

# Chapter One

## Introduction

### Conduct of the inquiry

1.1 At its meetings on 30 October and 1 December 2014, the committee agreed to consider the terms of reference to separately envisage a fund that would a) assist rural and manufacturing industries in crisis and b) support communities affected by natural disasters, as two distinct parts. The committee also agreed to call for submissions and undertake a number of public hearings as part of the inquiry process.

1.2 Subsequently, the committee conducted three public hearings: **Canberra**—1 December 2014, **Hobart**—4 February 2015, **Melbourne**—5 February 2015. On Monday 9 February 2015 during its regular committee meeting, the committee resolved that it would not hold a scheduled public hearing in Brisbane.

1.3 Despite advertising the inquiry in the national press and writing to over 200 organisations and individuals inviting them to contribute to the inquiry, the committee received only 18 submissions, and heard from 15 stakeholders over the three public hearings.

### Report structure

1.4 The report focusses on the provision of assistance and support, including research, to rural and manufacturing industries in crisis, as well as drought, which does not fall under the Productivity Commission's (PC) criteria as a natural disaster. The report comprises three chapters: Chapter One—an introduction, background and reference to PC Report; Chapter Two—Drought Assistance; Chapter Three—Rural and Manufacturing Industry assistance.

### Background

1.5 During the course of the inquiry the federal government publicly discussed the PC's inquiry into Natural Disaster Funding Arrangements which the government requested the PC undertake in April 2014. The PC report is a comprehensive inquiry into how natural disasters are currently managed, and argues a case for a redirection of Commonwealth funding to focus more on providing mitigation funding instead of the current disaster recovery focus. The final report was released in May 2015.

1.6 The Minister for Justice, the Hon Michael Keenan MP, has also made statements discussing a rebalancing of assistance and support and suggested that the government plan to engage the states and territories with a view to changing the emphasis from post-disaster recovery funding to mitigation efforts:

Australia is a uniquely disaster-prone continent and we need to make sure that the billions of dollars we do spend is being spent in the most effective way, and clearly spending more on mitigation prior to a disaster occurring makes a lot of common sense...we need to discuss it with the states who are

obviously very important stakeholders in this area, and make sure we can map a way forward nationally.<sup>1</sup>

1.7 Due to the significant crossover into the committee's terms of reference by the PC's inquiry, and that the government is yet to provide a formal response to the PC inquiry's report, the committee is not in a position to comment on the issues arising from that inquiry. On this basis, the committee's report does not comment on the natural disaster element of its own terms of reference, instead it makes reference to the PC report's findings and points the parliament to the government's forthcoming response and any subsequent policy developments when they are made available.

1.8 With regard to the committee's other terms of reference that relate to current bankruptcy laws and provisions, the committee did not receive any evidence on these aspects of the inquiry and is therefore not in a position to report on them.

### **The establishment of an Australia Fund**

1.9 As discussed, throughout the following two chapters, there are a number of policies, programs, funds and other types of assistance and support available to individuals, communities and businesses impacted by natural disasters and economic crisis. The question put by the terms of reference is essentially whether the design and quantum of these measures would benefit from the establishment of a sovereign wealth fund.

1.10 While the committee received evidence that there are gaps in the current patchwork of financial assistance be it through a range of direct support, post tax relief or tariff based relief, there was no suggestion that current issues would be ameliorated through the creation of a single fund.

1.11 Furthermore, the committee did not receive any evidence of how such a fund could be structured or how it would be funded. For these reasons the committee does not recommend that a fund be established, and given the relatively low response to the committee's call for evidence, it is of the view there is not an overwhelming desire by stakeholders for the government to proceed down this path.

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1 ABC News, 5 January 2015, available at: <http://www.abc.net.au/news/2015-01-05/natural-disaster-funding-review-not-driven-by-budet-govt-says/5999722> (accessed 1 June 2015).