



THE PGA REPRESENTS THE INTERESTS OF FARMERS AND PASTORALISTS FROM ALL AGRICULTURAL AREAS OF WA, FROM ESPERANCE TO THE KIMBERLEY.

PGA MEMBERS ARE MAJOR PRODUCERS OF AGRICULTURAL EXPORT COMMODITIES – INCLUDING GRAIN, BEEF, SHEEP AND WOOL – AND BELIEVE IN FREE TRADE, OPEN MARKETS, PROPERTY RIGHTS AND PRIVATE ENTERPRISE.

Could Self Insurance Be the Answer?

Much of what we face in policy making today can be boiled down to one choice: centralised control versus individual freedom and responsibility. The PGA has a long and proud history of coming down on the side of the latter. We trust that the sum of individuals making decisions for their greatest personal benefit will yield the highest outcome for society at large.

In the case of the current drought and sparse harvest in the Wheatbelt of WA, proponents of increased centralised control are taking advantage of emotions running high in tough times.

Those of us involved in agricultural production – whether for a few years or for generations – understand that weather and commodity prices are cyclical. In good years, we must store away for future poor years. This is the rationale behind the Farm Management Deposit Account concept, and it's a good one.

Exceptional Circumstance funding and Government-subsidised Multi-Peril Crop "Insurance" are rightly seen by taxpayers outside of agriculture as wealth transfers to farmers. The effects of such wealth transfers are negative in a variety of ways:

1. Farmers lose the incentive
 - to adapt to changing circumstances,
 - to continually search for new and better ways of doing things, or in some cases,
 - to exit agriculture for a career that is likely a much better fit for someone not interested in adapting or searching for alternative approaches to producing.
2. The wealth that is transferred to farmers could have been spent in upgrading infrastructure, such as roads, railway lines, or port facilities. These investments would improve our competitiveness and do more to help honest producers than any other single spending choice.

(continued overleaf)

PGAWA
Pastoral House
277 Great Eastern Highway
Belmont WA 6104

Phone: 08 9479 4599
Fax: 08 9277 7311
E-mail: pga@pgaofwa.org.au
Web: www.pgaofwa.org.au

3. The non-farming public resents wealth transfers to landowners, and this weakens our ability to argue against policies that truly negatively impact our ability to produce, such as the Carbon Pollution Reduction Scheme.
4. Farmers trade one problem (a bad production year due to unfavourable weather, for example) for multiple and on-going problems (such as Government bureaucrats gaining the ability to dictate what we can and cannot do with our land).

There is no such thing as a free lunch. When we ask for Government to intervene through helping us out of a market bind, we are welcoming Government interference in everything else we do. This has proven, time and again, throughout history, to be counter-productive. Taken to its logical conclusion, allowing Government to control the means of production leads to decreased production and mass starvation.

Many farmers in WA are severely hurting this year. This is always painful to experience and/or witness. But vital to our ability to produce long into the future, we must protect individual freedom and responsibility, and not crumble under the emotional pressures of the times.

Our two-pronged policy suggestion is simple:

1. Local, State and Federal Governments should actively work to reduce the host of unnecessary regulations that contribute to Australian farmers being less competitive on world markets, and
2. The maximum deposit within Farm Management Deposit Accounts should be raised to reflect today's reality of larger farm businesses. A cap of \$2 million would go a long way toward allowing farmers to even out the highs and the lows of production.

Neither will cost taxpayers a dollar, farmers' incentives to continually improve are not stripped away, and farmers will be better able to adjust to poor years without relying upon Government to bail us out.

Issued by: The PGA of W.A. (Inc.)

For further information, contact:

Rob Gillam Mb 0427 275 026
PGA President

Janet Thompson Mb 0417 815 595
Policy Director PGA Western Graingrowers