

ECONOMIC IMPACT OF DROUGHT

**452. Hon MURRAY CRIDDLE to the Minister for Agriculture, Forestry and Fisheries:**

No notice of this question has been given. The minister has been reported in the media today as indicating that the economic impact of the drought is \$1 billion.

- (1) Is this an official government figure?
- (2) If not, when will the minister be able to provide a definitive social and economic impact figure?
- (3) Is the minister aware of any government analysis of the current economic and social devastation in regional Western Australia as a result of the prolonged drought, given that the federal Government has indicated a 0.7 per cent loss in growth?

**Hon KIM CHANCE replied:**

I thank Hon Murray Criddle for the question.

- (1) No, it is not an official figure. The \$1 billion figure to which I have referred today is an industry figure that I think is sourced from the Australian Wheat Board Pty Ltd, although it seems to be confirmed by information provided by the Department of Agriculture. That \$1 billion figure relates only to losses in the grain industry and not to any losses that might have occurred in other industries.
- (2) A deeper socioeconomic study into the drought has never been requested. If there seem to be good reasons to do one, I would be happy to consider it. However, generally speaking, Governments managing drought situations have not in the past relied on an in-depth socioeconomic study. I think it would be interesting to do that kind of thing. Possibly the Commonwealth may consider doing that on a whole-of-Australia basis. That would be even more interesting as it would take account of the more severe economic impact suffered in eastern Australia as a result of the drought there.
- (3) The federal Treasurer has made an announcement of that kind about growth. There is no doubt that that is a profound impact. The only other comment I have heard about that was from the Prime Minister, who indicated that, notwithstanding the severe impact on economic growth nationally, the fact that we will maintain most of our growth expectations is an indication of the overall strength of the Australian economy. I can only concur with the Prime Minister on that point. I find it remarkable that, when we consider the enormous and profound effect of the drought in eastern Australia, which came on top of a serious drought in Western Australia, Australia will still manage economic growth rates in the order of three-plus per cent. That is a remarkable testament to the overall strength of the national economy. I would be very interested to see a more in-depth study conducted. I will discuss that with the department to see whether it will liaise with the Department of Agriculture, Fisheries and Forestry - Australia for something like that to be done.

Hon Murray Criddle: What about Treasury?

The PRESIDENT: Order! There is no provision for supplementary questions.

Hon KIM CHANCE: I think it would be very interesting. Generally speaking, we analyse the impact of the drought only in the year of its occurrence. We tend to forget about the drought once it breaks. In fact, many of our agricultural industries do not start to show an impact until the year after the drought breaks. This is particularly the case with the grazing industries and especially so in the pastoral zone, in which the economic impact starts to bite two or three years after the resolution of the climatic conditions of the drought. There has been some comment on that. I hope that AFFA, with the Australian Bureau of Agricultural and Resource Economics, can consider such a socioeconomic study.