



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP AND THE MINISTER FOR PRIMARY INDUSTRIES AND ENERGY, SEN THE HON BOB COLLINS, PRESS CONFERENCE, PARLIAMENT HOUSE, CANBERRA, 21 SEPTEMBER 1994

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PM: Some weeks ago I said that the seriousness of the drought, the exceptional circumstances of the drought required a new systematic, systemic response from the Government to deal with it. To put in place a system of arrangements that would stay in place for the intermittent attacks of exceptional drought which we have been seeing. As you know, the Government put into place a drought policy in 1992 and that policy is, outside of the areas of exceptional circumstances, working well. I also said, last week, when visiting Queensland that the Government takes an approach which is an inclusive one; that we won't see segments or sections of the community distressed as we saw with the unemployed, in the long-term unemployed, and that we would not leave them behind. And, I made these comments in relation to distressed farm families - that we wouldn't forget them, that we wouldn't leave them behind.

Well, today the Government, in the Cabinet, in submissions introduced by my colleague Senator Collins, has adopted a set of measures which meets those two criteria. That is, a systemic approach to the problems of exceptional drought circumstances and meeting the commitment not to leave farm families in distressed circumstances behind.

As well as that, principally of course, the package is about meeting the immediate needs of these people and also to help them set themselves up for when the rain comes, when the drought finishes.

Let me just run through the major elements of it. There are five major elements. One is income support. Another is looking after the education of children, of farmers in drought affected areas. Providing additional financial assistance for farms for carry-on finance and

increasing dramatically the limits for maximum levels of assistance. Improving the ability of farmers to access RAS without first selling off all off-farm assets and the development of incentives for the provision of farm storage and water facilities. Now, let me go down these points.

There was income support in the first instance that many distressed families on the land needed. They just simply needed money to put bread on the table and to feed their families and to look after necessities. We are introducing that with a new payment called the Drought Relief Payment (DRP) which will provide farm families with funds to cover those necessities. Payments will be made to farm families in exceptional drought declared areas. The payments will not be subject to a farm assets test, so we are removing the farm assets test in respect of that payment, but the income will be subject to the JobSearch Allowance income and off farm assets test. And, we will be also paying that payment for six months after the exceptional circumstance conditions are terminated. That is the principle income support measure.

The second item is, of course, education. You know that many farmers have been very disturbed by the fact that they have had to take kids from school, pull their children out of school and take them home because they couldn't afford to maintain them. To deal with that very human situation, a real problem for families, the Government is removing existing Austudy farm assets test for all families in exceptional drought areas. The current Austudy income test, which I might say, is more generous than the JobSearch Allowance income test, will apply.

So, what we were being asked - Senator Collins and me - in these various meetings we have had with farm communities, what we had been asked is that the farm assets test be removed in respect of Austudy. We are removing it for families in these exceptional drought areas.

Now, the third element and can I just say, I think, one of the real problems in this is - and I'll come to the third element about providing financial assistance to farms - there is a real stress, I think, upon families in rural Australia, in the bush, in these exceptional drought circumstances. And, the risk, I think, we run is that we would start to see a real change in the nature of the, if you like, the family structure of Australian farming particularly as young people look at what has happened to their parents and decide to walk away from the land and where we see if farmers think they can't make a go of it, in the end their land is bought at a discount by industrial companies and we see a lot of, if you like, large company farming and we lose that whole social infrastructure which we have always known in this country. I think, the drought does present that risk and these exceptional

circumstances present that risk. So, the income support and the education is to deal with that immediate problem.

Now, on farm finance we are saying this: In a very large change in respect of these exceptional circumstance areas that RAS - the Rural Adjustment Scheme - and carry-on finance under RAS will be demand driven. It will not be cash limited. Now, what happens now is someone could actually qualify for RAS, but only get a part payment and they could only get a part payment because there is only so much money in the bin. So, what the Government has decided today is to take away the cash limiting and let it be demand driven which will mean that those who are eligible will get the full amount due to them, which can be up to 100 per cent of the interest rate subsidies for viable farms.

You know the problem that many farmers have. They have now had seven or eight crops put in and they have failed. Depending on the size of the farms, crops can cost \$60-70,000 a season and you don't have to be a mathematician to work out that very quickly you can run into debts of \$300-400,000. It is the capacity to meet those debt interest obligation that we are seeking to do here. So, we are expanding the pool so that eligibility will be met, but we are doing something as well as that - we are dramatically lifting the limits for that which a farmer can receive under RAS. From a maximum annual amount of \$50,00-\$100,000 and from an accumulative amount over five years from \$100,000 to \$300,000. So, \$50,000-\$100,000 in respect of the maximum for annual assistance and the cumulative over five years from \$100,000-\$300,000. That is an enormous extension to the limits and it is in a system which will then be demand driven and not cash limited. So, that is the third principle element for financial assistance.

We are also extending another concession. Many people on the land try to provide some retirement assets for themselves or a retirement home. This happens where, if you like, parents get to the point where they think their farming life is over and their children take the farm over. They have to go somewhere, and, what prudent farmers do, they buy themselves a house in a town or on the coast or somewhere else. As things stand now, a farmer would need to sell that house or liquidate bona fide retirement assets such as superannuation funds or a pool of superannuation assets to qualify for RAS. In other words, they have got to dispose of all those assets before they can get RAS. Well, we think this tends to fly in the face of the need for this turnover in the farm sector and for a retirement income for farmers who leave the land at some point in their lives. So, we are excluding bona fide retirement assets and off-farm assets from the RAS assets test. That is the other element of the farm finance. And, of course, I have said that in the recovery phase these payments are not simply there until the termination of the drought declaration, we have now decided today

to leave them six months after that. So, in other words after it rains and they are back to some sort of normality, we are leaving the payments there for six months until they can start to get some income in.

Now, on top of that one of the things which, I think, farm leaders have said to Senator Collins and they have certainly said to me that outside of these things such as income support, education, farm finance support, there is also the question of the future - about fodder, about improving fodder storage and water storage to make farms as drought resistant or as drought proof as possible.

The Government decided today that we would develop a set of incentives for the provision of farm storage and water facilities and we're thinking of a generous investment allowance; we're also prepared to look at a faster depreciation of certain assets. But, we don't want to see a position as we saw with the earlier tax incentives for tree pulling, that there is major despoilation of the landscape or people trying to turn impossibly marginal land into useful land by an indiscriminate policy of water storages. So, my colleague, Senator Collins and the Treasurer and the Minister for the Environment will sit down with farm leaders and work out what we think can be an effective package of incentives for the future for the encouragement of storages for fodder and also for water.

Now, there are other matters such as counselling and support services which are mentioned in more detail in the press statement. But, I would just like to conclude my remarks on these points then invite Senator Collins to make some to you as well; and it is this, this package is necessary in the interests of fairness, cohesion, in the interests of the whole Australian economy. Because, there is a substantial risk here that with prolonged drought in exceptional circumstances such as these that we will see large sections of our farming and grazing lands either poorly attended or unattended. And, what has been a tremendously powerful industry for this country - and a way of life which has been part of the ethos of the country - at some substantial risk. It is for these reasons that we think this package, as exceptional as it is in terms of the changes which it introduces and the new principles which it encapsulates, is necessary for all Australians and is in the interests of all Australians.

So, I said earlier and let me repeat this, we are not going to leave these people behind but we don't want to pick them up and then put them down without a chance of them getting back on their feet and being able to reestablish themselves on the land. And, this is what this package is about. It will total about \$169 million over two years but if the drought continues and more areas are declared, of course, the cost will rise because the scheme will be available, generally available, it will not be cash limited. So, it could be up to \$200 million

or it may exceed it. With those comments I will invite Senator Collins to make some points.

SC: Thanks Paul. I think the first thing to say about this package which will certainly be obvious to the rural writers in this room is that it is a very significant package. Not just significant in terms of dollars - although it certainly is significant in terms of dollars - it is significant, particularly, in terms of the policy development that this represents. Farmers are going to recognise this package because it has been developed out of the extensive, on the ground consultations that we have had, including, I might add, the Prime Minister's visit to Queensland. The caveat, I might add - farmers certainly haven't got all they want in this package and never will - is that all of this, although it addresses the identified problems, as the Prime Minister has said, which have been brought to us by farmers, is all consistent with a rational, national drought policy, the one that was developed in 1992 and we will adhere to that. That is, that the Government's major attention will continue to focus on assisting farmers to plan and manage for drought whilst acknowledging the fact that in a drought - which, without question in parts of Queensland and NSW is now the worst on record - we are extending special assistance in terms of that crisis.

Again, I know that there will be people in this room that will recognise that a great deal of work and, indeed, thought has gone into this package in a very short time. And, I have to say that I am extremely grateful for the full blooded support that this submission received in Cabinet from the Prime Minister. It may not have got through in the style that it did, otherwise. So, I would finish with those few remarks but the one thing that I do want to say is this: anybody who looks at this policy will see where it is directed. It is going to provide significant assistance directly to the families concerned in a targeted way. Drought policies in the past have delivered significant assistance, and a lot of it has been wasted and abused. There is no question about that. The three substantial differences between this approach and the approach that is still being advocated by the Opposition on it, there are three substantial differences between this and the Opposition's approach. First of all this has been developed after extensive consultation with Australian farmers and the Peak bodies that represent them. Secondly, it is carefully targeted to address the real need and thirdly, of course, it is actually costed with real dollars. And, with those concluding remarks, perhaps, we could take questions.

J: Do you reject outright the fodder subsidies which have been put up by some people?

SC: Yes. Because it is an extremely ineffective measure and as you know they are not just my words. It was attacked the day it was produced, by organisations such as the Grains Council, the National Farmers

Federation and, indeed, the Cattle Council of Australia presumably the people who would represent the lobby that would, presumably, benefit most. Because, they all know the huge flaws in it. Even the Opposition when they advocated it, on the day they launched it, conceded that it was open to abuse, but that they would wave a magic wand and fix that. This is far more targeted. If I just give you an indication of how better this is... The JSA (Job Search Allowance) the family assistance that we are providing, if you take a typical example - the Prime Minister and myself have seen plenty of them recently - a farm couple with two or three kids, farm couples in fact tend to have more than two or three kids but let's take that as an average, this is going to put, in terms of disposable income into that arrangement around \$25,000 a year, in disposable cash income with no strings attached, like fodder subsidies, that wasn't there before. And, that really is the benefit of this.

In addition, and have a look at the package, as the Prime Minister has said, we have significantly enhanced the RAS component of this and there are large dollars attached to that, as they have to be. The benefit of that is that there may well be farmers in extreme drought situations, who take farming decisions that mean that something else has got a greater priority than fodder. This kind of assistance is going to give them the flexibility to do that instead of us determining that fodder is what they need. And, of course, as you well know, at the end of the day the last time this was used in 1982 the chief beneficiaries were the suppliers of the fodder and the transport companies and not the people on the ground. Because, go back and have a look at that scheme because people have actually forgotten what it actually was... It not only was capped but it was capped to a particular price per tonne. As the price increased the value of that subsidy continually decreased over the life of the subsidy. So, in fact it is a totally unacceptable approach, this one is much better.

J: How many farmers will benefit from RAS

SC: Well, to take a broad figure there are around 12,000 families currently, farmers, out of about 125,000 that are in extreme difficulty. And, they are the people that this package is designed to help. We would expect that there would be two to three thousand farmers who would be directly assisted with substantial additional assistance, through RAS, in a way they haven't been before. But, it goes beyond that, the Austudy changes will be particularly welcome in the bush, I think people will be very pleased about that. And, that Austudy assistance and, of course, the family disposable income that is going to go into those households addresses that as well. But, two to three thousand families at least but I expect that it will be considerably broader than that in terms of the total benefits of this package.

The one thing that I do want to stress at this point is that this does have to be strictly administered, this does apply to farmers who are in crisis. This is not a scheme that applies to the farming community across Australia. It is a special range of assistance measures that will help farmers who are in extreme trouble. That is, farmers who are in drought now and who have been droughted for a number of years. That is, essentially, farmers in Queensland and at this point in time, farmers in Northern NSW.

J: Do the states support it because (inaudible)...?

SC: I am glad you have asked that question because I did want to say, the states have got a very significant responsibility in this which they have to discharge. And, I don't think that any state minister for agriculture or, indeed, Premier, could look at a package as well targeted and substantial as this and, with a straight face, say that the Commonwealth was not doing its bit. Now, this is particularly important because there is a meeting of all of the primary industry ministers on Friday, being convened here in Canberra. And, this will go right on the table. They have got a role to play, as you say, in this and one of the things that I think has been happening in the past is this - and this is something that has been identified just in terms of the examination we have made of this. The way the scheme works, as you know, is that up to a fifty per cent subsidy the Commonwealth provides the lion's share of that support. Ninety per cent as against ten per cent. Over fifty per cent we match that dollar for dollar with the states and we have put a very large additional sum of money in here to do that. But, the states have to match that dollar for dollar. I think what has been happening in some states more than others, is that there has been a deliberate move made to concentrate the assistance on our dollars and not the states' dollars. Now I have to say that some states have dramatically not been doing that, and I would mention Queensland, which has got an extremely well-administered RAS scheme. That's generally conceded across Australia. Now, Queensland in fact matched us dollar for dollar to take subsidies up to 100 per cent when New South Wales in fact at the time refused to do so. And I hope that's not the case this time. So I would be, there are farmers who need the 100 per cent subsidy. Now as you know, that's been identified as a problem with RAS in a crisis. As the Prime Minister said, RAS works very well in a pre-crisis time. It's got some acknowledged deficiencies and the biggest one we have now addressed. That is, to allow farmers to get a 100 per cent subsidy when they need it, that is, an interest-free loan. Now the States will have to play their part in delivering that. I hope they do.

J: farm management

BC: Well, that's all part of a long-term examination of the scheme. But can I say to you, I think this is a far more effective way of dealing with it

than the taxation system. And the Prime Minister in fact has mentioned a far better approach than taxation measures and that is an investment allowance which is properly constructed, carefully put together in consultation with the farming community, that will provide an incentive. And the reasons are obvious. Tax breaks only work if you are paying tax. If you are a crisis farmer that hasn't had an income for four years, a tax break for you is useless and that's one thing that's been identified with us. What people do want to do when times get better is to have a positive incentive provided to put in water storage and to put in fodder storage and that's what we have given a commitment to look at.

J: money is also useful in bad times?

BC: I'm not suggesting that it isn't and can I say that despite all the rhetoric to the contrary, the IED scheme is significantly used. I mean there currently is in excess of 130 million. I think the last time I looked \$135 million comprising of about 6,500 deposits in that scheme right around Australia. So as distinct from the rhetoric about it's got to be better, if it's not much good, I can tell you there's a lot of farmers currently using it.

J: Prime Minister, your statement mentions that you are going to be talking to the banks and the pastoral houses. What are you going to be asking them to do?

PM: Well, they are the recipients of the interest rate subsidies, are they not. I mean they've got properties, and even if they take the view that they won't turn people off them, if they took the view they would turn people off them, what good would it do them, in many cases. So getting the interest subsidy is a clear benefit to the banking sector from the Commonwealth via the farm sector and we'll be having a conversation with the banks about what their policy and attitude is to supporting farmers through this period and what longer run view they are going to take in the event that (a) the drought persists, and (b) in the face of the accumulations of debt they already have.

J: asking for moratoriums on the debt or interest?

PM: We are going to have a conversation, that's what we'll do in the first instance. That is to see - they have a problem on their hands, the farmers have a problem on their hands, we are part of the solution and I think we are prepared to talk to them and see what general policy they wish to follow and whether they want to be part of the solution as well.

BC: Could I just mention two things that are particularly irrelevant to banks but farmers are going to greatly welcome about this package. One of the key issues that banks are interested in, because this is a subsidy

on interest rates, is what degree of assistance the Government is going to provide. Now in the past, there has never been any mandated time period for the extension of these benefits beyond the breaking of a drought. An extremely important policy development that has been delivered here is, as the Prime Minister has said, a mandated period of six months of continued assistance for exceptional circumstances and on top of that, twelve months of access to the normal Rural Adjustment Scheme. So eighteen months of continued support after the drought stops. Now that is going to weigh very heavily, I think, in any bank's consideration of what they might do with an outstanding farm loan.

J: There's been some talk about a regional unemployment scheme, getting people in regional Australia to work on farms, on landcare activities. You didn't mention that in the package - is that not on?

PM: Well, we just committed 1.8 billion in a full year to labour market programs in the White Paper and I think it is a matter of whether we can use some of that funding to extend and perhaps better provide in areas such as LEAP or REAP[?], particularly as they are working in some of these exceptionally drought affected areas. So in a commitment that large to the labour market, and labour market programs that are already up and running, we think the thing to do is basically try and work some of that funding into it for existing arrangements. That is schemes that already exist. Labour market programs already on the ground.

J: Where's the money coming from for this? Will there need to be offsets or is it simply out of?

PM: No, this is a commitment by the Government to a group of people in the community just as we would make a commitment to any other group as we did the long-term unemployed earlier in the year.

BC: There were no offsets from the Department of Primary Industries and Energy, I can tell you.

J: your support for this submission got it through to the Cabinet in a way that might not otherwise have happened. How profound was the effect on you of your visit to those farmers last week in terms of the position you took today in Cabinet?

PM: Well it obviously had an influence on my thinking about this, but perhaps one of the factors is that there were not the Winter rains for the crop that would be now, that farmers would be putting in now. And even were that to have been the case, farmers would have to find another \$60,000 or \$70,000, maybe that much, to put in another crop on top of the six or seven or eight that already failed. So there's a point where even for say someone who's got a farm with assets of a

million or a million and a quarter dollars, once they start clocking up three or four hundred thousand dollars of debts and then adding another sixty and seventy per cent crop, again you can see what the looming problem is there. And also the fact that so many of them have virtually no savings, no income and no income support. Now that was very apparent to me last week and that's why this is such a very large change. Never before have we extended income support outside of that JSA income and assets test. We're suspending the assets test, the farm assets test here, which is a very big public policy decision. But it's part of a set of arrangements. And that's what I was saying some weeks ago, to deal with a drought like this where it is in these exceptional circumstances or where it moves in and out of regions six months at a time, where a region is drought declared and then non-drought declared and then drought declared, you need a systemic approach. This basically I think does that. This is essentially directed, well it is directed to the exceptional circumstance areas. For those areas which are not exceptionally affected but which are droughted. We've got the 1992 package. I mean I think this is the point about the comprehension of it, vis a vis what Bob Collins said about the National Party's approach which is basically to throw a fodder subsidy in. Well a fodder subsidy is not going to help a farm family who have got no income. It's not going to help them deal with their existing debts. It's not going to help them with the education of their children.

BC: That's right.

J: Prime Minister, a fodder subsidy would help a cattle producer keep together a breeding herd and the breeding herd is being run down rather drastically.

BC: That's correct, it would. And it would also cost us a minimum, a minimum, of \$100 million to implement it, if you were lucky. And I have to say if I was a farmer, and I was a farmer, and I was given a choice of a 50 per cent fodder subsidy capped on the price, which it was, on a maximum price for the tonne of grain, which was then inflated of course naturally after the market was distorted with the interest subsidy and this, I would take this every time. This provides significantly more assistance than the fodder subsidy would and in a way which is far more flexible for the farmer.

PM: And the other thing is,...

J: What do you think the national cattle herd will be at by about, or for next year?

BC: Well what I'd suggest you do, and the information is available without getting bogged down with that, is go back and have a look at the very extensive analysis that was done on this in the last major drought and in fact I will be happy to provide you with that information.

- J: In the last major drought the cattle herd was kept going by fodder subsidies.
- BC: In the last major drought, the cattle and indeed the sheep flocks did not, at the end of the day, benefit particularly in terms of the national maintenance of that herd from a fodder subsidy. What I'd point out to you is that this comprehensively addresses additional income. As the Prime Minister has just said, in order to get a fodder subsidy, you have got to buy the fodder in the first place. What we have done, is provide enhanced packages of assistance for farmers to get an interest-free loan with significantly enhanced RAS assets. We've lifted the caps on RAS that have limited it in the past. And in the case of worst hit families, put \$25,000 in disposable cash into that arrangement, which of course, they'll be able to spend what they like on as any other JSA recipient can, that was not there before. That's a far more significant package of assistance in maintaining the national herd than a fodder subsidy.
- PM: And one of the reasons why the National Farmers Federation and the Grain Growers and others bucketed the National Party proposal a week or two ago, is because the last time these things they were rorted...rorted to hell. I mean, in the end there was a , you know, the major beneficiaries of the fodder subsidy were people who basically, were marketing fodder. I mean, you're better off to say to the farmer you use your money as you yourself see fit, and we will give you interest subsidies to help you through, rather than going the other route of saying well look, we won't really help you, but only to the extent that you buy fodder will we help you, and therefore we will mostly help the people that own the fodder.
- BC: I'll tell you what I said to some National Party Senators - look, before you have a go..before you sell me on a fodder subsidy - and I am open to ideas, and I was - before you sell it to me, why don't you try and sell it to the National Farmers Federation, the Grains Council of Australia and the Cattle Council, then come and see me.
- J: Prime Minister, currently you are matching dollar for dollar the funds raised in the FarmHand Appeal - they have currently raised \$5 million, so that means you owe them \$5 million (the Appeal \$5 million) - that's largely been distributed for household income support, will you continue to match that dollar for dollar given the generosity of this commitment?
- PM: Yes, we have said we will and again, there will be people affected by drought who may not be "exceptionally affected" where the FarmHand Appeal can actually help. In other words, it's going to be a parcel of money that can be quite useful in some of the spots that mightn't fit some of the criteria here.

- J: Mr Keating, you mentioned the figure of \$150 million to be the cost of this - is it not the case that it will help budget bottom line that NSW Government rejected your offer of \$150 million for the Cahill Expressway?
- PM: Well, it's got nothing to do with it Geoff. I mean, the Cahill Expressway was a nett \$70 million over 5 years - it's about less than \$20 million a year - for what is an essential public work for NSW, and which the NSW....
- J: (inaudible)...
- PM: I know, but look these puny fiscal points that financial journalists insist upon raising, let me just put it down immediately in this respect. We are talking here today in respect of over \$100 million thereabouts - \$160 million over 2 years...
- BC: Nearly \$170 million.
- PM: Nearly \$170 million - nearly \$90 million (this year). All the barrackers for lower deficits are the, you know, the failed newsletter writers and all the others that are out there still peddling their morbid tales - are suggesting that maybe we should let that \$70 million go to the market, and that the market would use it better. It will go in plant and equipment. Well, how much of it will go in plant and equipment, and how much will add to the capital stock, and how much will add to national growth and employment, current account etc, or how much of it goes chasing real estate, property prices and what have you? So, if you have got to make a judgement about whether the \$100 million dollars here is better used, or the \$100 million at the Quay is better used thrown to the market - the judgement is as clear as day. They're better being employed in these schemes. In this case, in...and of course, this sort of point which emerges in journalism occasionally that governments and nations can't do more than one thing at once. Well, I mean, today we did about 5 things at once.
- J: Prime Minister, would you suggest from Senator Collins' comments about your help and assistance to get the package through - a few of your cabinet ministers shared the same views of these failed newsletter writers ...
- PM: No.
- BC: That's not, in fact, the case at all. It's just a fairly tough forum, Cabinet, and it is no matter what the submission is.
- PM: Well I mean, look, let me just tell you - I've been around the fiscal game here nearly longer than anyone in the room and let me tell you

this - the people writing this stuff have been arguing for the lowest deficits and the biggest surpluses for as long as I have known them, they have been arguing for the lowest wages, some with famous expressions like "the real wage overhang" while they themselves are taking massive wage overhangs, we all know them, and we are all sick to death of them.

J: To overcome the reaction...

BC: Well, if you're not going to talk about drought or farmers anymore, I might leave, actually.

PM: Now look, we're not going around the sport about fiscal policy. I mean, have you got any other questions about this thing?

J: Senator Collins, just looking at things - is there any possibility there will be other areas other than Queensland and NSW that could move into, or become eligible, for this package?

BC: Well, I think you would have to say only if the worst case scenario that the Met Bureau is forecasting comes to pass, and I hope that doesn't happen. On the forecasting that has been done so far, and let me tell you it's been extremely accurate to this point in time - the weather bureau is predicting that there may not be significant easing of the situation across Australia until March next year. Now, if that is the case, and if there are drought-breaking useful rains at that time, this package will be sufficient. But should the worst happen, and the drought extend beyond that, the Prime minister has already indicated this assistance will follow. I might say that at that point in time, if the drought does extend for another full year beyond what we have already had, it will be a significant crisis at that point in time in any case.

J: Can you point out areas where the...that could be affected by that?

BC: Oh, all that information is in fact freely available. In fact, I must say, it's been on the front pages of a great many newspapers for about 3 weeks now. The Northern area of NSW and extensive areas of Queensland are really the worst hit. At this point in time, that's who this addresses, and there's no question that in respect of those areas they have now, at this point in time, experienced the worst drought on record. And I might add this is a literally, a week by week situation. If I can just give you an example of what I'm talking about - we expected to harvest about 12.5 million tonnes of wheat nationally, down from the 18 million tonnes last year. That would have been changed ad rain fallen a fortnight after that prediction was made. If we don't get rain in the next 2 weeks...the next 2 weeks...then the current 10 million tonnes will have to be down-graded again because of the crops that are in the

ground now. So, it's a weekly situation, literally, so you can't make those kinds of predictions.

PM: Can I just finish with this comment. I'd like to, on behalf of Senator Collins and certainly myself, express my appreciation for the interest which the peak farm bodies have had in this, and for the consultation they have given us, for those people on the land who have generously given us of their time and their views. This is quite an important, indeed for social policy, revolutionary change in policy, and it extends principles that in the past outside of these circumstances, the Government has resisted. We've done it on this occasion thoughtfully, and in a way in which we think protects all the lines of policy, yet gives material and substantial relief when it matters, and where it matters. Thank you.

ends.