

Sugar package out of growers' reach

Greg Roberts
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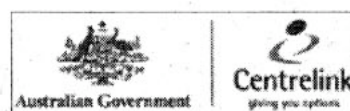
THE Howard Government proceeded with its \$444 million sugar industry assistance package last year despite warnings from its own advisers that key elements were seriously flawed.

The package eased a potentially explosive issue in key National Party-held seats after sugar was a big loser in the free trade agreement with the US.

Two key parts of the pack-

age have been dramatically underspent, with only two of the nation's 6000 canegrowers taking up a \$23 million package to facilitate intergenerational transfer of farms, while only 55 farmers have received special exit grants under a \$94 million program to encourage them to leave.

The failure of the key elements of the package has led Australian National University economics lecturer Alex Robson, an industry expert, to label it a political exercise in key sugar seats in the lead-up



You have been granted a re-establishment grant because you have sold the sugar enterprise you were involved in. Accordingly, your nominated bank account will soon be credited with an amount of \$55,000.

Centrelink letter to Noel Schuch, 8 July, 2004

to the last federal election.

The Government proceeded with the package despite an Agriculture Department memo to the Prime Minister's Department last February — two months before the pack-

age was unveiled — sounding warnings about key elements.

Despite these warnings, the Government provided \$23 million for an identical program in its package. However, just two farmers have been eligible,

again because of assets tests — the value of house and farm assets cannot exceed \$445,000 — at a cost of just \$3600.

Agriculture Minister Warren Truss was told by his department last March that exit grants that were being paid to help farmers quit the industry were "largely unsuccessful".

A memo last February from Mr Truss's department to the Prime Minister's Department said any such grants should target inefficient growers, but they had shown they were "not receptive to change".

Despite the advice, the Government provided \$94 million to continue paying what it renamed as "re-establishment" grants, and to boost them from \$45,000 to \$100,000.

But because of asset tests on eligibility, only 55 canegrowers have obtained the \$100,000 grants, at a cost of \$6.2 million.

"It looks as though a lot of money under this package is not going to be spent," Australian Cane Farmers Association chairman Ross Walker said.

Dr Robson said he believed the primary goal of the pack-

age had been to shore up votes in key sugar seats in the lead-up to the election.

"In that respect, they succeeded but the package appears to have failed," he said.

"If you keep throwing money at people, they're not motivated to reform."

The Government has frozen \$73 million in so-called sustainability grants under the package that were due to be paid in January because the industry has failed to produce regional reform plans.

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Sweet... farmer paid twice to quit

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NOEL Schuch is overjoyed at the sweet extent of the bounty he reaped from his last sugarcane harvest.

The 75-year-old canegrower from Gooburrum, near Bundaberg, has been paid not once but twice by the Howard Government to stop farming.

Mr Schuch received a \$45,000 "exit" grant in 2003 to leave the industry he had worked in all his life.

"We'd had enough and it was time to get out," he said.

He and his wife Phyllis decided there was no future in cane for their three sons. "We didn't want to lumber them with it. We were growing 300 tonnes a year and getting nothing for it."

The exit grants were intended to weed out growers who were inefficient or not viable. They were continued under a new guise in the \$444 million sugar industry assistance package announced in Bundaberg last April by the Prime Minister.

It included \$94 million for "re-establishment" grants on a sliding scale — \$100,000 if taken in 2004-05, \$75,000 in 2005-06 and \$50,000 in 2006-07.

Mr Schuch thought nothing of this because he had received his \$45,000 grant the

year before when, as required, he stopped growing cane.

But Mr Schuch, who gets the aged pension, was contacted last October by Centrelink.

"They told me they could get me more money under this new package and I didn't have to do a thing," Mr Schuch said.

"The next I knew there was an extra \$55,000 in the bank to bring the first grant up to \$100,000. I nearly fainted. It was money for nothing, the last thing I expected."

Mr Schuch had no "re-establishing" to do. "We hadn't grown a stick of cane for ages. I spend my time fishing." So the money was spent on painting their house, and "bits and pieces".

A memorandum last February from Agriculture Department crops manager David Williamson to the Department of Prime Minister and Cabinet said the grants would not guarantee the departure from the industry of inefficient growers, but could serve as a "handout for smaller and/or hobby farmers".

With the Government under pressure over allegations its regional grants scheme favoured Nationals voters, Agriculture Minister Warren Truss defended the "top-up" money paid to Mr Schuch, which he said had been paid to 17 growers.



Money for nothing: Bundaberg cane farmer Noel Schuch, who received \$100,000 in 'exit' grants from the Howard Government to stop growing cane

Picture: David Sproule