



Minister for Agriculture and Food; Forestry; Minister Assisting the Minister for Education

Mr Rob Gillam
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Pastoralists and Graziers Association of Western Australia
277 Great Eastern Hwy
Belmont Western Australia 6104

Dear Rob

I wanted to provide an update of some of the activities that the Western Australian Government is currently undertaking (in conjunction with the Australian Government and other support agencies) to respond to current seasonal issues. I would appreciate your support in providing this letter to Pastoralists and Graziers Association of Western Australia (PGA) members.

I acknowledge that seasons like these present significant challenges not only to farmers and their families, and communities, but also to organisations like the PGA. I wanted to take this opportunity to thank you personally, and as an organisation, for the positive and professional manner in which seasonal issues have been dealt with, including your involvement with the Dry Season's Advisory Committee.

The information contained in this letter may assist PGA members to understand in more detail, as to what steps are being taken collectively to assist Western Australia agriculture manage its way through the season and into 2011 and beyond.

- 1) **Regular Cabinet and Parliamentary briefings-** Since the Cabinet met in Merredin in early August, I have provided high level briefings on the dry season conditions and serious implications for agriculture, so that members of the Government and Parliament are acutely aware of the current conditions.
- 2) **Industry consultations** – Regular meetings with banks, industry organisations (WA Farmers Federation, PGA), consultants – Australian Association of Agricultural Consultants WA (AAACWA), and the West Australian Rural Financial Counselling Service (WARFCS) to seek advice on practical and constructive solutions.
- 3) Set up the State **Dry Season's Advisory Committee (DSAC)** in early August. Chaired by Dexter Davies, this Committee includes representatives of major organisations including WA Farmers Federation, PGA, the WA Local Government Association (WALGA), AAAC, the WARFCS, banks and the Department of Agriculture and Food (DAFWA). It has held 5 meetings, released 5 media statements and undertaken the following activities:
 - i) Meetings with the Federal Minister, banks, AAAC, ABC, media, Centrelink and Department of Water to identify issues and solutions.
 - ii) Developing information seminars for consultants, agri-business and banks throughout regional areas on helping them and their clients deal with drought.
 - iii) Recommended the following: transport permit changes, WAFF Agistment Register, and CBH Seed Bank.
- 4) DAFWA's Director General (DG) Rob Delane, is working closely with other relevant State government agencies to co-ordinate a whole-of-government response.

- 5) Established **\$21million Drought Preparedness Pilot**. This is a significant investment that automatically provides a number of Centrelink social support service which would not be available under the Exceptional Circumstances (EC) framework. Indeed under current rules, Western Australia would not be eligible to apply for EC until January 2012.
- i) Proving EC cases is always difficult and takes time. Under the current Australian Government EC rules, EC will not be available until a region experiences two consecutive adverse seasonal events equalling 1 in 25 year drought. The earliest assistance would flow according the current EC rules would be mid 2012.
 - ii) Because of the current Drought Pilot there are:
 - (1) **Farm Planning Workshops**: The initial target is for up to 400 farm businesses to participate via 32 planned and facilitated workshops. 11 Farm Planning Workshop Groups are now operating (Corrigin 3; Wagin 1; Ravensthorpe 1; Geraldton 1; Hyden 1; Mukinbudin 1; Lake Grace 1; Cadoux 1; Wickepin 1) In the next two weeks groups at Mingenew; Moora, Kellerberrin, Dumbleyung will also commence and a further 8 groups are planned for Boxwood Hills; Grass Patch; Esperance; Carnarvon 3; Carnarvon (pastoral); Kalgoorlie (pastoral).
 - (2) **Centrelink Farm Family Support** – provision of Centrelink income support for farmers facing financial hardship, allowing them to meet basic household expenses. There is uncapped funding for the program. Up to 15 October 2010, there have been 169 applications received. Because of the Drought Pilot, there is a more relaxed assets test allowing farming couples to have up to \$2million in net assets. Above this amount up to \$4.088million, the fortnightly payment is reduced on a pro rata basis. This is a good example of where the Australian Government treats farmers differently. Non farming couples accessing Centrelink have an assets test of \$389,500 for a full payment, and then the payment is adjusted up to \$1.109m in assets, where it cuts out. In addition, farmers can hold up to \$20,000 liquid assets, whereas non farming couples can only hold up to \$11,000 in liquid assets before affecting access to support.
 - (3) **Stronger Rural Communities** - grants of up to \$300 000, to local government authorities and community organisations to fund projects that build the resilience of rural communities to help them to manage hardship resulting from an agricultural downturn. Funding is capped at \$900 000. Delivered by DAFF, applications closed on 15 September 2010. A total of 42 applications were received covering 33 local government areas in the pilot region. National Rural Advisory Council is formally assessing applications in October 2010.
 - (4) **Farm Social Support**:
 - (a) **Rural Support Initiative** - Centrelink professionals delivering improved outreach and social support to rural communities. To 30 September 2010 Rural Services Officers have made 1239 customer contacts. Rural Social Workers have made 152 customer contacts. Centrelink's mobile office has visited 26 communities and serviced over 1400 rural customers in the pilot region.
 - (b) **Rural and Regional Family Support Service** - Free professional help to families who are experiencing relationship difficulties. Over 486 customers have been seen, the majority for counselling and support services.
 - (c) **Farm Exit Support** - grants of up to \$170,000 for farmers who decide to sell their farm, including for retraining and relocation expenses. Farmers can have \$350,000 of net from sale of all assets (farm and off farm) and receive the full \$170,000 grant. If they have over \$350,000 net assets, this grant is pro rata adjusted up to \$575,000 in net assets. Over this amount, farmers are ineligible for the grant.
 - (d) **Beyond Farming** - Beyond Farming puts current farmers in touch with former farmers to talk about opportunities outside of farming. Delivered by the WA Council of Social Service on behalf of DAFF. Twenty former farmers have been appointed as mentors. 4 current farmers matched with mentors.

- (e) **Online Counselling for Rural Young Australians Initiative** Confidential and free professional online counselling and information for young people in rural areas. Six registered clients from the pilot region. 58 people have actively used this service. Email counselling provided to 28 clients and online chat to 41 clients.
- 6) **Hosted the Federal Minister** and visited Mukinbudin, Lake Grace and Wagin to give the Federal Minister Senator Ludwig first hand understanding of the current conditions, and the Drought Pilot Planning Workshops.
 - 7) The Western Australian Government is providing a range of agricultural advice services through DAFWA, and other State Government agencies to ensure people have access to water and health services.
 - 8) **Royalties for Regions** - Funded expansion of Wheatbelt Mens' Health Service to become Regional Men's Health with a broadened focus on all regional areas. Royalties for Regions funding for 2010/11 also includes \$56.9 million to the Wheatbelt, \$44.8 million to Goldfields/Esperance, \$42.2 million to the Gascoyne, \$39.9 million to the Great Southern and \$27.1 million to the Mid West, which is providing needed economic stimulus during a time when agriculture is less able to provide economic activity.
 - 9) **Reactivated the Rural Land Sales Liaison Committee**- Facilitated by DAFWA, this committee provides an independent debt mediation process between farmers and bankers, and involves industry organisations, and the Rural Business Development Corporation. So far in 2010, there has been one case dealt with successfully.
 - 10) There has been considerable debate about the need for a **Multi Peril Crop Insurance Scheme**. Despite some public commentary to the contrary, I have always supported the provision of a commercial multi peril crop insurance product. I directed my department in 2009 to provide necessary data to commercial insurers to develop products to suit Western Australian conditions and this is happening. I am happy to receive any proposal on MPCI or other policy initiatives. Despite a lot of commentary following the meeting in Kulin recently, I have not received any new or updated proposals from WA Farmers, Members of Parliament or anyone else. If I receive any proposals I will ensure any new proposal is properly evaluated and considered. In terms of current actions, DAFWA has:
 - i) Been working with SwissRe on a regular basis over the past month to deliver preliminary information for index based insurance for crops.
 - ii) Conducted an analysis of the Canadian model for provision of crop insurance. The Canadian Government's (provincial and national) provide approximately 70% of the annual cost of the program.
 - iii) Identified that the WeatherPro weather derivative service has a product range that is applicable in WA, but the company and its products are not well known. Both rainfall and yield based index products are available.
 - iv) Committed staff to analyse data which would be a fundamental component of the commercial development of a rainfall insurance product.
 - v) Met with WA Farmers in recent weeks to discuss commercial risk management options.
 - vi) Met with Marsh Insurance group to discuss their Risk Management Crop Scheme proposal and how we might work together to identify a suitable product for WA.
 - vii) Planned a forum for the insurance industry in mid November to understand key learning's from other countries and identify possible products best suited to WA conditions. The forum will access international and national knowledge to gain a better understanding of the products and their suitability for WA, and invites to national and international presenters have been sent.

11) Finance

- i) I advised the Parliament in August, that during 2010 I have been holding regular meetings with the banks. The banks have consistently indicated that the majority of farmers will get ongoing financial support next year, and that they have a positive medium to long term outlook for agriculture in Western Australia. However, they have advised that farmers and their advisers, whether consultants, accountants, lawyers or rural financial counsellors, must have a well thought out and realistic farm and business plan for presentation to bankers for the 2011 season, and must engage in the process early.
- ii) For the small group of farm businesses who are not likely to receive ongoing finance, and who are already in discussions with their banks, the Western Australian and Australian Governments have a range of services to provide them with support. These include provision of Rural Financial Counsellors, the Farm Exit Scheme, the Beyond Farming Mentoring Scheme and the Debt Mediation process.

Please let me know if you require any clarification on the information outlined in this letter.

I will remain engaged with my Cabinet colleagues and my federal counterparts as we develop policies to address the many challenges we face together. The Government's focus is on realistic solutions, rather than making promises for schemes that it can't responsibly deliver.

The Government, from the Premier down, acknowledges this is one of the most difficult seasons Western Australian agriculture has faced. This presents significant challenges for farmers, their families and their communities, this is not something farmers and communities face alone. The Western Australian Government, along with other groups such as banks, AAAC, and rural financial counsellors, and industry organisations such as yours, to developing strategies for the current challenges and tackling 2011.

In times of difficulty, working together constructively is the best way to overcome the challenges presented by the current season, and to develop a positive outlook for Western Australian agriculture, and I again acknowledge the important role that you and the PGA are undertaking in this regard.

Yours sincerely



Terry Redman MLA
MINISTER FOR AGRICULTURE AND FOOD; FORESTRY

26 OCT 2010