing support of farms will be put at risk. It is the Associations view that the process of identifying areas in drought is essential to drought affected communities, terminating the process completely will have devastating impacts.
- The Associations support long-term funding and job security for Rural Financial Councillors and Drought Support Workers. The Associations call for a commitment from the Federal Government not to reduce the extent and range of services provided by Rural Financial Councillors.

We find that farmers and the agricultural industry are not given the recognition they deserve. In 2008/09 Australian farmers contributed \$43.6 billion to the economy. And, despite competition from their heavily subsidised American and European counterparts, Australian farmers still managed to contribute \$32 billion to the Australian export earnings. Australian farmers and the agricultural industry should be

commended for these achievements. These statistics highlight how important the agricultural industry is to the Australian economy and why it must be suitably supported in times of crisis such as an exceptional drought.

The Associations would like to express our disapproval with trend of adopting the term 'Dryness' as recommended in the Expert Social Panel report in 2008 rather than calling drought a drought. 'Dryness' digresses from the actual meaning and recognition of the impacts of drought. The Associations believe that an extreme drought should be considered as a natural disaster in the same context as the damaging impacts of floods, fires, and storms.

We look forward to your response to this letter.

Yours sincerely

Cr Genia McCaffery  
**President**  
*Local Government Association of NSW*

Cr Bruce Miller  
**President**  
*Shires Association of NSW*

CC. Shadow Minister for Agriculture, Food Security, Fisheries and Forestry, the Hon. John Cobb MP

<sup>1</sup> Australian Bureau of Agriculture and Resource Economics, Australian Commodity Statistics 2009