

Rural and Regional Affairs and Transport Committee
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates May 2013
Agriculture, Fisheries and Forestry

Question: 109

Division/Agency: Climate Change Division
Topic: Bovine Johne's Disease Assistance
Proof Hansard page: 24 (27/05/13)

Senator MACDONALD asked:

Dr Biddle: There are no specific programs currently administered by the Commonwealth. There are, however, some general assistance measures available for restructuring or hardship that the department, through its rural councillors, can give advice to people facing significant hardship.

Senator IAN MACDONALD: Well, perhaps on notice—

Dr Biddle: That is other areas of the department that—

Senator IAN MACDONALD: Mr Metcalfe, could you on notice give me a brief summary of what is available? It is a difficult position, I understand, but my information is that it is all too little and really will not help.

Mr Metcalfe: We will do that on notice.

Answer:

There are no specific programs directed to Bovine Johne's Disease assistance, however there are a number of programs available to assist the agriculture sector.

- The Rural Financial Counselling Service (RFCS) provides free financial counselling to farmers, fishers and small rural businesses in financial difficulty. The service assists its clients to identify financial and business options and provides information on government and other assistance programs that are relevant to their situation. There are currently 14 service providers employing more than 110 rural financial counsellors across the country.
- The Transitional Farm Family Payment assists farm families, who are experiencing financial difficulty regardless of location or the reason for hardship. The program is available until 30 June 2014, or until the program funds are fully expended (whichever occurs earliest).

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Question: 109 (continued)

The Australian Government recognises that some farmers are experiencing financial pressures and announced *Farm Finance* in response. This package will build on and complement existing measures for farmers experiencing financial hardship and has four parts:

- short-term assistance in the form of concessional loans for productivity enhancement projects or debt restructuring.
 - o Concessional loans of up to \$650 000 will be available to eligible farm businesses in need of short-term financial assistance.
- funding for up to 17 additional full-time equivalent counsellors with the Rural Financial Counselling Service.
 - o The additional counsellors will be deployed across the country targeting regions and industries experiencing acute debt stress, and where natural disasters have had a heavy impact on farm businesses. Of the additional counsellors there are three dairy-specific positions – two in Victoria and one in Tasmania– and a beef-specific position dedicated to the Gulf region of Queensland.
- increasing the non-primary production income threshold for Farm Management Deposits (FMDs) from \$65 000 to \$100 000, and allowing consolidation of existing eligible FMD accounts.
 - o Enhancements to the scheme under Farm Finance will help farmers drive their own financial viability, encourage diversification of income, and also cut red tape associated with the FMD scheme.
- establishing a nationally consistent approach to farm debt mediation.
 - o The Australian Government will bring industry, the banking sector and the states and territories together to develop a nationally consistent approach to farm debt mediation that will provide all farmers in difficulty with the same support, irrespective of where they live and work.

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Question: 110

Division/Agency: Climate Change Division
Topic: Rural Financial Counselling Service
Proof Hansard page: 77–78 (28/05/13)

Senator MACDONALD asked:

Ms Freeman: A trial of a rural financial counselling service provider is working over a six month trial period in the Northern Territory. That is basically being run out of our provider in South Australia. That has commenced on the—

Senator IAN MACDONALD: So, you have got one for South Australia and the Northern Territory?

Ms Freeman: No. There is already a trial underway. Let me be clear; an RFCS provider was placed in the Northern Territory at the height of the live animal export trade suspension. There were resources put up there at that time. Under the funding arrangements—

Senator IAN MACDONALD: What were the resources at the time?

Ms Freeman: I will take that on notice, but I think it was one was provided for six months at the time. We are now conducting a trial through, as I said, the South Australian service provider in the Northern Territory. It is also important to note that under that arrangement—

Answer:

On 1 July 2011, a rural financial counsellor from the South Australian Rural Financial Counselling Service was located in the Northern Territory. The counsellor assisted producers and related service businesses to apply for assistance and to support their planning and decision-making. This position ended on 31 January 2012.

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Question: 111

Division/Agency: Climate Change Division
Topic: Rural Financial Counselling Service
Proof Hansard page: 78–79 (28/05/13)

Senator MACDONALD asked:

Senator MACDONALD: Did the Northern Gulf NRM not make a submission to you on several occasions to try to get something like 16 financial counsellors just for the gulf area?

There was a submission made to you, as you are well aware, and an individual lobby—

Senator Ludwig: There has been a range of submissions and lobbies for additional RFCs over the period, and in doing so the funding envelope was determined some budgets ago for a five-year program and that is what the Commonwealth has provided.

Senator IAN MACDONALD: But you have been to Cloncurry and Richmond in recent times—I give you credit for your courage, not for what you did there, but for your courage in going—but was not one of the big pushes for a number of additional financial counsellors, the argument being that there are not enough to sit down with all of those who are in trouble to try to work through their financial positions, and we have ended up with one in the gulf.

Senator Ludwig: Well there are 16 RFCs throughout Australia to assist across—

Senator IAN MACDONALD: But one in the gulf.

Senator Ludwig:—these areas and they are additional on top of the existing system that is in place.

Senator IAN MACDONALD: What existing ones have you got in the gulf?

Ms Freeman: We can certainly provide those statistics for you, but there are multiple providers funded by the Commonwealth across Queensland.

Senator IAN MACDONALD: Do you have that now?

Ms Freeman: I can certainly run through it. I am just thinking I have got the funding dollars and the contribution by the Commonwealth. But if you would like us to give you FTEs, I would just have to take that on notice.

Senator IAN MACDONALD: I am really after the number of financial counsellors currently in the gulf. I emphasise the gulf because it is one of the hardest hit from the live cattle ban, droughts, fires, BJDs.

Senator Ludwig: We are happy to provide that. One of the issues of course will always be whether the state removed its support from that. You may not want to talk to about that but—

Senator IAN MACDONALD: No, but I asked the question, 'How many?' I did not ask for a discourse on how bad the state government is. Just give me the figures. How many?

Senator Ludwig: You intend to give me a critique of how bad you think this government is, so let me feel obliged to return the favour at any time.

Senator IAN MACDONALD: I am asking a question: how many? Give me a number.

Senator Ludwig: And the department is getting it for you.

Ms Freeman: We will take the actual number of individuals servicing that part of Queensland on notice.

Mr Metcalfe: What we will do is—I think this program runs for a little while—we will try and get that number over the afternoon tea break.

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Question: 111 (continued)

Answer:

At present, rural financial counselling in the Gulf is provided by the Rural Financial Counselling Service Queensland Central Southern Region. A counsellor, who is based at Longreach, provides services to clients in the Gulf on an 'as needs' basis. This includes the counsellor being available in situ in the Gulf region approximately six times over the last 12 months. Telephone counselling is also available.

Recognising the increasing need for financial counselling services in the Gulf, as part of the *Farm Finance Package*, the Australian Government is funding five additional full-time equivalent rural financial counselling positions in Queensland. One of these positions will be dedicated to servicing the Gulf.

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Question: 112

Division/Agency: Climate Change Division
Topic: Farm Finance concessional loans guidelines
Proof Hansard page: 90 (28/05/13)

Senator COLBECK asked:

Ms Freeman: There have been ongoing discussions with all of the states and territories on the package on a regular basis. You asked previously about the eligibility criteria and the guidelines, so just so you know we have shared a copy of those draft guidelines with all the states and territories particularly seeking their feedback particularly of the expert lenders that are in some of those states and territories.

Senator COLBECK: When did that document go out?

Ms Freeman: I would have to check but we got the last bit of feedback from a relevant lender on Friday afternoon, but I think they have probably had it for maybe 10 days. I would have to double-check, but we had a number of teleconferences with them all to discuss their feedback, particularly as expert lenders. So, in the case of Queensland, New South Wales and Victoria, who have got experience in providing concessional loans to farmers, we wanted their views on managing a number of issues, including the eligibility issue that you have described and obviously issues of who is the target group of farmers we are trying to address.

Senator COLBECK: So, they would have received that document with that level of detail about 15 May?

Ms Freeman: It might have even been earlier. We can just go back and check that.

Senator COLBECK: If we can get that relatively quickly.

Answer:

On 16 May 2013, a preliminarily draft of the concessional loans guidelines was provided to relevant contacts in all state and territory primary industries departments, as well as the New South Wales Rural Assistance Authority, Rural Finance Corporation of Victoria and Queensland Rural Assistance Authority (QRAA).

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Question: 113

Division/Agency: Climate Change Division

Topic: Farm Finance departmental costs

Proof Hansard page: 97 (28/05/13)

Senator NASH asked:

Senator NASH: Can somebody perhaps get that breakdown before 11 o'clock? It would be somewhere pretty easily accessible, would it not?

Ms Freeman: I can double-check. I will get it for you.

Answer:

A breakdown of *Farm Finance* departmental costs is below:

	2013–14	2014–15	2015–16	2016–17
Concessional loans*	\$589 000	\$388 000	\$391 000	\$394 000
Rural Financial Counselling Service*	\$234 000	\$191 000	0	0
Communications*	\$615 000	\$128 000	\$173 000	0
Totals listed in Table 1.2 <i>DAFF Portfolio Budget Statements 2013–14</i> <i>Budget Related Paper No. 1.1</i> (page 18 hard copy)	\$1 438 000	\$707 000	\$564 000	\$394 000

* Subject to rounding

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Question: 114

Division/Agency: Climate Change Division

Topic: Farm Finance website

Proof Hansard page: 97 (28/05/13)

Senator MACDONALD asked:

Senator MACDONALD: It is saying what you are doing and how you can get it. You also have a website, which I have just turned up, and it says, 'Page cannot be found. 404 error. Last reviewed 2 May 2012.' That is the web address that you have on this.

Ms Freeman: I will double-check that.

Answer:

Information on *Farm Finance* is available at www.daff.gov.au/farmfinance.

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Supplementary Budget Estimates May 2013
Agriculture, Fisheries and Forestry

Question: 115

Division/Agency: Climate Change Division

Topic: Carbon Tax and food manufacturing jobs

Proof Hansard page: 126 (28/05/13)

Senator McKENZIE asked:

Senator McKENZIE: If you were not a minister, you would not be here! Anyway, I am wondering if you have received any representation on the cost of the carbon tax on food processing, given the loss of food manufacturing jobs over time?

Senator COLBECK: 110,000 since 2008.

Senator McKENZIE: What representation have you had around—

Senator Ludwig: I would have to go back and check. Over what period of time? If you go right back to when we developed the first—

Senator McKENZIE: How long have we had it? Maybe it is close to 12 months.

Senator Ludwig: I will go back and check my records. I cannot recollect. I am sure that a range of people that I have spoken to have raised the issue. We have had discussions around this right throughout with many, many industries. You might be surprised, but we have even had very positive discussions around filling the research gap and taking action on the ground and—

Answer:

Yes.

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Question: 116

Division/Agency: Climate Change Division

Topic: Illegal Logging

Proof Hansard page: Written

Senator COLBECK asked:

What activities will the International Tropical Timber Organisation undertake regarding illegal logging?

Answer:

The International Tropical Timber Organisation (ITTO) administers the Thematic Programme on Forest Law Enforcement, Governance and Trade (TFLET). The purpose of the TFLET is to improve capacity in forest law enforcement and governance and promote production and trade from legal sources. This purpose aligns with Australia's objectives to build capacity to implement and strengthen timber legality verification systems within the Asia Pacific region.

Under the Illegal Logging: Regional Capacity Building Partnership, the Australian Government is providing \$2 million to the TFLET.

ITTO will select projects for funding under TFLET through competitive funding rounds. ITTO has in place a comprehensive framework for project assessment, implementation, monitoring and evaluation. Australian funding to ITTO will be earmarked for projects that are assessed as suitable to receive funding under TFLET and which meet Australia's objectives in the Asia Pacific region.

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Question: 117

Division/Agency: Climate Change Division

Topic: Forest Practices Related to Wood Production in Plantations: National Principles practice

Proof Hansard page: Written

Senator COLBECK asked:

What is the status of the review of state and territory codes of practice for plantation management?

Are the results available on line yet? We tried to access 23 May 2013 and asked for password? Why would the results be protected?

Have the relevant state and territory ministers been advised?

This is nearly 2 years overdue - what has been the hurdle and how much has the whole process cost to date?

Answer:

1. The Commonwealth Scientific and Industrial Research Organisation (CSIRO) has completed its reviews of state and territory plantation forestry codes of practice. The Parliamentary Secretary for Agriculture, Fisheries and Forestry, the Hon. Sid Sidebottom MP, has approved codes of practice for seven states and territories - New South Wales, Victoria, Western Australia, Tasmania, the Australian Capital Territory, the Northern Territory and South Australia. The Queensland code was not approved. A Notice of Approval for the first six jurisdictions was published in the *Government Notices Gazette* on 5 June 2013. The Notice of Approval of the South Australian code is expected to be published in late June or early July.
2. The reports for the first six endorsed codes are available on line at www.daff.gov.au/forestry/australias-forests/plantation-farm-forestry/principles. They were posted on 5 June 2013 which is when the Notice of Approval was published in the *Government Notices Gazette*. The reports for South Australia and Queensland will be posted once the Notice of Approval of the South Australian code has been published in the *Government Notices Gazette*. Access to the reports has never been password protected and we assume that difficulties in accessing the site were due to a computer network problem.
3. The parliamentary secretary has written to all state and territory ministers advising of the outcomes of the assessments, and providing each with a copy of the relevant report prepared by CSIRO.

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Question: 117 (continued)

4. Delays in finalising the assessments were due to a combination of factors. Some agencies were slow to provide responses to CSIRO's draft reports; this in turn had effects on the availability of CSIRO's staff who were committed to other projects. Some of CSIRO's visits were delayed by events out of its control, such as the floods in Queensland. CSIRO submitted its reports by May 2012, but there were some issues that required further resolution with the states. The cost of the consultancy was \$517 000 (GST inclusive). Under the terms of the contract, the Department of Agriculture, Fisheries and Forestry (DAFF) also paid the cost of fares and allowances of the visits by the CSIRO team to each state and territory, and other meetings held as part of the process. This amounted to \$51 936 (GST inclusive). DAFF also paid for the venue hire and catering for two national meetings (September 2010 and April 2012), and for the publication of the gazette notices.

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Question: 118

Division/Agency: Climate Change Division

Topic: Tasmanian Forests Agreement—implementation package

Proof Hansard page: Written

Senator COLBECK asked:

1. Will the residue study consider the use of native forest waste for energy generation?
2. Are you aware that Rural Alive and Well is not a Tasmanian Government organisation – it is an independent not for profit organisation.
3. Will the processing and assessment of the voluntary exit program be modified to address the issues raised regarding the handling of these payments?

Answer:

1. The Department of Sustainability, Environment, Water, Population and Communities is the lead agency for the Tasmanian Forests Intergovernmental Agreement implementation package. The question should be directed to that portfolio.
2. Yes.
3. Funding for further adjustment packages under the Tasmanian Forests Intergovernmental Agreement has been transferred to the Tasmanian Government. The processing and assessment of the voluntary exit programs is a matter for the Tasmanian Government. The Department of Sustainability, Environment, Water, Population and Communities is the lead agency for the Tasmanian Forests Intergovernmental Agreement implementation package. The question should be directed to that portfolio.

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Question: 119

Division/Agency: Climate Change Division

Topic: Supporting primary producers under the Australia taxation system

Proof Hansard page: Written

Senator COLBECK asked:

How much did this report (Supporting primary producers under the Australian taxation system) cost?

When it was released in April 2012 did it represent the current suite of taxation measures or the latest data available, or was it out dated even then?

Was its release delayed and if so why?

The report found that take-up rates of the Farm Management Deposits Scheme were low and suggested this was an area “that may warrant further consideration”. Was there consideration of why take-up rates were low before the recent changes were made to this scheme? (the increase of the non-primary threshold from \$65 to \$100K)

Answer:

The Department of Agriculture, Fisheries and Forestry (DAFF) paid PricewaterhouseCoopers (PwC) \$76 988 to compile the report, ‘*Supporting primary producers under the Australian taxation system*’ (the report).

The report analysed taxation statistics as they related to the primary production sector that were publicly available at the commencement of the PwC’s review in July 2011; the 2010 Tax Expenditure Statement (2008–09 data). The report, which was finalised in April 2012, contained one-off analysis of the data available at the commencement of the review and was not supplemented by later data releases or amendments to the taxation measures available to the primary production sector that followed.

There were no specified timeframes for the release of the report, however, it was published on the DAFF website following consultation with the Treasury as the agency responsible for taxation matters.

The Minister for Agriculture, Fisheries and Forestry tasked the National Rural Advisory Council (NRAC) to pursue a work program from July 2012 which included an evaluation of whether the Farm Management Deposits (FMD) Scheme is meeting its policy objectives and supporting primary producers to effectively manage financial risk when preparing for future challenges such as climate variability and market fluctuations.

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NRAC's assessment of the effectiveness of the FMD Scheme was released by the Minister for Agriculture, Fisheries and Forestry on 26 April 2013 and is available on the DAFF website. The proposed legislative amendment to increase the FMD Scheme's non-primary production income threshold announced as part of *Farm Finance*, is supported by the findings of NRAC in its assessment. The expected date that this change will take effect is 1 July 2014.

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Question: 120

Division/Agency: Climate Change Division

Topic: Filling the Research Gap program – conflict of interest

Proof Hansard page: Written

Senator COLBECK asked:

Six of the ten selection committee members are directly linked to the University of Melbourne, QUT, CSIRO and the University of WA, who collectively were awarded more 60% of the successful projects valued at more than half the available round 2 funding. . With around 40 universities in Australia and dozens of agricultural R&D groups does this how was the process run and what checks and balances were put in place to ensure no conflict of interest?

Answer:

An independent Expert Advisory Panel (EAP) is engaged to assess applications for grant funding and advise the department on the most effective funding investments for the program. Members of the EAP are recognised nationally and internationally as experts in the fields of greenhouse gas emissions, carbon sequestration and adaptation in agriculture. The ten-member panel has representation from the Department of Agriculture, Fisheries and Forestry as well as a representative from an overseas independent science organisation.

All panel members signed terms of engagement that govern their conduct on the panel, remuneration, their duty of disclosure and handling of conflicts of interest. Panel members are subject to the Commonwealth Grant Guidelines, Chief Executive Instructions and other requirements under the *Financial Management and Accountability Act 1997*. Panel members are required to declare to the chairperson all known, actual or perceived conflicts of interest as soon as they become aware of a conflict. All conflicts of interest are recorded in a register. Members that declare a direct conflict of interest in relation to an application are excluded from any decision-making on those applications.

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Question: 121

Division/Agency: Climate Change Division

Topic: Farm Finance concessional loan applications

Proof Hansard page: Written

Senator MACDONALD asked:

1. How many applications has the department received for the Farm Finance loans?
2. How many of these loans have been for the full/maximum \$650,000?
3. From what sectors, and from what states have the applications originated?
4. Of the applications received, how many of these farms were already under financial administration?
5. The “concessional” loans will be made to farming businesses that are “struggling but still viable”. What does “struggling but still viable” mean? What are the criteria? How is this assessed in the case of individual farming businesses? Who makes this determination?

Answer:

1. The Department of Agriculture, Fisheries and Forestry will not be responsible for administering the concessional loans measure under *Farm Finance*. Concessional loans are not yet available. An application process has not been opened in any jurisdiction, so no applications have been received.
2. Please refer to the answer to question 1.
3. Please refer to the answer to question 1.
4. Please refer to the answer to question 1.
5. The Australian Government is continuing to work with jurisdictions to determine the program guidelines, including eligibility and loan assessment criteria. Once the guidelines and eligibility criteria are agreed, it is up to each jurisdiction’s delivery agency to assess applications against the program guidelines.

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Supplementary Budget Estimates May 2013
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Question: 122

Division/Agency: Climate Change Division

Topic: Carbon Farming Initiative

Proof Hansard page: Written

Senator MACDONALD asked:

1. What assistance is being provided to pastoralists in drought-affected areas?
2. How can productivity and abatement benefits be achieved by graziers where there is overstocking due to a live export bans, and less feed available due to natural disasters?

Answer:

1. The Australian Government is providing the following forms of assistance to farmers to help manage the risks and challenges that come with farming, including droughts:
 - The Australian Government's Transitional Farm Family Payment allows farm families in hardship to apply for a maximum of 12 months household income support. The payment is available to eligible farm families experiencing financial difficulty regardless of cause or location.
 - The Rural Financial Counselling Service (RFCS) provides free, impartial and confidential financial counselling to help farmers, fishers and agriculture-dependent small businesses in their decision making.

In addition, the government has announced the following initiatives:

- National Drought Program Reform, to be implemented with the state and territory governments, will help farmers prepare for and manage the risks that come with farming rather than waiting until they are in crisis to provide assistance. It includes:
 - the Farm Household Allowance, which from 1 July 2014 will provide eligible farmers and their partners with up to three years of fortnightly income support
 - the Farm Management Deposits Scheme and taxation measures
 - a national approach to farm business training
 - a coordinated, collaborative approach to the provision of social support services
 - tools and technologies to inform farmer decision making.
- Farm Finance, currently being implemented, is aimed at providing assistance to farmers experiencing debt stress. Farm Finance has four measures
 - short-term assistance in the form of concessional loans for productivity enhancement projects or debt restructuring
 - funding for around 17 additional full-time equivalent counsellors with the RFCS
 - increasing the non-primary production income threshold for Farm Management Deposits (FMD) from \$65 000 to \$100 000, and allowing consolidation of existing FMD accounts
 - establishing a nationally consistent approach to farm debt mediation.

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2. A number of measures are in place to help farmers achieve productivity and abatement benefits. These include:
 - the Carbon Farming Initiative, which is promoting abatement practices that lower farm inputs and maintain or enhance farm productivity
 - the Carbon Farming Futures program (CFF), which is supporting research and on-farm trialling of new abatement technologies and techniques to help Australian farmers achieve sustainable and productive agricultural practices.
 - Farm Finance, which can provide farmers with access to concessional loans for productivity enhancement projects.

Rural and Regional Affairs and Transport Committee
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates May 2013
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Question: 123

Division/Agency: Climate Change Division

Topic: Live Cattle Ban Funds

Proof Hansard page: Written

Senator MACDONAKLD asked:

In answer to questions regarding assistance package (*Additional Estimates February 2013 Answers to Questions on Notice 104*, and *Additional Estimates February 2013 Answers to Questions on Notice 106*) the department has identified the amounts that were allocated to programs, but not the amounts that have been allocated to producers.

1. How much of the \$30 million has been allocated to individual producers?
2. How many producers have been assisted?
3. How many of these producers are in Queensland?
4. How many of these producers are in the Northern Territory?
5. How many of these producers are in Western Australia?
6. How much money, on average, has been provided in assistance to each of these producers?

Answer:

1. The \$30 million package of measures was established to assist businesses directly impacted by the temporary suspension of live animal exports to Indonesia. The take up and expenditure associated with these measures cannot be broken down to distinguish between producers and other recipients. As of 31 May 2013, a total of \$13.32 million has been provided under the package (including the Approved Supply Chain Improvements Program which was directed at industry and exporters, not individual producers).
2. Of those businesses assisted, there were :
 - 780 Business Assistance Payment recipients, with payments totalling \$3.90 million
 - 440 Business Hardship Payment recipients, with payments totalling \$8.0 million
 - 73 Financial Advice Grants recipients, with total payments of \$0.29 million
 - 76 Subsidised Interest Rate recipients have received loans totalling of \$0.74 million to date. Payment of these loans is ongoing until 30 June 2014.
- 3-5. There is no State/Territory location breakdown available for recipients funded under the program.

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Question: 123 (continued)

6. Under the live animal export domestic assistance measures, the average Business Assistance Payment claim amount per recipient was \$5000, the average claim amount under the Business Hardship Payment was \$18 182 per recipient and the average claim amount under the Financial Advice was \$10 822. As Subsidised Interest Rate recipients are still receiving payments under the program, an average payment will not be reflective of the final average payment received.

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Question: 124

Division/Agency: Climate Change Division

Topic: Disaster Recovery and Relief

Proof Hansard page: Written

Senator MACDONALD asked:

What on-going services are being offered by the department to assist primary producers in the financial/productivity recovery following natural disasters?

Answer:

Rural Financial Counselling Service

On 28 February 2013, the Australian Government announced a \$45 million support package to help Queenslanders recover and rebuild after the Australia Day floods.

As part of this package, the two Queensland Rural Financial Counselling Service providers have been granted a one-off funding boost of \$375 000 each to help manage increased demand.

In addition, under *Farm Finance*, \$5.9 million has been provided to fund around 17 additional full-time rural financial counsellors in the areas they are needed most. The new counsellors will be focused on regions and industries experiencing acute debt stress and where recent natural disasters have had a heavy impact on farm businesses.

Transitional Farm Family Payment

Eligible primary producers may be able to access the Transitional Farm Family Payment (TFFP). TFFP assists farm families, who are experiencing financial difficulty regardless of location or the reason for hardship. The program is available until 30 June 2014, or until the program funds are fully expended (whichever occurs earliest).

Farm Management Deposits

The Farm Management Deposits Scheme assists primary producers to deal more effectively with fluctuations in cash flow. It is designed to increase the self-reliance of Australian primary producers by helping them manage their financial risk, meet their business costs in low-income years and facilitate increased financial self-reliance.

Concessional Loans

Under *Farm Finance*, the Australian Government is committing up to \$30 million each year for the next two years, to each state and the Northern Territory, to be used for loans that support productivity enhancement projects or debt restructuring.

Concessional loans of up to \$650 000 will be available to eligible farm businesses in need of short-term financial assistance.

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Timing for availability of the loans is subject to agreements being reached between the Australian Government and the state and Northern Territory governments on delivery arrangements, including eligibility criteria and the terms of the loans.

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Question: 125

Division/Agency: Climate Change Division

Topic: National Drought Program Reform

Proof Hansard page: Written

Senator NASH asked:

1. The DAFF website states the intergovernmental agreement includes a framework to guide government decisions to increase or introduce support when conditions are declining, without conflicting with the objectives of reform. What are the triggers for when governments introduce support to farmers? What information do governments use, and who do they consult with, in which to base their decision on?
2. On the DAFF website page it states that parts of the package, including the development of legislation needed for the Farm Household Allowance, will continue to be developed until this time. What aspects of this package still need to be finalised
3. Agforce QLD CEO, Charles Burke told the ABC the drought reform process has been slow and the hardship allowance and rural financial counsellors have come too late for the industry. Is the minister aware of these views?
4. The 2013-14 budget paper states reciprocal obligations could include training or development activities, both on-farm and off-farm, seeking professional advice or succession planning. Who decides when and how the training takes place? Is there flexibility in these training dates/arrangements given the top priority of farmers, during drought, is to keep the farm afloat and stock alive which takes up most of their time.
5. The drought reform program budget factsheet states farm household support recipients will be supported by case managers as they undertake activities to improve their situation and prepare for the future. What role exactly do these case managers have? How much contact will they have with the farmer? Will they have any input on how the business operates?
6. Where will the case managers be based? Will they come out to the farmer or does the farmer have to attend an appointment with them?
7. Can you clarify the difference in the roles between the case managers and rural financial counsellors?
8. What is the eligibility criterion for the farm household support? Can farm families with an off-farm income receive the support?
9. What examples of social support services will be provided? How will coordinate them?

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10. Other measures as part of the drought reform program include a national approach to farm business training; and tools and technologies to inform farmer decision making. Explain how each of these measures will work. Is there any cost to the farmer to do the training, and accessing the 'tools and technologies'? If so, what is the cost and will they be reimbursed?

11. The website states governments are working with the relevant Industry Skills Council, AgriFood Skills Australia, and key members of the farming and training sectors to develop the new skill set for farm business training, and that it will include public consultation. How will the public be consulted?

12. The website states, aside from consulting with the NFF and other peak farmer organisations as part of the drought policy review, there was extensive public consultation. How was the public consulted? Will there be extensive consultation in regional areas across the states?

13. Can you confirm if funding, and how much, was redirected from the Caring for our Country program over five years to fund the Farm Household Allowance?

14. How will the redirection of funding from the Caring for Our Country program impact programs and research for sustainable land management, soil research, weed and pest management, and in providing analysis and advice on water reform which are all listed as Deliverables in the DAFF Budget Statement (pg 34)? Can you stipulate which of these programs will still be fully delivered and effective?

15. Will there be consequent job losses as a result for redirecting the Caring for our Country funding? If so, how many? How will this impact local Landcare groups?

16. DAFF Budget Statement, under Drought Programs – Key Performance Indicators (pg 60), “claims for interim income support and Exceptional Circumstances relief payments will be processed within 42 days”. What’s the earliest these claims will be processed given the obvious urgent need for this assistance by struggling farming families?

Answer:

1. The Intergovernmental Agreement on National Drought Program Reform does not include specific triggers mandating when governments should introduce support to farmers. Rather, it provides individual governments with flexibility, subject to an agreed set of principles and processes, to determine what type of support will be made available and when.

The following principles have been identified as criteria to assess whether an in-drought measure is consistent with the intent of drought program reform.

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Any new measure needs to:

- be consistent with principles and complementary to measures already in place
- occur where there is a clear role for government and deliver a net public benefit
- address recognised welfare needs
- encourage good farm business decision-making and facilitate adjustment in the agriculture sector
- avoid government being positioned as the business 'lender of last resort'
- enable links with other measures or between service providers
- recognise the importance of maintaining the natural resource base
- be underpinned by monitoring and performance information to ensure any measures implemented are appropriately targeted.

Governments may elect to use an independent advisory committee to help inform their decisions about such programs.

2. To implement the Farm Household Allowance, the Australian Government will need to develop and pass legislation, build supporting information technology systems and train staff, including case managers. It will also be working with the state and territory governments over the coming months on improved options for farm business training, support for on-farm tools and technologies and better coordinated social support services.
3. The Minister for Agriculture, Fisheries and Forestry is aware of Mr Burke's comments, which were reported by the ABC on 15 May 2013.
4. Whether, when and how training or other activities occur will be negotiated between an allowance recipient and their case manager. Through this process, case managers will take into account the workloads associated with the recipient's farm business, as well as any personal circumstances that might affect their ability to complete certain activities or engage in non-farm activities.
5. The role of the Department of Human Services case managers is one of support and coordination. Using information from a range of sources, a case manager will help recipients identify and undertake actions to improve their capacity for self-reliance. Where a recipient deliberately fails to meet their requirements, the case manager will make decisions about compliance action. Case managers will also provide linkages, where relevant, between allowance recipients and a range of government and non-government services.

Contact with recipients will be as often as required and no less than quarterly. Case managers will not provide financial advice and all business decisions remain the responsibility of the recipient.

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6. The location of case managers will be the responsibility of the Department of Human Services. Case managers will travel and where possible, will visit a recipient's farm while they are receiving payment.
7. The role of the Department of Human Services case managers is one of support and coordination. Case managers will help a recipient to choose their objectives and activities;
 - negotiate an activity agreement and monitor progress (including addressing non-compliance); and provide linkages to a range of government and non-government services.

The Rural Financial Counsellor's role is to provide free financial counselling services to primary producers, fishers and small rural businesses in financial hardship. The counsellor must have attained, as a minimum, a Diploma of Community Services (Financial Counselling). They use their expertise to assist their clients including by assessing a client's current financial situation, helping clients to develop a budget and identifying a range of financial and business options for the future of a client's enterprise. Where appropriate, the Department of Human Services' case managers will refer recipients to the Rural Financial Counselling Service to capitalise on these skills.

8. The eligibility criteria for the Farm Household Allowance stipulate the basic qualifying elements and factors that affect the rate of payment. To qualify for the payment a recipient must be an Australian farmer (or partner of a farmer), in Australia, and have a right or interest in a commercial farm enterprise to which they contribute a significant amount of labour and capital. A recipient must be willing to enter into an activity agreement and carry out the terms of the agreement.

The allowance will have the same income thresholds and tests as Newstart Allowance and only business profit will be assessed. Farm families with off-farm income may receive the support as the source of income is not differentiated for the purpose of the income test thresholds. A recipient may receive the allowance for a maximum cumulative total of three years.

The asset test will have two tiers: a non-farm asset test and a total net asset test. The non-farm (including liquid) asset test will have the same thresholds as mainstream social security. As at 1 July 2012, partnered homeowners can have \$273 000 net assets. The total net asset test will include all assets in both tiers. The allowable limit will be \$2.5 million if the recipient only holds farm assets. Thresholds for both tiers will be indexed annually in line with social security (including increases before the allowance is implemented on 1 July 2014).

9. The national review of drought policy and the review of the pilot of drought reform measures in Western Australia found that coordination and communication of social support services needed to be improved at all times, not just during drought.

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The Intergovernmental Agreement on National Drought Program Reform includes a commitment to a more coordinated, collaborative approach to the provision of social support services. Without limiting the range of services that may be provided, such services could include family support, on-line counselling and access to social workers. The agreement also requires signatories to prepare an implementation plan for all of the measures identified in the agreement, including social support.

Recipients of the Farm Household Allowance will receive referral to other relevant services (including social support services) as part of their case management by the Department of Human Services.

10. The Australian, state and territory governments have agreed that a new national approach to farm business training will be based on the development and roll-out of one or more farm business 'skill sets'. Skill sets are targeted groups of units of competency delivered through the Vocational Education and Training system.

Governments are working with the relevant industry skills council, AgriFood Skills Australia, and key members of the farming and training sectors to develop the new skill set. Further information on this process can be found on the AgriFood Skills Australia website - www.agrifoodskills.net.au/?page=FBM

Under the Intergovernmental Agreement on National Drought Program Reform, each state and territory is responsible for implementing its own arrangements to encourage the uptake of the new farm business skill set.

Under the tools and technology element of National Drought Program Reform, the Australian, state and territory governments are working to identify options that improve the information available to farmers to help them prepare for and manage the risks of climate variability. This work will continue to be progressed in the lead up to the 1 July 2014 implementation date.

11. The new farm business management skill set is being developed in line with AgriFood Skills Australia's continuous improvement process. This provides a structured approach to the development or revision of all agricultural training package components and includes several mandated consultation periods.

As part of this process, in late 2012 and early 2013, AgriFood Skills Australia provided members of the public and key stakeholders with an initial opportunity to feed into the scoping of the new skill set. This process closed on 8 February 2013. The information provided through this initial scoping process was considered by a Project Reference Group, made up of key farming, training and government representatives, in late February 2013.

A skill set is currently being drafted and is expected to be released for public comment in the near future.

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12. In 2008, the Australian Government conducted a comprehensive national review of drought policy. The review included:
- an economic assessment of drought support measures by the Productivity Commission
 - an assessment by an expert panel of the social impacts of drought on farm families and rural communities
 - a climatic assessment by the Bureau of Meteorology and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) of the likely future climate patterns and the current Exceptional Circumstances standard of a one-in-20-to-25-year-event.

All of these assessments included extensive public consultation processes. This included consultations with government departments, agriculture producer organisations, individual farmers, regional councils, agribusinesses, small business owners, and social and community groups throughout Australia. A more detailed description of the consultations undertaken as part of these assessments can be found in their respective reports at:

www.daff.gov.au/drought/drought-program-reform/national_review_of_drought_policy.

This initial process was followed by further consultations as part of the pilot of drought reform measures in Western Australia and the development and negotiation of National Drought Program Reform.

13. \$98.8 million was redirected from the Caring for our Country program (Sustainable Agriculture stream) over five years to fund the Farm Household Allowance.
14. The budget adjustment to the Sustainable Agriculture stream of Caring for our Country has mainly reduced funding for competitive grants and administration. There is still \$603.3 million available for investment in Sustainable Agriculture. This \$603.3 million will be used to fund the small Community Landcare Grants, Regional Delivery, Reef Rescue and strategic investments such as the Innovation Grants.
- All activities listed in the DAFF Budget Statement on page 34 will continue to be delivered.
15. The reduction in funding will reduce departmental funding for the Department of Agriculture, Fisheries and Forestry by \$6.6 million over four years. At its peak, this will equate to a maximum of 22 staff in 2016-17. There has been a three per cent reduction in funding to regional NRM organisations and a requirement that they fund a Regional Landcare Facilitator from their regional delivery allocation. These reductions do not target the Landcare community specifically and are not expected to result in any significant job losses.

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16. The last Exceptional Circumstances (EC) declaration expired on 30 April 2012. As a result there are no current claims for interim income support or EC Relief Payment. No such claims can be processed unless an Exceptional Circumstances declaration is made. If an EC declaration is made, the 42 day target acts as a quality assurance standard for the Department of Human Services, which assesses claims as they are received.