



DROUGHT
13 September 2007

Mrs PENFOLD (Flinders): I move:

That this house—

(a) notes the effects of the current drought on the lives of all South Australians; and

(b) explores options that can be undertaken by governments at all levels, now and in the future, as a coordinated drought response to help lessen the drought's negative effects.

My offices at Ceduna and Port Lincoln are being overwhelmed by issues related to the current drought and past droughts and exacerbated by the high Australian dollar. It is no surprise to me that other bodies throughout the state are having the same experience. On Monday, I, along with a number of my Liberal colleagues, attended the annual general meeting of the South Australian Association of Rural Counselling Services Incorporated, established in 1986, where reports painted a grim picture. The general manager, Kay Matthias, reported problems in all agricultural sectors.

These longstanding rural counselling service committees, which have done such a wonderful job over many years, are all winding down, with most now in caretaker mode and dispersing their assets. The Rural Financial Counselling Service South Australia Incorporated has replaced the longstanding rural counselling services and is funded by the Australian and state governments, replacing the former Rural Counselling Service that was a product of the 1980s interest rate burst.

Don Blessing, the Chair of the Rural Financial Counselling Service South Australia, commented at the meeting, 'The committees are tired. They have been doing a great job for 20 years.' They are going to be terribly missed, particularly at the current time. However, I can understand why they are undergoing a change and I thank the members who have put their heart and soul into these jobs for the work they have done. Over the years my office has made hundreds of referrals to their service.

I have been advised that at the Regional Facilitation Group meeting, held in Port Lincoln on Tuesday, most staff confirmed that they are coping with drought issues. The Regional Facilitation Group consists of the local state government departmental leaders.

Port Lincoln Health Services and Family and Youth Services spoke of the problems they are having in filling positions for crisis care workers of various kinds, particularly mental health. While funding is essential, getting professionals is also an issue, possibly an even bigger issue. But just as staff are redeployed in an obvious crisis such as a bushfire, so the option of redeploying professionals, perhaps on a temporary basis, must be investigated as part of the drought response.

The federal member for Grey, Barry Wakelin, this week announced 'a new round of Australian government funding to help rural communities overcome psychological trauma caused by the drought'. Local divisions of rural medicine will each receive around \$100 000 to employ community support workers. So, with much of the money there, a way must be found to get the people to fill the positions.

The Department for Environment and Heritage is being drawn in—an unlikely partner to drought problems—as farmers call on DEH because they are facing unusual pest species due to the conditions.

The drought effects are evident in children and schools, with one school principal asking parents, through the school newsletter, to be careful of their 'language and actions' around their children, as they were noticing that 'some students are starting to exhibit unusual behavioural characteristics'.

Primary Industries and Research South Australia, naturally, are seeing the problems first-hand as they move among the rural communities.

At this stage, possibly only the Department of Transport, Energy and Infrastructure indicates that it has nothing to report on the drought. Possibly with the cost of fuel and the distances needed to travel anywhere, people are staying at home to reduce costs, which itself is not a good thing. During the last drought crisis I knew of women who, because of fuel costs, were not going to their doctors to have medical checks that they were due for. This is an even more acute problem now that many local hospitals no longer have doctors and, of course, specialists are located so far away.

I am aware of five property foreclosures across the upper Eyre Peninsula, and this is just the local ones that I am aware of. Members of the Drought Task Force, Eyre Peninsula Natural Resource Management Board, Eyre Regional Development Board and many constituents are giving my staff and me an insight into the complexity of some of the financial conditions forced on so many farmers.

For a variety of reasons, including financial pressure, farmers have locked into forward grain contracts. For example, early in the season, which looked so promising, some locked in at \$160 to \$230 per tonne, which seemed a very fair price. However, as the season has progressed prices have doubled and are still rising.

The real concern now is that the farmers will reap little, if any, grain at all, and so they will be doubly penalised. They are committed to contracts and so are forced to purchase grain at the higher price to fulfil (that is, wash out) the contract while not having any, or little, grain to sell themselves, which anyway is locked in at the lower price.

I give the background to just one farming operation that is in trouble. The property has been in the family for 50 years. The father, who cleared the land, died seven years ago and the mother is still in partnership with her son. A financier took him on in August 2006, valuing the land at \$700 per hectare. However, he was shut down a few months later, in December, with his land suddenly being revalued at \$300 per hectare. The takeover will occur at the end of March 2008. The farmer disputed the appraisal and paid for an independent valuer, who valued the land at \$500 per hectare. This made him viable, but the financier refused to refinance him. He sold some of his mother's shares in order to put in a crop for her. However, at this stage it looks as though there will be no return, not even seed. He spoke with his accountant about what the financier might do; probably, they will try to sell the property and then wipe off the remainder of the debt. He has not had a return for three years: last year was a drought and, before that, poor commodity prices. He is surviving on Centrelink exceptional circumstances payments. At the moment, he has not been able to get past his present issues even to think about the future.

It is people like these who need one-on-one help to plan their future. They either need to extricate themselves from the farm with some dignity or, if possible, be assisted into other jobs in the mining or perhaps the fishing industry, where they are excellent workers with good skills. In the interim, their farms could possibly be leased to other more profitable farmers.

A number of the issues that compound the drought are totally outside the control of anyone in the industries that are affected. For instance, the value of the Australian dollar makes a tremendous impact on our farmers, who rely on exports for the majority of their income. The South Australian Farmers Federation President, Wayne Cornish, earlier this year warned that the ongoing rise of the Australian dollar would hit farmers particularly hard, with lower income and higher input costs, and was a double blow to those battling drought. He said that the 70¢ mark was traditionally seen as a point where exports started to become unprofitable and that the surge in the dollar to 80-plus US cents was a significant worry.

There is a need to ensure that a third person goes with the farmer when negotiating with financial institutions. I have been advised of situations where less than ethical tactics were used but, when an independent person sat in, negotiations proceeded well, even without the third person having to intervene. This support is of great help when farmers are negotiating what they can take from the business in cases where financial institutions are foreclosing. Currently, some people are being left high and dry at this stage, when they have to make decisions under pressure about where they will go and what they will do, all the while coping with the mental, emotional and psychological trauma of seeing their whole life and career as a failure and the future as a black hole.

However, more people, small businesses as well as farmers, must apply for the interest rate subsidy available under the Australian government's exceptional circumstances drought assistance. Rural financial counsellor Tracy van Loon of Wudinna said that banks in general have been very supportive. She has negotiated for clients who have been successful in gaining carry-on finance. This has usually involved the revaluation of properties and an increase in borrowings.

The Chairperson of the Eyre Peninsula Natural Resources Management Committee, Mr Brian Foster, along with the Eyre Regional Development Board Chairman, Jeff Pearson, and the CEO, Mark Cant, and others, were members of last year's drought task force that put together the successful application for Eyre Peninsula to be included in the Australian government's exceptional circumstances program. However, Mr Foster said that the Eyre Peninsula Natural Resources Management Board cannot put in the effort to the same extent that it did last year without adequate resources, since the work and time involved impacted negatively on the EP NRM and volunteer board members. I understand that the board has already approached the state government asking for the appointment of a full-time person to assist in this area. Bringing the season very much into perspective, it is likely that some of the volunteer EP NRM board members themselves may not have a crop this year.

There is an urgent need for a mentoring system for farmers and their families, especially those who must accept that they will be unable to continue farming. Farmers have a different psyche to most people, since their whole life and industry depends on self-help and personally overcoming obstacles. There is a need for alternatives to be presented realistically. Just as Roxby Downs provided a lifeline for many farmers in the 1980s, mining ventures can be a lifeline for many in the present era. Some families in the past found a new life while others used the off-farm income to stabilise their farming operations so they could continue in the industry. Oxiana has already come to the party and indicated that it is keen to employ farmers.

There is a need for a facilitator or facilitators to work with farmers and their families to assist with transition arrangements as the move is made from farming to mining, fishing or some other employment. The facilitator needs to be based in a central point so that those who need the service know about it and can access it easily and cheaply.

The Eyre Peninsula Community Alliance, the Rural Finance Counselling Service and other organisations, such as Family and Community Services and Centrelink, are all involved in one way or another, but the mental, emotional and psychological assets need to be addressed so that we are not faced with more problems in the future and at a greater cost.

The South Australian Farmers Federation is interested in the package that Country Health SA and the Eyre Peninsula Community Alliance have put together, and there is growing urgency for their project Staying Strong. Staying Strong is a pilot project that may be copied throughout Australia where it is needed. The basic format is to have a family barbecue and positive speakers—a non-pressured day where families can find joy in being alive and find hope for the future. Michael Wallis of Eyre Mental Health Services—who did such tremendous work with families affected by the 2005 Black Tuesday bushfire on the Eyre Peninsula—is one of the driving forces. Staying Strong is to hit the road at Kimba on Sunday 16 September; Ceduna, Friday 21; Rudall, Saturday 22 (in the late morning to finish on time for those who want to watch the AFL preliminary final on the big screen); Wirrulla, Wednesday 26; and Friday 5 October at Cowell.

One-on-one counselling needs to be undertaken to get families and individuals through the crisis.

Some of these families will leave the industry, and appropriate assistance now will ensure that the state is not burdened with people experiencing ongoing health and mental problems in the future. The latter scenario was one of the results of the rural crisis in the 1980s when the need to assist people holistically was not recognised. Many options could be put in place—such as temporary or short-term projects—to provide an income for families while benefiting the state. The removal of pests, flora and fauna from national parks is one that comes to mind. A plan to accelerate the sealing of roads and upgrading of highways is another that would benefit all South Australians for years to come. The Glendambo to Wirrulla road in particular would give a great boost to tourism and the mining industries while providing work for the locals.

The benefits of work done under the RED scheme in the 1970s are still visible today. To do this, state and federal governments need to provide local governments with community infrastructure funding that can be applied to roads, district halls or other projects that will benefit the community and provide an income and employment for families to get through the current crisis. This will also keep people in their regional areas so that populations do not fall below the critical levels required to maintain the viability of small businesses, schools, services and towns.

We have the ingenuity and the entrepreneurship. What we need is the government's will to act constructively and quickly. We also need long-term plans. South Australian Farmers Federation (SAFF) CEO, Carol Vincent, said that SAFF is deeply concerned about the sustainability of the rural sector and rural communities and believes that governments need to act now with a well thought out plan. While the immediate focus is on the grains industry, she has also had calls from intensive livestock producers who rely on grain to feed their animals (principally pigs and chickens) who believe their industries are on the verge of falling apart due to the high cost of grain and the potentially limited amount that will be available.

It is ironic that, while so much agriculture and horticulture is stopped because of a lack of water, we have abundant water within a short distance of all the districts where these industries are the mainstays of those regions. The water, of course, is unusable in its present form. However, technology and science provide plenty of answers for turning unusable water into useable water. Long term we should be developing desalination plants. A drought does not change the soil from something that grows crops to something that will not support crops. Long-term climate change may so alter rainfall patterns that what we now call drought becomes a permanent aspect of our climate. The soil will still be good for growing things, however, we must provide water some other way than depend on rain. Here, again, desalination comes into the picture.

Mrs GERAGHTY secured the adjournment of the debate.