

SUBMISSION TO THE PRODUCTIVITY COMMISSION ON DROUGHT SUPPORT

CONCLUSIONS

The current multitude of drought assistance measures are complex, inefficient, ineffective and should be consolidated.

There needs to be differentiation between income support, which can be caused through a multitude of circumstances besides drought, and induced loss of income because of drought.

Incidental assistance such as transport subsidy on fodder and cattle transit should be discontinued as they are rorted and discriminate against graziers who trade cattle as normal business practise.

Assistance such as Shire rate subsidy and relief from truck inspection fees which are funded by State governments should apply to all who derive 100% of income from farm properties within a drought declared Shire.

Loans at Bank reference rates may still be useful where viability is present.

Farm financial counsellors while dedicated in identifying avenues of assistance have offered no solutions as their work has not subsided.

The same producers are queuing every time assistance is offered which proves there is no adapting to seasonal variability.

The current exceptional circumstances declarations are subjective, ill targeted and should be discontinued. An example would be the Banana Shire where I have lived since 1965 and the only severe drought was in 1969-70, yet it was drought declared for several years until June 30th.

The applicants receiving interest assistance are very often buying new cars and machinery with interest subsidy at taxpayers expense. Many of these are second generation farmers and a survey would reveal the same producers applying every time assistance is offered. The increase in farm indebtness is partly a consequence of interest only loans and liberal lending policy and borrowers should not be recipients of interest subsidy.

A classic case was where Council rates were subsidised by 50% to drought relief recipients while the rest of us paid 100%, same Shire same climatic conditions.

Producers who can or will not adapt to climate variability should leave the industry and the present relief measures do not encourage diversification, adaptation of new technology or innovation. Those of us who have embraced new technology and diversification are excluded from assistance as are self sufficient.

STRATEGY FOR CHANGE

The uneconomical properties will never be viable due to increasing input costs and market volatility so assistance should be sunsetted and skill recognition and up skilling implemented. A five day course in Rockhampton for \$2000 will procure a blue card (plant ticket) and with the mining industry offering \$100,000 per annum for electricians, boilermakers, fitters and plant operators there is no excuse to continue this mindless drought assistance in its present format. Most of the mines are fly/drive in or bus transport and employees from all over Queensland do this. Every local business has difficulty in finding skilled labour and there is no reason why adult apprenticeships should not be encouraged. The meatworks are employing Chinese, Vietnamese and Brazilian workers at \$40,000 per annum because they cannot get staff. Uneconomic properties can be leased or the house surveyed off and the balance sold off.

A key to increased profitability is Research and Development and I am dismayed at the dismantling of the research effort. There needs to be recognition that in order to increase profitability the effort needs to be reinvigorated.

An example of innovation is the European Market where accredited producers receive a premium of approximately .60cents per kg and the Meat Standards Australia initiative where Teys Bros pays a premium of .10 cents per kg to accredited MSA producers of which I am one.

There is a suggestion that incentives need implementing to enable preparedness ie. accelerated depreciation for hay sheds etc, but twenty years ago 100% depreciation allowed for such and where is the self sufficiency?

FMDs are an excellent management tool for income fluctuation and should be continued as well as off farm investment be encouraged.

Thank you for the opportunity to make this submission and hopefully you have the fortitude to recommend change.

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