



Australian  
**Small Business and  
Family Enterprise**  
Ombudsman

17 January 2019

Parliament of Australia  
Senate Finance and Public Administration Committees  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Sir/Madam

**Future Drought Fund Bill 2018 and Future Drought Fund (Consequential Amendments) Bill 2018**

We support the implementation and goal of the Future Drought Fund 2018 (Fund) however we recommend that it be expanded to include access to grants and funding for small to medium enterprises (SMEs). SMEs form part of the critical infrastructure of drought affected communities providing credit and services to farmers.

When communities are suffering from drought conditions, extra pressures are placed on SMEs to extend credit to their customers, the farmers, and to continue to service the community. This creates pressure on the cash flow of SMEs as they still need to pay their suppliers and employees.

Adding to the cash flow pressure is the unintended consequence of charitable donations to drought affected areas. Donations of goods such as clothes, nappies and baby formula take trade away from the local small businesses. Essentially, small businesses bear the financial burden on all fronts.

The flow on effect of drought extends throughout the community and small businesses, who without the ability to trade, will be forced to close. Access to the Fund would help sustain small businesses during drought periods to ensure their survival to be around to service their communities post drought.

This change could be implemented under Division 2, Section 21(f) or (h) which would coincide with Section 21 (3) and allow for grants to be approved for SMEs subject to the application criteria and advice from the Regional Investment Corporation Board.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact

Yours sincerely

**Kate Carnell AO**  
Australian Small Business and Family Enterprise Ombudsman