

## **Private Submission to the Inquiry into Government Drought Support**

Thank you for the opportunity to comment on Government Drought Support.

As a city dweller I appreciate the extreme hardship that drought brings to rural communities and farmers. As a taxpayer, I am happy to subsidise rural families during times of exceptional circumstances. Indeed I am generally happy to contribute to maintain rural lifestyles recognising the range of goods and services they provide to Australia. I am keen to maintain viable communities living in rural areas where they can provide productive or other sustainable livelihoods.

I cannot abide landscape degradation caused by communities, farmers and governments misreading the signs of drought or climate change. I think the importance of destocking and holding stock off recovering rangelands, for example, is a duty of care that farmers should be clearly obligated to fulfil.

There is an obvious need to manage for both restructure (including farmers exiting the industry) and for greater resilience. The writing of Neil Barr (2004) on farming's demographic trends is particularly useful and warns about the need to manage exiting farmers as a separate (but connected) issue to farmers who are increasing the scale of production. The risk to the environment and the risk to unskilled and rural poor is enormous and worthy of very careful Government consideration. The lack of exit program use relates to complex and highly regional factors that may be best handled at regional scales.

I am concerned about the public's role in interest rate support measures that appear to be an indirect subsidy to banks providing riskier capital. The government needs to design ways of sharing loan risks with the banks to avoid perverse outcomes of banks avoiding their full investment responsibilities.

Improved education, research, information provision and, most importantly, adequate public and private extension services needs to underpin Australian drought (and other extreme event) responses. The human capital on farm and in the advisory sector needs urgent investment as it copes with a torrent of new information and complex issues. Self-reliance should not be an excuse for isolation from trusted advisory networks. Opportunities should be sought to build and maintain such professional networks for farmers and advisors.

One key outcome of the network would be to bring exceptional circumstances back into the realm of manageable risk. This is an urgent need.

Border and timing issues of drought declaration I find of concern and the risks of political interference are still unacceptably high despite recent advances.

My greatest concern is that the environmental and natural resource management considerations are kept paramount and not traded as exceptional circumstances arise. Planning for drought and the decisions taken during drought and recovery all needs to demonstrate the farmer's duty of care so that the mutual obligations associated with government intervention can be justified. At the moment I don't think the non-negotiable duty of care is well-understood. I think additional research and information is needed to promote that understanding.

I am undecided about the need for a national approach to drought policy – it may be more appropriate to have this managed at regional level to cope with local and cross-compliance issues. It may also help develop more innovative and community-acceptable solutions.

I think the current agricultural land and commodity prices, generally up-beat economic situation. Labor government and severe drought makes the time right for significant reforms.

The suggestions of Ha and others (2007) for a mixed package of measures (exit and long-run) makes a lot of sense and I don't think there is any risk (as suggested in the issues paper) that private research investment might be crowded-out by public research investment. Otherwise I found the Issues paper very informative and I look forward to the Inquiry's final report.

Again, thank you for the opportunity to comment on the issues.