



QUEENSLAND FARMERS' FEDERATION

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20 August 2015

Ms J Howard MP
Chair, Agriculture and Environment Committee
Parliament House
BRISBANE QLD 4000

RE: REVIEW OF THE DROUGHT RELIEF ASSISTANCE SCHEME (DRAS)

Dear Ms Howard,

The Queensland Farmers' Federation (QFF) is the united voice of our state's intensive agriculture industries. We are a federation that represents the interests of 16 of Queensland's peak rural industry organisations, which in turn collectively represent more than 13,000 primary producers across Queensland.

Our agricultural sector is critical to the success of the Queensland economy making up around 5.1% of the State's GDP, or \$14.5 billion. Agriculture in Queensland has a bright future and is well placed to take advantage of the expanding population in key Asian markets.

QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the growth, profitability and sustainability of the agricultural sector. Our aim is to achieve a strong and sustainable agricultural industry that can capitalise on future opportunities.

The Agricultural and Environment Committee's review of the Drought Relief Assistance Scheme (DRAS) coincides with the release of the Queensland Competition Authority's investigation into the Queensland Government's industry assistance measures. This QCA investigation included a strong focus on agricultural and drought assistance, including the DRAS program. Although the QCA has recommended the removal of drought assistance provided through input or transaction based subsidies, with appropriate transitional arrangements, the State Government has made the responsible commitment to not implement "any recommendations in the (QCA) report that would stifle growth opportunities or leave regional Queensland worse off."

The Committee's assessment of the DRAS needs to be undertaken with the correct contextual understanding of agricultural productivity, profitability, and competitiveness. Industry assistance measures afforded to the agricultural sector are few and small in quantum and assessments of these measures must consider the broader environmental and social benefits of industry assistance which are difficult to measure (especially compared with financial benefits).

Long term drought conditions present a significant, ongoing policy challenge on which the community expects government action to address. Greater evidence needs to be presented to support any claims that input or transaction based subsidies drive poor business decision making by farmers. There is little contemporary evidence to support the assertion that farmers are positioning their businesses to maximise government financial assistance during drought.

The Queensland Government's water infrastructure program is the only industry assistance program that aims to improve the drought preparedness of the Queensland agriculture industry.

QFF acknowledges the lack of government programs focusing on preparedness and would welcome greater attention in this area.

Drought assistance measures will be necessary until satisfactory progress is achieved through agreement on a longer term national drought assistance policy, with a focus on preparedness. QFF continues to support a repositioning of relief and recovery assistance measures to improved emphasis on mitigation i.e. measures taken in advance to reduce impacts.

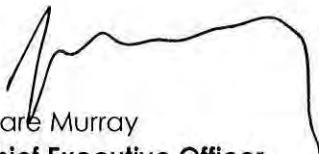
The Queensland Treasurer, The Hon Curtis Pitt MP, has recently articulated that "(d)rought assistance is an economic lifeline for our farmers and primary producers, and (the Queensland Government) will keep our existing programs in place as large parts of the State remain drought-affected." QFF welcomes this commitment from the State Government. With 80% of the State currently drought declared, it is an inopportune time to consider major changes to the Queensland Government's drought assistance initiatives.

QFF seeks the Committee's support in determining opportunities to improve the design of drought programs, without creating greater regulatory hurdles for our State's most struggling primary producers.

The reality of the Queensland Government's assistance measures for agriculture is that these initiatives are few, are designed to address significant market failures, often of indirect benefit, and are extremely small in financial quantum.

QFF looks forward to assisting the Committee in their investigation into these measures and the ways in which they can be improved.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Clare Murray', with a long horizontal stroke extending to the right.

Clare Murray
Chief Executive Officer

