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THE SENATE

ADJOURNMENT

Farm Exit Support Program

SPEECH

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Questioner
Speaker Senator McKENZIE

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Senator McKENZIE (Victoria) (19:28): In this chamber last week I asked a series of questions to the Minister for Agriculture, Fisheries and Forestry, Senator Ludwig, about the Farm Exit Support Program grants. The short story is that the Gillard government overpromised and underperformed in yet another policy area, this one affecting farming families who are already right on the edge. These farmers have coped with a decade of drought and many in Victoria have been then hit with floods. They had reached the end of their tether when the minister came along and said, 'I am from the federal government and I'm here to help.' The vehicle to deliver that help was called the Farm Exit Support Program and many farmers saw it as their last hope to save their families from bankruptcy.

I do not blame the minister personally for the failure of the scheme in many cases that were publicised in the media over the weekend. But I do believe that the Treasury has a lot to answer for. Apparently the Deputy Prime Minister's department thought that \$9.6 million was sufficient to reimburse farmers who had been broken by a succession of natural disasters at the rate of \$150,000 each to walk out the farm gate. This Treasury allocation for the Farm Exit Support scheme was supposed to be for the entire nation.

One of my questions to the minister was about the modelling his department had undertaken to inform this scheme. He said that he could not produce any and he explained that successive governments had built on their exceptional circumstances programs as droughts came and went. But surely Treasury is better than that. Surely Treasury officials take advice from other departments and have at least some idea of the areas affected, the number of farms devastated by the weather and the number of farm families who are likely to see such schemes as their only hope for salvation. Surely they have some idea of what is actually happening on the ground in regional areas.

Earlier today the minister incorporated some more detail from those answers to the questions in *Hansard* I mentioned earlier, but I confess that I am actually no wiser about the process. The minister said that all programs, including the Farm Exit Support Grant scheme, are costed through the budget process to project the uptake and allocate the funding. The

costing assumptions are agreed with the Department of Finance and Deregulation before being accepted. All I can say is that the Department of Finance and Deregulation got it wrong.

The minister then goes on to say that modelling for the Exceptional Circumstances Exit Grant was predicated on the number of areas with EC declarations. The 2011-12 budget allocation of \$9.6 million targeted those farmers located within recent EC declarations. These farmers had the shortest amount of time to recover from the effects of the recent drought. The central part of the modelling took into account the number of EC exit grants paid up in 2009-10 and applied those results to the new target group. Historical data of applications, grants and rejections was also used to project the budget required for the farmers located in EC declared areas that were current on or after 1 July 2010. So there we have it, straight from the minister's mouth.

That form of words may satisfy the bureaucrats, but it will not do anything for farmers facing bankruptcy, or worse. Don't the people in the finance departments read the newspapers, listen to the radio or watch the TV? The farm sector has been battered by drought and flooding rains. It has happened right across the country, from Western Australia, through Victoria, New South Wales and Queensland and it has gone on for years. When the drought broke and the rains came we had the sort of rain that tore through Queensland devastating crops and drowning cattle, turning many Victorian farms into swamps and causing Bells Swamp to cut the main road between Bridgewater and Maldon, which is so vital for getting our agricultural produce to market or to the Melbourne ports for export. And the road is impassable to this day.

The underfunding of this scheme goes to reinforce that the hierarchy of the Gillard government is totally out of touch with the reality on the ground in the regions. I remind the chamber that the Farm Exit Support Grant scheme was funded to the tune of \$9.6 million in the May budget. The scheme started on 1 July this year and ran out of money in just over five weeks, with virtually no notice, and was suspended on 10 August. The scheme was supposed to run for 12 months and a lot of people thought they had time to talk through with their families the really hard decision about whether or not to sell the family farm. It is a terrible wrench in

the lives of people. It takes time to reach that decision, time for families to come to the dawning realisation that they may have to leave the farm. They need time to talk it through with the family. Then you have to have the conversations with your accountant, your staff and with financial institutions.

Because the drought lasted long enough, but in some places, including regional Victoria, it was replaced by floods, a decade and more of these sorts of natural disasters left many farming families with an overdraft that you could not jump over. This is the main point missed by Treasury. Just because the drought ends, the financial hardship does not. Tradesmen and seed suppliers are still waiting for their money. The debts still have to be paid and the bank has to get its cut. That means that small businesses in regional towns—the tradies, truckies and shopkeepers—also feel the financial pain if the promised money does not come through. The flow-on effects of these decisions are very significant in regional communities.

In answer to one of the questions I asked, the minister was gracious enough to extend an invitation for me to bring individual cases of hardship to his office so that their circumstances could be looked into on a case by case basis. Some of those individual cases featured in the weekend media as news of the untimely cut-off of this program, on 10 August, reached into our farming communities. The *Weekend Australian* featured the case of Mr Trevor Fawcett, a canola farmer from Pyramid Hill, in the Victorian seat of Murray. He made what has been described as the unbearable decision to sell his 130 hectare property, believing the scheme would leave him with some of the \$150,000 to make a new start in life for him and his family. The introductory paragraph of this story is worth quoting in this chamber:

Struggling rural families have been left without homes or stable livelihoods despite receiving official endorsement to apply for \$150,000 grants to move into another way of life.

The story explains that the Fawcetts bought the property in 2002 at the start of the drought and early this year were hit by the January floods. Things were looking up for the Fawcett family when he decided to sell and access the Farm Exit Support Grant scheme. He received a letter from Centrelink on 9 May announcing he was eligible for a \$10,000 retraining grant and may be eligible for the \$150,000 exit grant if he sold his property. He did and then he was told that the government had run out of money. Now he works three days a week at the local garage to support his wife and three young children. This is the human face of this underfunded program.

My own research indicates that there are probably hundreds of farmers who make up the three categories of victims of this failed scheme: those who have been through the pre-assessment, sold their property and have received settlement but have been denied the \$150,000 grant; those who have been pre-assessed, sold their property and are awaiting settlement; and those who have been pre-assessed, have put their property on the market and are awaiting a sale. I have been around farms and farmers long enough to know that in some cases farmers are on marginal land which may be just viable in the good times but not sustainable in the longer term. If this Farm Exit Support Grant scheme was funded sufficiently to cater for those farmers, it would be doing them a favour as well as looking after the environment. But they are the exception. Many farmers who wish to access this farm exit scheme are in the Victorian regional seats of Mallee and Murray on properties which are extremely viable and producing a lot of food and fibre for our nation and indeed international markets.

I know that the National Farmers Federation have written to the minister's office as well as to Treasurer Wayne Swan on behalf of those who have battled drought for years and who have had their expectations raised. I know that my colleagues in the other place—John Forrest, Sharman Stone and the shadow minister for agriculture, John Cobb—have also made representations. I sincerely hope that when I assemble these cases of the innocent victims of this underfunded scheme and present them to the minister's office that common sense will prevail. I hope that the minister can convince Treasury that in the real world of flood and drought the sum of \$10 million is nowhere near enough to compensate farming families who have been forced to abandon their chosen way of life through forces beyond their control and who have to try to start again.