

The Drought Review.
December 2008.

Comments on the draft report
by the productivity commission.

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Gary Grady.

I wish to comment on the draft report prepared by the productivity commissions inquiring into drought support.

I suggest this be read in conjunction with my original submission of August 2008.

The commission recommends the majority of drought support be discontinued at the 30th June 2009. without offering any alternatives.

This is the biggest threat to Agriculture in times of drought since Federation.

It has not addressed the way exceptional circumstances assistance has been administered nor suggested any changes to the criteria to help many farming families in need who have missed out on assistance in the present drought.

This report if implemented will spell the end to the family farm.

It hasn't considered or mentioned the flow on repercussions to country Australia and the non farmers who live in these areas.

The rising farm debt of \$57 Billion or how this can be addressed .

No mention of personal credit card debt owed by

farming families.(It was quoted one person had 5 credit cards owing \$40000)also amounts to other farm suppliers.

It hasn't considered the foreign debt of \$643 billion these figures have blown out from \$187billion in 12 years Since farm return have reduced because of drought and low commodes prices.

It recommends greater provision be made for drought but rejects tax incentives for fodder, grain or hay storages You might recall I suggested 150% deductions in the year of expenditure.

Also the discontinuation of freight subsidy for fodder water or Stock to or from agistment.

There was drought deposits in the past which could only redeemed in time of drought.

The farm management deposits seem to be used more for tax equitation than in time of drought and should not be asset exempt when applying for interest rate subsidy.

Deposits made from the forced sale stock should be exempt.

The Exceptional circumstances relief payments

These payments are all about the personal needs of families.

If this type of assistance is discontinued there will be a big demand on chantries and church groups this is already happening (Enclosed is the article The harsh reality of life in the sunburnt west) It is suggested the principal house of residence be included in the asset test. this must not be allowed to happen.

Off farm assets must be increased to \$500000 many families have a second non income producing house in town by necessity as many schools have closed and children have to go town for education and having a family home helps keep the family united.

It has been suggested off farm work should be under taken Has some one forgot to tell the commission the average age of farmers is 64 years of age and most are working up to 60 hours a week and in drought time can't pay labour and the added work that is required feeding stock carting water.

It is quoted only 20% of farmers are getting assistance it didn't say many more need it but can't meet the criteria.

As mentioned the farm debt now at \$57 billion debts will have to be paid so recovery assistance will be needed for some time least 12 to 18

months for the next crop wool cheque or sheep or cattle sales.

One of the major reasons (Not bad management) that debt has blown out is low profitability deregulation and changing marketing arrangements.

Many have used equity to continue operations . Debt used to be calculated on debt load per sheep area or equivalent which was relevant to production.

The interest rate subsidiary of \$1553 million has gone to the financial institution's and may have helped the farmer but there may be only few non performing loans which has helped the banks to be in a strong position in the current crisis The interest subsidiary helped the farmer and the economy.

One asks the question with government spending large amounts of money on the following:

- 1.Welfare.
- 2.The car industry.
- 3.The building industry
- 4.Local Government.
- 5.The Indonesian Government.

Why is commission recommending drought assistance be discontinued.?

THEY HAVE GOT THIS ONE COMPLETELY WRONG.

It also indicates their lack of acknowledge and understanding of how the farming community and rural Australia operate and what there needs are.

The other main reason why Agriculture should not be let wither on the vine the world needs food 100 million today only have a one meal every second day.

There are 3 billion people to our near north that needs to be feed if Australian agriculture is is let wither on the vine and much of the land goes out of production and becomes idle these people will not stand by and see good food producing land in a wealthy country not being used.

THIS COULD BE A REAL THREAT TO OUR SECURITY.

The report is not good for Agriculture and no good for any body else.

I suggest you have rethink of the implications of the removing the drought assistance but spend your time in a worth wile manner as to how it can be better managed (I suggested many ways in my earlier submission)

If this report proceeds and is foolishly

implemented the present commissioners will be remembered as the people who killed the family farm

There are many very successful farmers and grazier's .who could give you much better advice than appears you have received.

I hope my comments will be considered.

Yours sincerely

Gary grady.