



SUBMISSION TO FARM MANAGEMENT DEPOSIT EVALUATION 2021

As agriculture moves towards the middle of the decade, it is becoming increasingly clear that climate change is having a strong impact on the agricultural sector with climate variability increasing so that we are facing more intense weather systems including droughts, floods and fires. The ability of the farming sector to cope with predicted scenarios can only be managed with tools that are made available to farmers to even out their income so that that can put away reserves in good times that can be used in bad times. If the current Farm Management Deposit scheme cannot be improved or replaced with something that allows this to happen, then it will have serious consequences for the family farming sector.

I can only demonstrate how important the Farm Management Deposit Scheme is to our family by telling you our story.

This is our story:

My husband's family have been involved in agricultural production in Australia for 200 years.

Our immediate family has farmed in the WALCHA district since the 1920's.

My husband has farmed the family property for 50 years and over that time we have grown our successful farming business producing superfine wool, prime lambs and cattle.

We were runners-up in the NSW Farmer of the year in the 1980's.

Our farm enterprise has taken on the principles of regenerative agriculture.

We have been practising rotational grazing for more than 10 years, we have planted thousands of trees, we have not mulesed our sheep for 15 years and we use minimal chemicals on our animals.

We started a superannuation fund in the early 1980's when no-one really thought about superannuation and we tried to be very disciplined about making contributions whenever we were able in order to provide a retirement income for me and my husband. We are both now 70 and our super fund now provides an income for a comfortable retirement for us.

Our superannuation strategy was part of our succession plan that would enable us to help our 2 sons become farmers if that is what they chose to do.

Both of our sons have a passion for agriculture and are "having a go" at growing their businesses.

One son who is 39 took over the business of running our main family farm nearly 10 years ago. He has a family with 3 young children. He has experienced 6 tough seasons so has not had the opportunity to put much money into Farm Management Deposits.

As we did not have enough land to support 2 families we helped our other son buy into a stock & station agency business in town. He is a partner in this business and aims to eventually become a full-time farmer when he can get his farm into full production so he works full time at his job as well as running his farm which results in him working very long hours.

Our family practices what we call "collaborative agriculture" i.e we each have our own separate businesses and everyone makes their own decisions about their businesses but we share our machinery, our time, our labour & our knowledge. This is a way of family farming in the future and can be repeated in most family farming enterprises. The opportunity arose in late 2016 to purchase a neighbouring farm that had been run down over many years. This property consisted of 2 separate land titles and both our sons were excited to have the opportunity to grow their businesses. They each purchased one of the blocks with the aim of improving the land and getting the farms into full production over a period of about 10 years.

We have the knowledge and experience as well as the passion to turn these farms into productive enterprises which will be good in the long term for our business as well as the economy.

We have experienced many droughts during our 50 years on our farm and we have coped with the financial and emotional stresses these have caused but nothing prepared us for the drought in 2019 and the devastation that it caused. The rain deficit was unprecedented for the 140 years of records we have available for WALCHA. Since the 2019 spring we had extremes in both high temperatures, low humidity and continuous winds. This resulted in dams, creeks and rivers that have never knowingly dried up to be empty.

50-75% of the eucalyptus trees on our farms dropped their leaves and it appears that approximately 30% of them have now died.

During the 2019 drought we fed our livestock for a full 12 months and for more than 6 months it was costing us approximately \$25,000 per week. In October 2019 it was no longer viable to retain most of our cattle which we were forced to sell in October 2019 as we did not have enough reserves in Farm Management Deposits. This has had a severe impact on our income in 2020/21 as we have not had cattle to sell at very good prices and we have not been able to afford to replace the cattle that we were forced to sell.

The reason we survived the drought was that we had a very close friend in Sydney who donated a substantial amount of money to our business to pay for our fodder. Hence the small amount of money in our Farm Management Deposit was not drawn down.

I am aware that everyone's circumstances are different but the Farm Management Deposit scheme is an essential tool for our family business to be able to manage the next drought when it comes if we can earn enough cash flow between now and then to be able to contribute to the scheme.

I find it extremely distressing to hear people criticise the scheme and insinuate that it is being used by wealthy people as a tax dodge or as a succession planning scheme or to pay private school fees. That is not what our family uses the scheme for-we use it as it was intended to be used- as a scheme that helps farmers get through the really tough times.

Anyone who did not directly experience the drought of 2019 has ANY IDEA of the massive trauma that it caused for many, many farmers.

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