

Dairy farmers get \$555 million in concessional loans

Written by The Conversation USA

Agriculture Minister Barnaby Joyce has announced a package of concessional loans and facilitation of access to assistance for the beleaguered dairy industry.

The government will make available immediately A\$55 million in concessional loans for Murray Goulburn and Fonterra suppliers, and access to \$500 million of such loans over 2016-17 and 2017-18. These recovery loans will be for terms of ten years.

They will be funded by expanding the drought concessional loan scheme to include criteria that are specific to the dairy industry.

Dairy farmers have been squeezed as milk processors Murray Goulburn and Fonterra cut prices after they over-estimated returns from exports. Farmers have been faced with having to pay back advances that had already been given to them.

There has been considerable public support for their plight, with some consumers favouring the higher-priced brands of milk rather than the cheaper home brand in supermarkets.

The government has resisted calls for a levy on milk.

The government says opposition agriculture spokesman Joel Fitzgibbon was consulted in the development of the package under the convention of the “caretaker” period. But Fitzgibbon rejected this. “A vague letter last Friday might be Barnaby Joyce’s idea of consultation, but it is not mine,” he said.

The package includes a number of other measures, focused especially on helping farmers get access quickly to assistance.

There will be \$900,000 for an extra nine rural financial counsellors in Victoria, Tasmania, South

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Australia and New South Wales, and \$900,000 to Dairy Australia to continue rolling out one-on-one business advisory support under the Tactics for Tight Times programs.

Applications for the Farm Household Allowance will be fast-tracked, with a decision made almost immediately in cases of real hardship when the necessary information is available. Case officers will be available to talk with the farmer's accountant or financial adviser to speed up obtaining the information.

One-stop-shop mobile service centres are now travelling through dairy areas of Victoria and South Australia to give direct access to a full range of government services.

A Dairy Industry Liaison Officer will be appointed to work on the ground with farmers and communities to co-ordinate support and services.

Joyce said that in a sign of "strong confidence in the industry's future", a re-elected Coalition government would commit \$20 million to build the upgrade of the Macalister Irrigation System in Gippsland. This would upgrade the 1920s and 1950s era Southern-Tinamba area irrigation network, delivering almost ten gigalitres in water savings that could be put back into growing the region's agricultural production, he said.

The Coalition would also work with the industry to establish a commodity milk price index, to help ensure the domestic industry did not in future find itself in a situation where processors unexpectedly reduced farm gate milk prices late in the season.

"The index would introduce greater transparency and market signals in domestic and global milk prices. The Coalition will consult with the industry on the design of the index that would provide dairy farmers with valuable information for use in supply negotiations with processors and to assist in following international price trends," Joyce said.

Fitzgibbon said he supported everything that was in the package but it was not enough. It fell well short of farmers' expectations and they would be "bitterly disappointed".

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He said the key issue was delivering a cash flow improvement but the package “does very little for cash flow” and so would be of little assistance.

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.

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