

Rural funding gets burned

By JENNA FREIND
and LUCY SKUTHORP

THE Federal Government has been accused of ignoring the needs of rural Australians after slashing millions of dollars in drought funding and regional programs last week.

The new Growing Regions program, introduced by the Liberal Party just before the election, was among the victims of funding cuts as part of a plan to save more than \$640 million in Government spending over the next four years.

The program was designed

to help rapidly growing towns, particularly in mining and coastal zones, with funding for improved infrastructure to cope with growing populations.

But Finance and Deregulation Minister Lindsay Tanner told the National Press Club last week this program and others would be abolished to help put maximum downward pressure of inflation.

The estimated cost of re-establishment assistance for farmers affected by drought would also be revised down to reflect lower than expected rates of take-up.

"If we are going

to tackle inflation we have to start now," Mr Tanner said.

"These savings are a modest but important step in reining in the excessive spending we have inherited.

"We want to do all we can to help ease the burden on working families under pressure from rising costs and interest rates."

The Government has defended its actions, saying the drought assistance cuts were reflective of the demand.

Federal Agriculture Minister Tony Burke said last week they were only cutting funding for drought relief because less farmers were likely to need help.

Mr Burke said the eligibility rules had not changed and farmers could still apply.

Fewer farmers were applying because Australia had some very welcome rain.

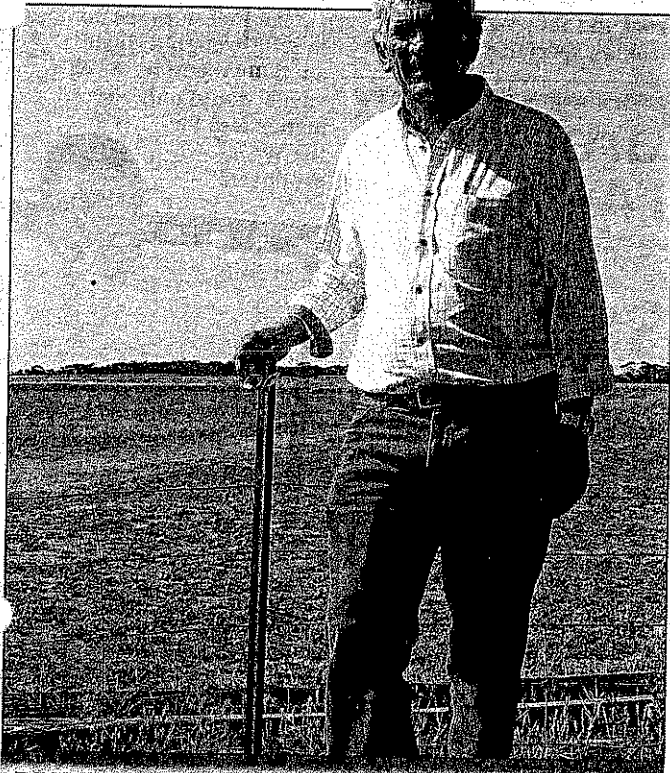
As if funding cuts were not enough to upset drought-stricken farmers, Mr Burke also

announced last week that planting grants and low-interest loans from the Federal Government were out of the question this year.

Mr Burke told city newspapers the Government was not considering going down the path of providing assistance to farmers to plant this year's winter crop, ruling out any loans or assistance grants.

There were fears significantly low cash flow, spiralling debt and the enormous cost of grain inputs like fertiliser could mean a reduced winter grain crop would be harvested this year, despite the seasonal turnaround in some areas and high commodity prices.

Farm lobby groups, rural MPs and local mayors have all been pushing for the assistance, and were waiting for an answer from Mr Burke on why the Government would not consider assistance to help boost drought recovery.



DRY Seasons Focus
Chairman Warren Carlslake said he was surprised the Government had made the decision to cut funding to drought assistance before farmers had even had the chance to apply.

"Last year they opened up qualifications for more farmers to come on board," Mr Carlslake said.

"So all these applications would have barely even arrived yet with the

deadline January 31.

"Yet the Minister is saying the demand for this funding has dropped now the drought has broken."

Mr Carlslake said it was a very immature comment to suggest the drought had broken just because of summer rains in some areas.

"The prolonged drought is going to have detrimental financial effects on farmers for many years to come," Mr Carlslake said.

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