

EASTERN WHEATBELT, DROUGHT ASSISTANCE

216. Hon MURRAY CRIDDLE to the Minister for Agriculture, Forestry and Fisheries:

The minister will be well aware that the drought in the eastern wheatbelt is irreversible. As occurred last year, there is no chance of rejuvenation this year.

- (1) What is the Government's position regarding exceptional circumstances funding and contributions by the State? The minister will be aware that the federal minister has made some points about that.
- (2) Will drought assistance be extended to small businesses?

Hon KIM CHANCE replied:

- (1) I thank the member for this very important question. Obviously the State is extremely concerned about the drought situation throughout Australia. Although the drought in Western Australia is not as serious as it is in the eastern States - New South Wales and Queensland in particular - it is just as serious for individual farmers here who are caught up in it. To give some indication of predictions for the winter grain production from Western Australia vis-a-vis Australia generally, it is expected that all winter grains harvested in Western Australia will yield just under eight million tonnes of the national total of about 22.2 million tonnes. The Western Australian yield, however, is being revised downwards at a rate of about 200 000 tonnes a week while the rains continue to diminish.

As Hon Murray Criddle said, it is true that in some areas of the State and the north eastern wheatbelt, the losses are irredeemable - no amount of rain would make any difference. The State's position in the review of exceptional circumstances funding is interesting. In Hobart in May this year, Warren Truss, the federal Minister for Agriculture, Fisheries and Forestry, made it clear that until the States met the exceptional circumstances business support component on the basis of 50-50 funding with the Commonwealth, no EC funding whatsoever would be provided this year. That was a fairly tough ask of States such as Queensland and, as later became the case, New South Wales, the state Treasuries of which could have been exposed to an open-ended commitment of possibly \$150 million to \$200 million. Those States have large budgets and very competent Treasuries. However, even for those large States, the Commonwealth's proviso of an open-ended precommitment of \$150 million to \$200 million is unreasonable.

Members will be aware that the Commonwealth takes approximately \$3 billion a year out of Western Australia more than it returns. We could reasonably argue that, if the Commonwealth took a more reasonable position, vis-a-vis the commonwealth-state financial relationships, particularly with Western Australia, we would be capable of taking a higher proportion of the EC funding arrangements in the business support sector; albeit, I acknowledge that the Commonwealth pays 100 per cent of the welfare component of exceptional circumstances. Nonetheless, I felt that the proposal that the federal minister put to the States on or about 2 May this year contained sufficient initiatives to attract the State to at least contemplate the prospect of agreeing to a 50-50 arrangement on some basis, and I said so publicly.

On returning to the west, I have compiled a response, which is being analysed at the Department of Agriculture. I expect to be in a position to make a recommendation very soon, although as recently as last night, I spoke to Hon Bruce Donaldson about work that a federal government committee has already undertaken in analysing the State's needs.

- (2) Small business should be included in the proposals and in the coverage of EC funding. It should be done in a simple way. To try to determine an equitable basis would be extremely difficult. Although a single figure to help people who are in that situation could be inequitable, it would be simple and easy to apply for and it would bring a great deal of relief. I have considered that in my paper. However, as I said, it is being analysed.

I remain keen to put a proposal to government on this. However, I am concerned that it will be very difficult for a State Government to accept a 50-50 open-ended funding proposition on EC funding. In the paper I have prepared, I have sought to put a ceiling on the State's involvement. The arrangement would be similar to the national disaster funding arrangements in which the State pays all the costs up to a threshold level and the Commonwealth accepts responsibility from that point. In talking to the State ministers in Hobart, Warren Truss invited us to consider something of that nature. We are not too far away from the viewpoint of the Commonwealth, but that relies on us being able to deal with the Commonwealth once the State has resolved the position. I think that we will. In the interim, I welcome the recent statement of the Prime Minister about opening the doors for receiving applications from Brewarinna and Burke in New South Wales. That has broken the ice, as the Prime Minister has done

before about arrangements for exceptional circumstances. It was very much appreciated by all the State ministers.

I hope to be taking something about Western Australia's position on this to Cabinet within the next few weeks. I doubt whether I will have it prepared in time for the primary industries ministerial council meeting, which is in Sydney in about three weeks, but I will be in a position to discuss it with my ministerial colleagues.