HOUSE OF REPRESENTATIVES

FARM HOUSEHOLD SUPPORT AMENDMENT (ADDITIONAL DROUGHT ASSISTANCE MEASURES) BILL 2008

Second Reading

SPEECH

Tuesday, 3 June 2008

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES
Ms LEY (Farrer) (9.36 pm)—I am pleased to speak to the Farm Household Support Amendment (Additional Drought Assistance Measures) Bill 2008. The member for Calare, the member for New England and others have talked about the measures contained in the bill and the fact that they reflect a decision made by the previous government on 25 September last year to provide an additional $740 million in drought assistance measures. We were very pleased at that stage that, without this legislation actually passing through the House, we could go ahead and changes could take place in our communities and further drought relief could be provided. As the member for Calare put it, it really did take drought relief a step further to an understanding that it does affect not just farmers and agriculturally dependent small businesses but all of the small businesses in a small town. They were able to be provided with relief under this bill.

There were other measures that are actually not reflected in this particular piece of legislation but that were very important at the time. Families benefited from the establishment of 25 family support drought response teams. I think the Minister for Families, Housing, Community Services and Indigenous Affairs has actually announced the additional rollout of those following on from this measure today. Funding for up to 13 additional rural financial counsellors, an additional 10 Centrelink rural support officers and five social workers was also provided at the time. From my point of view, a critical aspect of the package was the grants of up to $20,000 that were made available to irrigators in the Murray-Darling Basin who faced zero water allocations.

The measures we are passing through the House now so many months later certainly remind me, as a local member in the southern Murray-Darling Basin, of the very severe effects that we were facing at the time and that we still continue to face. We find ourselves standing in this place so often talking about drought, and it never really seems to go away. My purpose is not to go over the details of this but to really make an appeal to the Minister for Agriculture, Fisheries and Forestry. He was in the chamber before listening to the earlier part of the debate, and I appreciate that. He is busy, he has a lot of things to do, so it was good that he could be here. But the member for Calare picked up on it when he said that the districts of Bourke and Brewarrina are facing the expiry of their exceptional circumstances declarations in only a couple of weeks and that they have no news about whether those declarations will continue. Although I searched in the budget, I could not find anything that showed an underlying financial commitment to further exceptional circumstances in terms of either relief payments or interest rate subsidies.

But the minister and the government have announced a review of draft policy. My heart sank, I must admit, when I heard about this because I thought, ‘Not another review; not another investigation.’ I do not think this one reports until 2009. The review will include:

- an economic assessment of drought support measures by the Productivity Commission, with terms of reference ...

I think the terms of reference are supposed to be finalised, but I have not seen them anywhere.

- an expert panel, led by an eminent Australian, to assess the social impacts of drought

- the Bureau of Meteorology and CSIRO—

Of course, CSIRO has had its funding cut—

- to undertake a detailed scientific examination of likely future climate patterns and the current Exceptional Circumstances standard of a one-in-20-to-25-year-event.

So we have a review of drought policy, but we have no statements in the budget that indicate continuation of exceptional circumstances. I do appreciate that the minister has said that this review is separate from the exceptional circumstances process. Although automatically one might think there is a bit of a link, he has said...
there is not. But the point is that we do not need another review. Yesterday, 2 June, his media release said there is to be:

... an expert panel to examine the social impact of drought on farm families and rural communities ... a seven-member panel, to be chaired by AgForce Queensland President Peter Kenny, that will visit rural communities to hear first-hand how the drought has affected families and communities.

Come on! We know how the drought has affected families and communities. Seven very good people have been put forward. One is our colleague the member for Wakelin. They will all do a fabulous job, but I have the social committee in place, I would like to tell the minister. I have the network and so do all of my rural colleagues, and we have been telling this House for a long time now about the social impacts of the drought.

I have had a note from rural financial counsellors in the Hay area of my electorate. It was not in connection with this bill; it was just in terms of keeping me up to date from time to time. I would like to read for the Hansard record what has been described by one of the financial counsellors as the social impact of the drought on the Hay district.

In Hay, the occupancy rate of rental accommodation is normally 95 per cent. It is running at 80 per cent. I would attribute the significant downturn to the drought, stock numbers being so low and there is very little action on the cropping side of things. The local feedlot, which employed a hundred people just five years ago, has now three people employed. Additionally, some of the lettuce industry has shifted its operations to Warrnambool where there is a more reliable water supply. Real estate agents in the area are commenting that there is very little interest in homes and that sellers are having to drop up to 20 per cent of the value of homes to try and move them. Businesses’ running accounts are finding their levels of debt rising, with one local supermarket owed more than $200,000 in outstanding accounts. There are more and more farmers living alone during the week while their wives work in town and try to make ends meet. One farmer 40 kilometres north of Ivanhoe told me that 10 years ago there were 12 families living along the Baden Park Road and now there are only two. Another farmer near Lake Mungo told me that he can count 45 homes within 50 kilometres of his property that are now empty and that had families living in them over the last 15 years.

That is just one paragraph about one regional area of Australia. I repeat my request to the minister: please do not waste any more time studying the social impacts of the drought. We know very well what they are.

I have also had some communications on the effect on producers if exceptional circumstances help were discontinued. The local rural financial counsellors in the Hay area in the Murrumbidgee have approximately 400 producers on their books with an average debt of between $600,000 and $700,000, which has been increasing by approximately $100,000 a year. It is the counsellors’ estimate that up to 50 per cent may be forced off the land if the assistance available through EC were to be discontinued.

A report commissioned by the New South Wales opposition shows an increase in the number of bankruptcies in the Riverina:

The report shows there has been a 10 per cent increase in bankruptcies state-wide.

In the Riverina, several towns have also shown an increase.

Berrigan had no bankruptcies last year but eight have been recorded this year.

Yanco has jumped from zero in 2007 to six this year, Temora has increased from one to six, and Lockhart recorded four bankruptcies this year, up from one last year.

Jerilderie recorded three in 2008 after having none the year before and Wyalong had an increase of seven, up from two bankruptcies.

The state government has been challenged for failing to realise the severity and intensity of the problem, and I note that the fair trading minister, Linda Burney, says the New South Wales government is aware of the problem and is boosting the number of financial counsellors available. Well, that is not really what is required. What is required is for this government—and this agriculture minister to persuade his cabinet, if that is what it takes—to continue the exceptional circumstances help that has kept our farming families and our rural communities afloat.

I know it has been a long time and I know it has been a drain on taxpayer dollars, but it is extremely necessary because we cannot face a situation where up to half of the people receiving exceptional circumstances help go onto those bankruptcy lists. It is not good enough that the member for Calare has constituents who are now two weeks from the end of their EC declaration and do not know what the future holds. The National Rural Advisory Committee has the task of independently assessing these areas. I would have liked to ask the minister, had he
been here: has the committee received any instructions as to changing its guidelines to assess whether areas are entitled to continue to receive EC declarations? If that is the case, that is an escape clause for the government.

I see in the budget a $14 million transition fund directed to the welfare of farmers, and that also worries me because it says that, if we are easing people out of exceptional circumstances, there may need to be a transition fund that can help manage that process. Well, of course, it is hopelessly inadequate, and we do not want to ease people out of receiving exceptional circumstances; we want to support them where they are. We want them to contribute to the food security of the world—a very popular topic at the moment and one that is extremely meaningful for farmers. I thank the House.