

from
DG Hardie
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cover letter

19/11/2008

The Secretary
Government Drought Support enquiry
Productivity Commission
Melbourne.

Dear Secretary,

I originally made a short submission which pointed out that drought preparedness would be seriously compromised by decisions of the Federal Government to remove the single desk from the marketing of wheat.

In the short time that has followed, that forecast has proved to be spot on.

We are now looking at the exact situation which growers found themselves in as 1929 turned into the Depression, with daily falls in the offered price at the silo during harvest, and no futures protection on the whole of the crop, on our collective behalf, by our own representatives. Individual efforts at such trading have proved to be a disaster. Why would they not believe us?

Therefore, I have enclosed a submission which concludes with an idea for disaster back up, as we begin the long task of rebuilding something like the sophisticated system our Fathers designed.

Yours faithfully
Glen Hardie



A submission to the Productivity Commission in light of the draft report.

From a farmer with experience of industry concerns.

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08.11.2008

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Why enough concern to write this?

Because there is one very substantial lack in the whole process.

It is that disaster support cannot be considered without a study, and thus, finding a vision of the kind of agriculture and Australia we want into the future.

If there was no EC safety net just now, as incomes fail,

1. People leaving both farms and towns would go onto welfare anyway.
2. The input of extra farms for sale, then jeopardizes another layer of farm businesses, as equity slides.

Therefore, it is in the interests of the Nation, to give the opportunity to people in temporary difficulty, a chance to remain and take care of that land, until recovery is possible.

Why has it been impossible for so many to prepare ahead to take care of drought?

Every family is at a different point in a life process.

The young and enthusiastic are trying to make good, and use debt as a tool, thus being at this moment more vulnerable.

Another might be ahead and winding down, with no offspring hoping to continue, thus no debt.

But those with a plan to succeed, have little hope of finding the extra to set aside.
Ordinary income, does not have such margins.

Naked market forces only permit a small number to survive long term. Do the figures.

They are

- a) Those who fluke more than a share of suitable seasonal conditions.
 - b) Those who are situated to take advantage of a spike in prices, and are able to get ahead.
 - c) Those with outside income, some of whom come and go as perceptions change, and those who have another job to subsidize the farm.
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Already, rural communities are mostly non viable socially. To openly allow farms to become bigger and bigger is totally naïve.

Market forces merely seek out the best land and put it under size management for economy of scale, without a single care for detailed maintenance of feral animals, excess native ones, and introduced weeds. The first priority must be profit. Workers must obey.

2.

Huge areas of monocrop are an ecological disaster, and also of concern agronomically, for it is more likely that disease will hit also on a large scale, and already, new variety production must rely on sources of genetic material from overseas village type farming.

There is no substitute, where control of pests, plant or animal is an issue, for actual eyes and hands. Mechanism can help to reduce numbers, but dedicated people only, will prevail.

The personal touch, is the only way to get the motivation needed to truly care for the land, and keep it productive. It would take a lot of print to detail this, but it could be done. An example is National Parks. A source of frustration to many.

What kind of agricultural scene can we visualize?

Why is there not a widespread slide into huge production in any enterprise?

Because no margin is big enough to trigger it. As soon as there is a profit to be seen, it has vanished by the time those chasing it, get some production to flow.

Thin margins limit profitability.

Profitability is needed before drought preparedness can be initiated.

So we need a real in depth study of what kind of agriculture we want, and how to get it.

We need to ask if we have any right to hold this land, if we don't utilize it for mankind and its beauty, but only care about profit and shareholders, and exploitation. Do we really think that "Market forces" is some kind of benevolent God who will always deliver desirable outcomes. No, he only shows the highway to Hell.

What then do we want?

I suggest, stable sensibly sized family farms, with owners who care, and produce what is needed.

That we are not getting even now.

Of course the market cannot be ignored, but it is not God.

In that context, disaster funding is best considered.

Why not an insurance fund, begun by Government, aided by appeal, added to by a wide small levy on farms, that can be drawn on as needed, but which will be maintained by loans repaid. loans may be repaid at will, or else chargeable to the estate or on selling out. If there is a deficit, too bad. Being a long term loan on low interest, it could be quarantined from normal farm finance.

The idea could then be extended to other small business, in cases of flood, fire or earthquake.

A proposal for consideration in a land of extremes.

Towards a better means of dealing with droughts and other disasters.

The concept of handouts to save people who are in trouble owing to disastrous events, is the handmaiden of the failed philosophy of economic survival of the fittest, as though allowing nature to pick the winners and magnify their profile, is a way to the best outcomes for human fulfillment.

“Time and chance happens to them all”.

There needs to be a fund established, initiated by Government, which may be drawn against, in time of drought, flood or fire, by those effected.

The initial input by Government should be only one source for establishment.

This is a land of droughts, being situated in one of the two great desert, high pressure bands.

It is then fair for some public input, seeing that we are all standing in this land.

There could then be a public appeal, as we are a people who volunteer out of concern for mates.

A levy could be paid by all farmers if it is kept wide and thus not onerous.

Repayments of funds drawn, would then regularly top it up.

Interest earned by the fund would help it to be maintained. This could not be at a high rate, as interest charged on drawings would need to be consistent with that on the deposit.

This idea would be low cost to maintain, as once an area is declared, farmers might draw down at will, up to the nett value of their enterprise. They could also repay loans at will, as income returns. So that ordinary bank finance should not be disrupted, the debt should have a subsidiary priority to normal business banking.

As it would fall due on sale of farm, or death of borrower, there would be a risk of some shortfalls or defaults. So what?

I am sure there could be safeguards against roting.

Now this would not take care of all the problems created by drought.

It would replace household support and interest subsidy. These are cash needs.

The other big need is hay and grain to feed stock. If money is made available for cash needs, and spent on hay or grain, the price of those would rise and eat it all up.

Therefore there is also a need for non cash attention, to the need to physically store stock feed.

(Never mind the bloody “Market”.)

In time, this scheme could be extended to cover all small business, with a consistent philosophy.

Taxation experts would need to fine tune the whole thing to maintain public equity.

We need all to acknowledge that it is a privilege to occupy this continent, and thus our responsibility to each other and the wider humanity. We need to be Stewards, rather than exploiters. Bit hard to find this in economic jargon.