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Following is the hansard of a speech by Tony Windsor MP Member for New England with regard to drought policy given as the lead off to the Matter of Public Importance under his name title 'Rural Policy now and into the future.'

MATTERS OF PUBLIC IMPORTANCE 18 October 2006

Rural Policy

Speech

Mr WINDSOR (New England) (3.25 p.m.)—I thank those members for endorsing my matter of public importance. The topic is fairly wide ranging, and I am sure other speakers will speak in a different sense on policy issues, but the main thrust of my comments will be directed towards the drought. I think it is interesting that, in the last week in particular, there has been a sudden recognition in the major press and within the parliament that there is still a drought raging out there. To those who have been living through it over the last four or five years, depending on where they live, or in far western areas for nearly 10 years, it is an obvious part of their daily lives. Nonetheless, it is good to see that the parliament and the media, particularly the urban media, have suddenly recognised the importance of drought.

There are a few issues that I would like to raise about some of the myths that are being put about at the moment in the major press in relation to the farming community and their access to drought assistance. I think some of the people writing the editorials and some of the journalists themselves should look very seriously at the messages that they are sending to people in rural communities. There is a tremendous amount of stress out there. There are suicides occurring because of the financial and other stresses involved in coping with the drought. Some people are taking advantage of the water debate, other debates and have their own agendas. They are being painted as people who have their snouts in the trough of some magnificent amount of money that is being fed to farmers. The issue of keeping non-viable farmers on the land is one of a whole range of issues that has been painted up, and I would like to dispel some of those myths.

Firstly, the government has been saying for some years that it has committed \$1.2 billion to drought relief. It was saying in 2003 and 2004 that it had committed \$1.2 billion in drought assistance, and that has painted the picture out there that there is a mountain of money that has gone to—in the words of some journalists—inefficient farmers. I would like to break down the amount of money that has been expended—and I would encourage all members of parliament to access some of these figures. Drought assistance is divided into a number of areas. The most important area, in my view, and others may debate this, is the interest rate component of the financial business assistance—the actual assistance that is going to the farm business through exceptional circumstances relief to help that farm business tread water so that when it comes out the other end it is in a position to be productive again and make a productive contribution to its own and the national community. That is what exceptional circumstances relief was put in place to do. That interest rate assistance—the treading water part of drought assistance—is what drought assistance should be about: maintaining the line until the weather breaks so that farmers can be given an opportunity to progress. Bear in mind that we have been told that \$1.2 billion has been spent on drought assistance. When you look at the exceptional circumstances interest rate relief—the last audited figures on this for the four years from 2001 to 2005, available through the budgetary arrangements—the figure that comes up is \$242.53 million. That is the business assistance; that is the money that people at the *Australian Financial Review* and others are saying is this mountain of money that is going to keep non-viable farmers on the land.

Over the four years of the drought, an average of \$60 million a year is this great port that the farmers have supposedly been absorbing from the broader community. They are a community that makes a contribution of \$103 billion and they are getting \$60 million per year in the worst drought in history to support their businesses. I think all country members are aware of the support they provide to businesses in the local communities et cetera. To say that that is a massive port is quite beyond the pale.

Let us look at something comparable: another industry that was having trouble back in 2000. There was an election coming up, and the building industry was paranoid about what the 10 per cent goods and services tax would do to the price of a house and the impacts it would have on developers. They were worried about what it would do to employment and the skills base in that industry and where they would go with the catastrophe. That was government policy, but, in a sense, it was going to be a drought for that industry.

What did the government do in response? It put in place the First Home Owner Scheme. It dressed it up as if it were there to assist young people into their homes. In a lot of cases it has assisted them into debt, and the prices of the homes have gone up, but we will leave that aside. From 2001 through that same period—the audited period—to 2005, \$5.2 billion has been spent on that industry, an average of \$1.3 billion per annum as against the \$60 million in business support for the farming community in that same period of time.

People in the *Australian Financial Review* and other papers and the Peter Cullens of this world are saying that there has been a propping up of the farm sector, when in the worst drought in history it has had a miserable \$60 million shelled out, on average, in business assistance. I am told that the estimates for 2005-06 will be greater in exceptional circumstances payments. I will take that as read, but the average will not go above \$100 million. There was \$100 million spent on industrial relations advertising, so for people to say that an enormous amount of expenditure has gone to owners of non-viable farms is, in my view, beyond the pale.

What are other people saying about this? We have the report of the new candidate for Parkes, Mr Corish. The Minister for Agriculture, Fisheries and Forestry spoke about it this morning. Mr Corish provided a report to the minister, and the minister endorsed it a fortnight ago. Today, he is talking about the farmers. This week is 'farmers week'; it is 'drought week', because the Sydney media is looking at the issue. In his report, only a few weeks ago, Mr Corish stated:

Many see it—that is, the interest rate subsidy—as rewarding poor management, propping up farmers who fail to respond to changed conditions or take imprudent risks. It can delay change and reform by keeping otherwise unviable farms in business for longer than would otherwise be the case.

Mr Corish presented his report to the minister for agriculture, recommending that the interest rate assistance be phased out. That was the former president of the National Farmers Federation who recommended that.

The minister is not saying that today, and the Prime Minister is not saying that. Everybody in this chamber this week, since the media has paid some attention to this particular problem again, has run back into their nest about the \$60 million a year in business support for one of the biggest industries in Australia, which is experiencing the worst drought in recorded history. Even the Treasurer said the other day that this is dreadful and could cause a recession. That would be a national impact.

The government has expended money other than the \$60 million a year in terms of household support. All that is, as many of the country members would recognise, is the dole for people who are not earning an income. Any Australian is entitled to get some assistance if they are not earning an income. They cannot leave their farm to go and earn another income because they are maintaining the farm business. The government—and I mentioned this to the Deputy Prime Minister—keep saying to the press that the government has made these magnificent efforts of \$1.2 billion. People appreciate it, and I am not whingeing about that.

What I am saying is that the government is putting this suggestion in the minds of the Peter Cullens, the Peter Corishes and others in this world and there are an enormous number of people who think farmers are being propped up. The fact is that if your farm is unviable, you cannot get exceptional circumstance interest rate assistance. So it is nonsense to say that there are farmers with unviable farms whom the government is propping up through exceptional circumstances payments. It is no more than absolute nonsense. I say to the government, the opposition and some of these people who are trying to run a water debate through the misery of the drought that people are experiencing at the moment: back off and look at the numbers. The numbers are an embarrassment. It is an embarrassment to say that \$60 million, a pittance, is being committed to keeping our farm businesses alive during this particular period of time.

As I said, I think the estimates are going to be higher than the last year. That might bring the averages to \$80 million or \$100 million, but it is still an absolute pittance when you line it up beside \$2 billion in 2003-04 for the car industry, over \$11 billion of assistance to industry generally and, as I said, this ongoing subsidy to the building industry of \$1.2 billion a year. That is nearly \$6 billion since 2001. I think it puts it into perspective. If the *Australian Financial Review* and others want to start talking about those sorts of issues in relation to the farm sector being propped up, I think they should have a close look at some of the other issues that are involved.

Another issue that I raise in terms of drought is a freedom of information application that I have had before the minister for agriculture for many months now, in relation to 700 farmers within my electorate. For three years they were not granted exceptional circumstances payments and, all of a sudden, in the fourth year, they were granted exceptional circumstances payments. I have asked for the documents relating to the change in reasoning behind them not being granted for three years and then suddenly being granted. I want to see the documentation in relation to that. The National Farmers Federation, the New South Wales Farmers Association and others are looking at reforming drought policy into the future, and I think we have to look very closely at what happened in that particular area. A similar change of mind has happened only in two areas, that I know of, in Australia.

The minister is refusing to allow those documents to be released. He is actually suggesting that I should pay \$4,000 to see those documents, and they are saying that, even then, all the documents may not be able to be released. I think that is an absolute disgrace and I call on the minister, the parliamentary secretary and others from the government who are here today to get the minister to release those documents. They should be available. They need to be available to improve the process into the future, otherwise we will have the same problems developing again.

What about the future? There is a lot of talk about how drought policy needs improvement. I would be the first to say it does. I am not saying you can do that overnight, but I think we have got to look seriously at it. A suggestion that I have made a number of times, and others have as well, is that we put in place a system that recognises natural disaster, a national natural disaster scheme. I have used the term before. One dollar a week from every Australian raises \$1 billion a year. It is not a lot of money and it is cheap insurance. There has only been one disaster since 1973 that has cost more than that, and that was the Newcastle earthquake—and that cost only a bit over \$1 billion in one year. Normally, expenditure on disasters in Australia, whether they be cyclones, earthquakes or drought, as in this case, runs at about \$100 million to \$200 million—or 10c to 20c a week.

Why can we not remove drought from this farce that we have with the states being involved, the federal government being involved and the politicisation of the process that has been involved over many years? The government now is saying, 'We've done an enormous amount for the farmers over the last few years.' It has done nothing for small business so far, and that is another thing that it should be looking seriously at. We could put in place a natural disaster fund that embraced not only drought but also hail, mudslides, earthquakes and cyclones and that covered situations such as occurred in Wollongong and Coffs Harbour. It would be a progressive amount of money, raised by way of a levy or however we wanted to do it—a small amount of money that would quickly grow and would be accessible under certain criteria in the advent of a disaster. I think we have got to look seriously at removing drought from being a spectacle on its own and see it for what it is: an exceptional event, a disaster at a particular point in time.

I would like to finish by quoting the President of the New South Wales Farmers Association, because I think what he says is quite true and it is on a positive note:

The situation is desperate, but it will rain again and we will be back making a living after a couple of good seasons.

Agriculture has done it in the past. It will do it in the future. I suggest to those who are driving people to suicide by picking up agendas all over the place about what, in their view, is a massive amount of money propping up unprofitable farmers: shut up and listen to what is actually going on in the farming sector. (*Time expired*)