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Battling on all fronts

Politics, prices and pollution reduction schemes: PETER HUNT looks at the big issues facing farmers in 2010.

The future of drought assistance

FEDERAL Agriculture Minister Tony Burke seems hell-bent on dumping interest rate subsidies and income support for drought-stricken farmers.

The lawyer holding the inner Sydney seat of Watson has repeatedly stated he wants to wean farmers off direct support and encourage them to adapt to climate change and drought-proof their farms.

The current proposal looks a bit like the work-for-the-dole model where farmers receive incentives to ''prepare'' for drought, rather than traditional Exceptional Circumstances support.

The 2009 Federal Budget showed the Federal Government has no intention of continuing interest-rate subsidy support for drought-affected farmers beyond June 30.

It seems families will instead be offered assistance to prepare business and ''family wellbeing plans'' based on the recommendations of Mr Burke's expert panel report.

But ask grain growers what they can do to ''drought-proof'' their properties, and they would wonder which planet you've come from.

Grain growers and most other farmers already conserve soil moisture and maximise their efficiency.

''Anyone who tells us we have to do it better is talking rubbish,'' Mallee grain grower Geoff Nalder said. ''The EU and US have a better system — they support their farmers by giving them a reasonable price for what they produce.''

Cutting the Murray-Darling Basin cap

THE Federal Government and Murray-Darling Basin Authority's rushed attempt to cut the basin's cap on diversions seems solely aimed at reviving environmental assets.

There is no attempt to measure the impact of clawing back water for the environment on basin communities and their economies.

Don't be surprised if all hell breaks loose when the Federal Government and MDBA release the draft ''sustainable diversion limits'' for each of the basin's catchments.

The SDLs are set to create enormous inequities that will flow through to basin communities — and their children — for years to come.

This issue is set to galvanise irrigators across the basin into action. We'll probably see irrigators from Victoria, NSW and Queensland join forces to march on Canberra in the lead-up to this year's federal election.

The irony is the Federal Government's Water Act states it: ''is to promote the use and management of the basin water resources in a way that optimises economic, social and environmental outcomes''.

The objectivity of the MDBA is being skewed by the Federal Government's environmental and political agenda that has driven the basin plan towards meeting its political promises to crucial South Australian electorates and the green vote.

The CPRS

THE Carbon Pollution Reduction Scheme is unlikely to go anywhere until Prime Minister Kevin Rudd calls a double dissolution election, most likely in September.

In the meantime, expect a lot of posturing on both sides of politics over the cap and trade scheme that, if passed in its current distorted form, would create carbon markets inherently open to abuse and exploitation.

Opposition leader Tony Abbott is trying to convince Australians he can match the Government's commitment to cut greenhouse gas emissions by 5 per cent using regulation — a rather bizarre act for a conservative politician.

Mr Abbott is talking about achieving this using unproven carbon capture and storage, regulating emissions from industry and improving land management.

The land management option sounds promising given the Victorian Government has just completed a study showing Crown-land forest alone holds 750 million tonnes of carbon, most of which is not included in the National Greenhouse Gas Inventory.

As one witty commentator recently remarked, no amount of CPR is going to revive the CPRS, at least not until after the next election.

Victorian Bushfires Royal Commission

THE Bushfires Royal Commission's continuing dissection of Victoria's worst natural disaster is sure to expose even more failings in the State Government's, emergency services' and power utilities' capabilities to protect lives and property.

The Victorian Government, Country Fire Authority and other agencies must deliver a report on their progress towards implementing the commission's interim recommendations by the end of March.

The class action against SP Ausnet is likely to begin in earnest this year and probably drag on for years.

So far Victorian Premier John Brumby has managed to avoid much of the flack in the blame game that has erupted since February 7.

But the real test comes when the commission delivers its final report on July 31 this year.

Commission chair Justice Bernard Teague has already warned there would be more scope for criticism of the CFA and its chiefs in the final report.

Most of that criticism is likely to laid at the feet of embattled CFA chief Russell Rees.

But it will be interesting see how much of the blame is put on the Department of Sustainability, its ministers and the premier.

Opposition bushfire spokesman and litigation lawyer, Peter Ryan, will be doing all he can to sheet home the blame to John Brumby.

AG R&D

FARM lobby and commodity groups will need to be on high alert this year after federal Agriculture Minister Tony Burke warned he would ask the Productivity Commission to review the nation's 14 research and development corporations.

RDCs have taken up at least some of the slack left by declining state government agricultural R&D spending.

In 2007-08 the Federal Government contributed $224 million to the RDCs, with industry contributing $267m.

Don't be surprised to see the Government trying to curb its contributions in the name of ''delivering better value for money'' to farmers after the Productivity Commission ex-

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poses a few technical inefficiencies.

The north-south pipeline

WATER will flow through the pipeline in late February, pumping water from the Goulburn River to Melbourne's Sugarloaf Reservoir.

The Coalition has warned it is set to block Government amendments to the Eildon-Goulburn bulk entitlement, which allows Melbourne to take up to 75,000 megalitres of water savings from the $2.2 billion Northern Victorian Irrigation Renewal Project.

Nationals Upper House leader Peter Hall said he ''fully expects'' to introduce a motion disallowing the Government's amendments in the new year.

But the Government has bypassed the amendments by tapping into 22,000 megalitres of water that was not created from the NVIRP project.

The real risk to the Victorian Government is Federal Water Minister Penny Wong's threat that if the Coalition disallows the amendments the Federal Government will, in turn, withdraw its $1 billion contribution to stage two of the $2 billion NVIRP.

Elections

FIRST off the rank is the South Australian election where Mike Rann is trying to toughen up his image with a High Court threat to tear down Victoria's 4 per cent cap on the net trade out of gravity irrigation districts. Never mind Victoria has already traded more than 6 per cent of its entitlement out of these areas under an agreement with the Federal Government.

Prime Minister Kevin Rudd is likely to announce a September election, which will force all senators to face the electorate.

Water, climate change and drought are once again likely to be the most dominant issues for regional Australia.

Victorian Premier John Brumby will be the last Labor leader to run an election race in 2010.

Mr Brumby is a great election strategist, but faces a tough battle in the wake of Black Saturday — the state's greatest natural disaster — and the challenges of a booming population.

The big commodity price recovery

WHAT happens to farmgate prices will matter more to farmers than anything else.

Stock markets will remain jittery about the sustainability of the global financial recovery, while most money traders aren't willing to gamble on which way the US dollar is headed.

While the Australian dollar has weakened slightly against the Greenback, there is still the risk it could climb again and erode much of the gains local farmers could make.

The flip side

AS COMMODITY prices rise then so too will fertiliser, chemical and oil prices.

Future of the Victorian Farmers Federation

VICTORIA'S peak farm lobby faces one of the toughest years as it tries to sell its Farrer House headquarters, balance its books and reform its structure.

The VFF's largest commodity group, the United Dairyfarmers of Victoria, is far from happy and is talking of a walkout.

The real test will come on February 24 when the VFF's new constitution is adopted or rejected. Then it's a matter of seeing how many farmers stick with the federation or walk away.

Fair go: Mallee grain grower Geoff Nalder says a fair price is the best support farmers can get

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Courting controversy: the north-south pipeline, the Bushfire Royal Commission and drought will be among the big issues for farmers this year

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