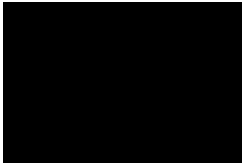


**Submission
No 56**

**SUPPORT FOR DROUGHT AFFECTED COMMUNITIES IN NEW SOUTH
WALES**

Name: Name suppressed
Date Received: 29 November 2019

Partially
Confidential



The Chairperson
The Committee on Investment, Industry and Regional Development
Parliament House
Macquarie Street
Sydney NSW 2000

28 November 2019

Dear Committee Members,

I am a grain grower in central west NSW and writing to you with some points I would like to raise about the allocation of government drought subsidies and loans.

Nearly all funding available is directed at livestock producers, however, they are only one part of the farming sector. I believe there should be more consideration given to all sectors in the primary production industry whose businesses are also affected by the current conditions.

From a grain growers perspective there is limited access to funding options. We are unable to benefit from many of the transport subsidies; are excluded from the water infrastructure rebate; and loans do not allow for drought preparedness in farming. For the second year, many grain growers have little or significantly less than average product to sell. We too have a need to have water security for spraying and other regular uses on our farm, but this has not been considered.

I acknowledge that as grain growers we may not have the ongoing costs associated with feeding livestock, however these livestock producers do have a valuable product to sell, with sheep in particular currently selling at record prices. Most grain growers have little product to sell. Whilst it is our decision not to have stock it is also livestock producers choice to run stock.

I have detailed some concerns below:

1. Drought Transport Subsidy

Livestock producers have been able to access subsidies for both purchase of fodder/water and also the sale of their stock since 1 January 2018. However, grain producers are only now (from 1 July 2019) able to claim their transport costs for purchases of seed, chemical and fertiliser (but not sale of grain). Why can't transport costs for grain growers be able to be back dated to 1 Jan 2018 – the same as livestock? We have been experiencing the same conditions on our properties as livestock producers have.

Secondly, if livestock producers get a subsidy on the transport of stock to sale, shouldn't grain growers also be eligible for a rebate on the transport costs for delivery of grain for sale? The logic of 'forced sales' of stock also applies to the grain industry. Where we would have likely held onto some of our grain (wheat in particular) to sell at a better time in the market, we too have had 'forced sale' as we need access to money due to reduced income in these exceptional conditions. Also as mentioned before sheep are achieving record prices at market – why do they need a subsidy to sell?

I would also like to highlight the impact that the fodder transport subsidy has had on grain prices. Grain prices have been reduced as government subsidised transport costs has allowed grain grown further away to be more widely accessed. So, in our area of NSW, we are competing with grain producers further afield such as Victoria who have had relatively successful growing seasons. To put it into numbers the freight cost of bringing grain into our area from Victoria would be around \$50/tonne app. With the freight subsidy

applied this lowers the cost of that grain by \$25/tonne which means that we effectively have to lower our price \$25/tonne to compete with this.

While we acknowledge this is beneficial for livestock producers to access grain at better prices, for those of us grain growers who have managed to grow some crops with limited rain, selling our grain for less than we otherwise could is not ideal. It's an impact that needs to be considered by policy makers – particularly when Grain Growers are additionally found ineligible for much of the available funding.

Suggestions:

- Backdate claiming for transport subsidy for Grain Growers to 1 Jan 2018 – Seed, fert and chemicals.
- Subsidies for transport for the sale of grain, to bring in line with livestock industry.
- Full consideration of the impacts on the reduced prices of grain industry from subsidised transport for livestock producers.
- Allow full access to available funding to grain growers

2. Emergency Water Infrastructure Rebate Scheme

This scheme is Currently only available to livestock producers, and has been recently extended to include horticulture. We as grain growers are excluded, however we also need to access reliable water for spraying and other farming operations. We ourselves are currently putting in tanks and pipework on our property so we have access to water for these purposes.

It just seems inequitable that our neighbours get a rebate of 25% of the money they are spending (and improve the capital of their farm), yet we are spending the same money for the same thing and are just not eligible.

Suggestion:

- Allow all primary producers to access this rebate.

3. Drought farm loan

Loans administered through Rural Assistance Authority (RAA) are targeted at livestock and capital improvements. In the grain industry, one of the greatest investments in drought management is through investing in new technologies and machinery for maximising water use efficiency and soil health. These investments are the biggest impact in drought proofing a grain producers' operation – however these options are not currently supported.

For example, we run a controlled traffic farming operation and are working towards upgrading our existing farming system to increase the stubble cover of our paddocks to enhance water infiltration and storage.

I will note that while writing this letter there has been announcements made by the PM indicating that there will be loans available through the Regional Investment Corporation (RIC). I will wait to see what purchases are eligible, and keenly hope grain producers area supported to invest in drought proofing their operations.

Suggestion:

- Consider all primary producers in drought preparedness funding – not just livestock producers.

Whilst we believe that farmers should have to stand on their own two feet and that drought is a part of our business and should be managed for, we also don't think that one sector of primary production should benefit over another, especially when subsidies for one farming group are negatively affecting the price of the commodities that we produce.

The point which is also worth while making is that livestock operations are very cost efficient and capital free to run, ie minimal capital tied up in plant (a motorbike, a drench gun and a kelpie dog gets most jobs done!!) Against a grain growing operation where \$1M can be spent on plant and machinery and the machinery shed can still not be full!! Also the upfront risk in livestock Vs cropping is totally different. The upfront risk in

cropping (to get seed in the ground) you have typically spent \$300/ha which includes summer sprays through to sowing with the chance that you may not see that seed again. Vs livestock enterprises whereby you purchase a ewe for \$200 and they will reproduce or at least be shorn.

As a side note, I would also love to see more promotion and coverage of positive stories and of 'industry champions' who are doing good things in the farming sector during drought. There are many farmers (both livestock and grain producers) who are achieving great things with little water. Unfortunately, we are overly flooded through media and even government agencies about how bad things are, yet there are some great stories out there to promote.

Thank you for reading my letter and I appreciate the work you are doing in the many facets of our regional communities – both agriculture and regional life.

Your Sincerely,

A black rectangular redaction box covering the signature of the sender.