



Australian Government

Australian Government response to the
House of Representatives Standing Committee on
Agriculture, Resources, Fisheries and Forestry:

Report on the National Rural Advisory Council Annual Report
2011–12

November 2014

Background

On 29 November 2012, the House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry (Standing Committee) resolved to inquire into the 2011–12 Annual Report of the National Rural Advisory Council (NRAC).

The key issues highlighted during the Standing Committee's inquiry were as follows:

- The composition of NRAC
- The future of drought assistance
- Social and support services
- Personal and business finance
- Farming smarter.

The last three issues stemmed from a package of drought reform measures proposed by the Council of Australian Governments' Standing Council on Primary Industries (SCoPI).

On 3 June 2013, the Standing Committee tabled its final report in the Australian Parliament, which made three recommendations as outlined below in the government's response.

Government Response

The government has considered the recommendations of the Standing Committee report and has provided a separate response to each recommendation.

Recommendation 1

The Committee recommends that the National Rural Advisory Council monitor its composition and if necessary, make recommendations to the Minister for Agriculture, Fisheries and Forestry to ensure that its membership adequately reflects the skills needed to deliver high quality outcomes for its current work program.

As part of the government's commitment to its Smaller Government Reform agenda, NRAC is expected to cease operations in the coming months. This follows the March 2014 report from the National Commission of Audit, which recommended that NRAC's functions could be undertaken by the portfolio department.

NRAC's roles, if appropriate, will be merged into those of the Agricultural Industry Advisory Council. The purpose of the Agricultural Industry Advisory Council is to provide the Minister for Agriculture with information, advice and recommendations from a cross-section of industries and stakeholders on contemporary issues affecting Australia's agricultural, fishing and forestry sectors.

Recommendation 2

Given that regions across Australia are once again experiencing drought conditions, the Committee calls on the Australian Government, States and Territories to finalise the *Farm Finance Package* so that it can be implemented by 1 July 2013.

The Australian Government agrees with the recommendation.

The Farm Finance package was announced by the former Australian Government on 27 April 2013.

The *Farm Finance* package comprises four separate measures:

1. Concessional loans for productivity enhancement projects or debt restructuring.
2. Funding for 17 additional full-time equivalent rural financial counsellors with the Rural Financial Counselling Service (RFCS).
3. Increasing the non-primary production income threshold for the Farm Management Deposits (FMD) Scheme from \$65 000 to \$100 000, and allowing consolidation of existing FMD accounts.
4. Establishing a nationally consistent approach to farm debt mediation.

Each of these measures are distinct and have required different timeframes for their implementation, depending on the need to develop funding variations with non-government service providers, negotiate agreements that underpin delivery arrangements and other documents with the state and territory governments, and implement legislative changes to make enhancements to programs.

The implementation of key elements of *Farm Finance* has been progressed as soon as practicable and the individual measures are currently on track to meet their implementation milestones, as outlined below.

Concessional Loans: The *Farm Finance* Concessional Loans Scheme is available in all states and the Northern Territory, with the timing of application rounds varying between the different jurisdictions. Further information on the scheme, including the timing of application rounds, is available at www.daff.gov.au/agriculture-food/drought/assistance/farm-finance/concessional-loans.

RFCS: Funding for the additional 17 full-time equivalent rural financial counselling positions was allocated to RFCS providers in July 2013. Subsequently the additional financial counsellors were recruited as follows: 5 in Queensland, 3 in New South Wales, 3 in Victoria, 3 in Western Australia, 2 in Tasmania and 1 in South Australia. However, the positions are intended to be mobile and able to move to respond to areas with increased need for services, such as where regions and industries are experiencing acute debt stress or where natural disasters have impacted heavily on farm businesses.

FMD Scheme: Due to the legislative amendments required to give effect to these enhancements, these changes took effect from 1 July 2014.

Farm Debt Mediation: A Farm Debt Mediation discussion group comprising representatives from the banking sector, the state governments, the National Farmers' Federation, the Gulf Cattlemen's Association, the Australian Finance Conference, Legal Aid Queensland, the RFCS and mediation/arbitration, legal and financial services organisations, has been established to develop options for implementing a nationally consistent approach to farm debt mediation. To date, the discussion group has had two meetings to identify the key aspects/processes to be covered within a national approach and to discuss options on how this could be implemented consistently across the country.

Recommendation 3

The Committee recommends that the Australian Government, through the Council of Australian Governments' Standing Committee on Primary Industries, ensure that the complete new package of drought reform measures is agreed and implemented by the stated target date of 1 July 2014.

*The Australian Government **agrees** with the recommendation.*

On 3 May 2013 SCoPI signed the Intergovernmental Agreement on National Drought Program Reform (IGA). The IGA committed the Australian, state and territory governments to implement a new approach to drought programs from 1 July 2014.

While SCoPI was discontinued in December 2013 under the Council of Australian Governments framework, the Australian Government continues to work closely with state and territory agriculture ministers on a variety of issues, such as the drought reform process, that affect the agricultural sector.

A variety of forums and other mechanisms were used to ensure the Australian and state and territory governments were on track to meet the planned implementation date of 1 July 2014.

In addition, the Australian Government implemented some parts of the IGA that are under its control earlier than the 1 July 2014 target date to recognise the severity of drought conditions in some areas of the country.

In particular, the Australian Government implemented more generous criteria for accessing income support from 1 March 2014 instead of 1 July 2014. This formed part of the 26 February 2014 announcement by the Prime Minister and the Minister for Agriculture of a drought assistance package worth \$320 million to support those farm businesses, farm families and rural communities facing hardship brought on by drought.

Other key components of the drought package included:

- Drought Concessional Loans totalling \$280 million to give eligible farm businesses the resources to recover from the effects of drought.
- Assistance of up to \$12 million to assist drought-affected farm businesses to install water-related infrastructure.
- Up to \$10 million in assistance to help reduce the impact of pest animals in drought-affected areas.
- Up to \$10.7 million to increase access to social and mental health services in communities affected by drought.

The more generous income support criteria led to double the number of people receiving income support within the first two months of the scheme when compared to the previously available income support measure.