

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2016

Agriculture and Water Resources

Question: 132

Division/Agency: Farm Support Division

Topic: NRAC

Proof Hansard page: 99

Senator BULLOCK asked:

Mr Morris: I would not say they were 'mates'; rather a group of people he believed had the expertise in the portfolio industries. They cover agriculture, fisheries and forestry. Some biosecurity expertise as well was added to the committee. Those people were people he felt he trusted to provide him advice in terms of helping to develop policy. They are purely advisory bodies. He can accept or not accept their advice.

Senator BULLOCK: As was NRAC, wasn't it?

Ms Freeman: I would have to take it on notice, but I think the abolition of NRAC was part of the broader effort to cut the number of bodies.

Senator BULLOCK: What a strange effort, when you create a new body and say, 'Oh, no, we're going to cut'—

Ms Freeman: I am just going through it. There were a range of functions that they actually had, some of which were in legislation. I would have to take that on notice as to the nature of that arrangement. We can advise you on that.

Answer:

Under the *Rural Adjustment Act 1992*, the function of the National Rural Advisory Council is to give the Minister such advice and information as the Minister requests about the following matters:

- rural adjustment generally
- regional issues, and in particular matters relating to agreements with States
- matters relating to declarations of exceptional circumstances
- training issues, and in particular the Farm Business Improvement Program
- any other matter that the Minister requests advice or information about.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

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Agriculture and Water Resources

Question: 133

Division/Agency: Farm Support Division

Topic: NRAC

Proof Hansard page: 100

Senator ACTING CHAIR asked:

Ms Freeman: I was saying that a primary function over the lifetime of NRAC that they carried out was doing the exceptional circumstance function. After the exceptional circumstances arrangement ceased, they did do, at the request of the minister of the day, a number of different inquiries. For example, on multi-peril crop insurance, farm management deposits, they provided a range of advice to government over that period. I should say I was the Commonwealth representative on that council for a number of years. So we provided a range of advice.

ACTING CHAIR: It was not just drought; it was just that drought happened to be the main issue at the time?

Ms Freeman: It was the major function that they performed, yes.

ACTING CHAIR: Because of the circumstances at the time, not because that is the only skills that they had?

Ms Freeman: I would have to take it on notice and go back and look at the skill set of the individuals.

ACTING CHAIR: For how long were you the Commonwealth representative?

Ms Freeman: I would have to check, but it was probably for a period of 18 months.

Answer:

The *Rural Adjustment Act 1992* states that the National Rural Advisory Council is to consist of a Chairperson and not more than 7 other individuals who are to be appointed because of their expertise in economics, financial administration, banking, sustainable agriculture, regional adjustment, regional development, farm management or training.

Ms Frances Freeman was appointed as an officer of the Department to represent the Commonwealth for the period 25 July 2012 to 30 June 2015.

Ms Freeman was granted a leave of absence over the period 10 June to 31 October 2014.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2016

Agriculture and Water Resources

Question: 134

Division/Agency: Farm Support Division

Topic: Abolition of NRAC

Proof Hansard page: 103

Senator BULLOCK asked:

Senator BULLOCK: All right. Did the department provide advice to the minister regarding the abolition of NRAC?

Mr Morris: I will have to check that; I was not in the area at the time. We will check that for you.

Senator BULLOCK: Probably in a similar vein, I will ask: did the minister or his staff seek information regarding the abolition of NRAC?

Mr Morris: We will take that on notice as well.

Answer:

As part of the Australian Government's Smaller Government Reforms, the National Commission of Audit indicated in March 2014 that the National Rural Advisory Council (NRAC) could be consolidated within the department. On 15 December 2014, the government announced in the Mid-Year Economic and Fiscal Outlook announced that NRAC would merge with the Agricultural Industry Advisory Council (AIAC).

The department provided briefing to the then Minister for Agriculture, the Hon. Barnaby Joyce MP on the proposed approach.

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ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2016

Agriculture and Water Resources

Question: 135

Division/Agency: Farm Support Division

Topic: Rural Financial Counselling service funding

Proof Hansard page: 123–124

Senator Sterle asked:

ACTING CHAIR (Senator Sterle): So total money—is there more each year? Has there been more? I know you are splitting it up for me and you are trying to do me a favour. I just want to know if there is more dough.

Mr Murnane: What might be easiest is if I give you the table that shows the different sources of funding over different years. It sets out the amount of money that—

ACTING CHAIR: Sorry; this would be real money delivered and not promises? Real money delivered?

Mr Murnane: Yes, it is real money.

ACTING CHAIR: Okay. You do that for me. That would be great.

Answer:

The Australian Government is increasing core funding for the RFCS from \$13.559 million in the 2012-13 financial year to \$14.294 million this financial year.

Free help from the RFCS is only one element of the Australian Government's support of farmers in hardship to improve their financial viability. In July 2014 the Government established the Farm Household Allowance, a fortnightly social security payment for farmers experiencing financial hardship. Recipients of the FHA are also allocated a Farm Household Case Officer by the Department of Human Services who assists farmers to develop a Financial Improvement Agreement. Recipients can also access a \$3 000 Activity Supplement to improve skills such as financial literacy, or to acquire new skills and/ or qualifications.

Question: 135 (Continued)

The table shows funding by financial year for 2011-12 to 2015-16.

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	\$ m	\$ m	\$ m	\$ m	\$ m	\$m	\$m	\$m
Total Australian Government core funding*	\$13.322	\$13.559	\$13.749	\$14.082	\$14.294	\$14.507	\$14.754	\$15.005
Total Australian Government <i>supplementary</i> funding			\$3.700	\$2.950	\$1.800			
Total Australian Government funding	\$13.322	\$13.559	\$17.519	\$17.032	\$16.094			
Total state & territory government funding**	\$3.319	\$3.532	\$3.053	\$2.920	\$1.271^			
OVERALL FUNDING	16.641	17.091	20.572	19.952	TBC	TBC	TBC	TBC

* Portfolio Budget Statement figures

** amounts paid

^ 2015-16 state and territory government funding is to 31 December 2015, some jurisdictions are yet to finalise their full-year amounts.

Supplementary funding has been allocated as follows:

1. 2013-14 includes funding for the 'Farm Finance – support for farmers' measure of \$2.95 million in 2013–14 and funding for the 'Natural Disaster Recovery and Rebuilding – assistance for communities affected by the 2012-13 Queensland floods' measure of \$0.75 million in 2013–14.
2. 2014–15 includes funding for the 'Farm Finance – support for farmers' measure of \$2.95 million.
3. 2015-16 includes \$1.8 million funding for drought-affected regions.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2016

Agriculture and Water Resources

Question: 136

Division/Agency: Farm Support Division

Topic: Drought Communities Programme

Proof Hansard page: 125

Senator STERLE asked:

Senator STERLE: Yes, in continuation—I just want to finish off on the drought. I have one more question— sorry to go back to it—

Senator Ruston: I think they have all gone.

Senator STERLE: It does not matter—Mr Quinlivan is there. That is fine.

Senator Ruston: It does not matter; we will take it on notice.

Senator STERLE: No worries. I have an article here dated 1 October 2015 which says:

Speaking from Longreach last week, Mr Truss announced that both shires remained ineligible for the new funding package despite being drought declared by state authorities since 2013.

Those shires were Quilpie and Boulia. Another article, entitled ' Quilpie, Boulia and Carpentaria shires eligible for \$1.5 million Federal drought funding', dated 23 December 2015, says:

Deputy Prime Minister Warren Truss said there was special consideration given to the Quilpie Shire Council. "That latest update means Boulia and Carpentaria shires now qualify for the assistance under the guidelines." He goes on:

"Barnaby Joyce and I have decided to use the discretion that is available to us under the program to also declare Quilpie. Quilpie's rainfall figures do not support the application on the basis of the one-in-20-year rainfall deficiency, but everyone who visits Quilpie comes back with the same report — that it is as bad as the neighbouring shires." Can you put any light on that for me, Mr Quinlivan?

Answer:

The Drought Communities Programme is administered by the Department of Infrastructure and Regional Development. The Drought Communities Programme Grant Programme Guidelines are publically available at investment.infrastructure.gov.au/funding/dcp/index.aspx.

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ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2016

Agriculture and Water Resources

Question: 137

Division/Agency: Farm Support Division

Topic: Rural Financial Counselling Service counsellor numbers

Proof Hansard page: 126

Senator EDWARDS asked:

Mr Padovan: There are 120 actual counsellors, but around 108 full-time equivalents given that some are part-time.

Senator EDWARDS: Going back over the years, how does that compare?

Mr Padovan: I do not have that at hand; I would have to come back to you on it.

Senator EDWARDS: Would you mind? I just want to see whether it has been pretty stagnant or whether we have had a 100 per cent increase and what the commitment is now compared to what it used to be.

Answer:

For ease of comparison, the number of FTE RFCS counsellors for the period July – September in each of 2013, 2014 and 2015 is;

	FTE
2013-14	90.7
2014-15	106.8
2015-16 (to 31 December 2015)	109.0

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2016

Agriculture and Water Resources

Question: 138

Division/Agency: Farm Support Division

Topic: Drought Concessional Loans

Proof Hansard page: Written

Senator STERLE asked:

1. Can you provide an update on the current uptake of the Drought Concessional Loans and Drought Recovery Concessional loans?
2. The White Paper has provided \$2.5 billion for drought concessional over 10 years – yet for 2014–15 less than \$200 million was taken up for drought concessional loans. The \$2.5 billion dollars contributes to the Government’s claim that the White Paper is a \$4 billion dollar investment? Based on the evidence available for the take up rate for concessional loans is the \$4 billion dollar investment claim credible?
3. What will happen to funds not allocated to drought concessional loans?
4. Will funds be reallocated into other drought measures?

Answer:

1. Uptake of the Drought Concessional Loans Scheme and Drought Recovery Concessional Loans Scheme as at 31 January 2016:

Year	DROUGHT CONCESSIONAL LOANS SCHEME		DROUGHT RECOVERY CONCESSIONAL LOANS SCHEME	
	2014–15*	2015–16**	2014–15~	2015–16^
Number of farm businesses approved	320	17	28	7
Value of applications approved	\$192.377 million	\$10.262 million	\$14.144 million	\$2.667 million

* 2014–15 applications opened on 6 June 2014 in Queensland, 20 June 2014 in NSW, 23 September 2014 in SA, 10 December 2014 in the Northern Territory, 6 February 2015 in Victoria and 20 February 2015 in Western Australia.

** 2015–16 applications opened on 3 September 2015 in NSW, 9 October 2015 in Queensland, 15 October 2015 in SA, 23 October 2015 in Victoria and 27 January 2016 in Tasmania.

~ 2014–15 applications opened 29 January 2015 in Queensland and 17 March 2015 in NSW (both schemes closed 30 June 2015).

^ 2015–16 applications opened 3 September 2015 in NSW, 9 October 2015 in Queensland and 29 January 2016 in SA.

Question: 138 (continued)

2. The \$4 billion investment relates to the full suite of programs and packages under the Agricultural Competitiveness White Paper. The funding allocated for the new 10-year \$2.5 billion drought concessional loans scheme commencing in 2016–2017 has been set at a level which would enable demand to be met in future drought years. Demand for the scheme will be driven by a range of factors which may change over time.
3. Any amounts from the provision for concessional loans that are not drawn down to be loaned would be returned to the Official Public Account.
4. This would be a future decision for the Australian Government.

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ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2016

Agriculture and Water Resources

Question: 139

Division/Agency: Farm Support Division

Topic: Drought Communities Programme

Proof Hansard page: Written

Senator STERLE asked:

1. There has been confusion surrounding the eligibility criteria for drought affected communities to be drought declared which would allow councils to apply for the \$35 million drought communities program.
2. Is there an eligibility criteria for the Drought Communities Program? If so, what is the criteria?
3. Will the Accessibility/Remoteness Index of Australia continue to be used as the source for determining the remoteness of a Local Government Area? If so, when will the data in the Index be updated? If not, what will replace the Index?
4. Due to this Index, remote Local Government Area's such as West Wimmera fall through the cracks to receive appropriate funding support from the Commonwealth. Why isn't there a process for councils that are unfairly disadvantaged in this way to have their situation reassessed?
5. Why is it that the Drought Communities Program is only available in Queensland and New South Wales?
6. Was this the Minister's decision?
7. What advice did the Department provide to the Minister regarding eligibility for the Drought Communities Program?
8. Is the Department aware of drought declarations in other states?
9. Why is it that some council's assessed as eligible for the Commonwealth's Drought Assistance Package are deemed ineligible for the Drought Communities Program?

Question: 139 (continued)

Answer:

1. The Drought Communities Programme is administered by the Department of Infrastructure and Regional Development. The Drought Communities Programme Grant Programme Guidelines are publically available at investment.infrastructure.gov.au/funding/dcp/index.aspx.

2. See answer to Question 1.

3. The Accessibility/Remoteness Index of Australia (ARIA+) is the standard Australian Bureau of Statistics (ABS) endorsed measure of remoteness and is widely accepted as Australia's most authoritative geographic measure of remoteness.

The department has no role in ARIA+. The ARIA+ is managed by the Australian Population and Migration Research Centre, University of Adelaide.

4. See answer to Question 1.

5. See answer to Question 1.

6. See answer to Question 1.

7. The department has not provided advice to the Minister for Agriculture and Water Resources regarding councils' eligibility for the Drought Communities Programme.

8. The department is aware the Queensland Government is the only government that continues to make drought declarations.

9. See answer to Question 1.

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Additional Estimates February 2016

Agriculture and Water Resources

Question: 140

Division/Agency: Farm Support Division

Topic: Rural Financial Counselling Service

Proof Hansard page: Written

Senator STERLE asked:

1. New Rural Financial Counselling arrangements have been announced in a media release by Barnaby Joyce on 22 December 2015 which has resulted in a cut to services in regional areas. Central West NSW has been hit hard. Has the Department undertaken analysis of the impact reduced funding will have on farming families who will find it harder to access rural financial counsellors?
2. Compared to Labor the Government has provided less funding for the new funding agreements – from 2016 to 2019 – did the Minister or his office seek a briefing on the potential impact of reduced rural financial counselling services?

Answer:

1. Core funding for the RFCS programme is increasing, rising from \$14.507 million in 2016-17 to \$15.005 million in 2018-19 (February 2016). Core funding for 2015-16 is \$14.294 million with additional drought funding of \$1.8 million also being provided.

The funding allocation between regions had not been reviewed since 2007. For the new funding round, funding allocations for the 12 service regions have been changed to better reflect expected demand. They are based on the number of farms in a particular region, and take into account the proportion of farms in the lowest 25 per cent of farm cash incomes per state and also the farm debt profile by state.

The Central New South Wales region has been granted approval to spend up to \$700 000 in cash reserves as a transitional payment to adjust to new regional boundaries and ensure continuity of service to clients.

2. This question is in error. Commonwealth core funding for the RFCS programme is continuing to increase, as shown below.

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
13.322	13.559	13.749	14.082	14.294	14.507	14.754	15.005

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Additional Estimates February 2016

Agriculture and Water Resources

Question: 141

Division/Agency: Farm Support Division

Topic: Abolition of NRAC

Proof Hansard Page: Written

Senator STERLE asked:

1. The Government is claiming that by abolishing NRAC it reduces work duplication? However, work agendas are set by the Minister in consultation with NRAC and we assume with his handpicked advisory Council so how would the government justify its position?
2. Did the department provide advice to the Minister regarding the abolishment of NRAC?
3. Did the Minister or his staff seek information regarding the abolishment of NRAC?

Answer:

1. The AIAC's terms of reference and the skill set of its members are sufficiently broad to capture the role previously undertaken by NRAC yet without the financial burden related to the remuneration of NRAC members.
2. Refer to response to QoN 134 from Additional Estimates February 2016.
3. Refer to response to QoN 137 from Additional Estimates February 2016.