

Issue

Despite recent significant rainfall events across some parts of the state, only 9.3% of NSW is considered 'satisfactory' from a climate perspective. The Association is continuing to lobby both the State and Federal Governments for additional drought assistance measures in light of the unprecedented nature of the drought.

What the Association Has Achieved

In response to sustained lobbying by the Association and National Farmers' Federation, on 26 September 2007 the Prime Minister announced a suite of significant improvements to drought assistance policies and programs. Key improvements included:

- An increase to the off-farm income exemption from \$10 000 to \$20 000;
- An increase to the EC Interest Rate Subsidy off-farm assets limit, from \$473 000 to \$750 000;
- Immediate access to the \$5 000 professional advice and planning grants for farmers in EC-declared areas (NB: the Association is still seeking amendments to the grant criteria);
- Extending the eligibility of small businesses access to EC assistance, to include all small businesses in towns of up to 10 000 population, that have a significant reliance on farmers for their income, and have suffered a downturn;
- Grants of up to \$20 000 to irrigators in the Murray Darling Basin to implement water management strategies in response to significantly reduced allocations;
- Information workshops to assist irrigators manage their farm businesses with reduced water allocations;
- An exit grant of up to \$150 000 for farmers who have decided to leave the land, and an increase in the assets limit to access this grant, to \$350 000. A further \$10 000 is available for advice and retraining, and up to \$10 000 for relocation expenses is also available to those who take up the exit grant;
- Funding for up to an additional 13 Rural Financial Counsellors, an additional 10 Centrelink Rural Support Officers, and a further 5 social workers;
- Additional social and emotional counselling through the establishment of 25 Family Support Drought Response teams;
- An increase of \$1 000 to the Assistance for Isolated Children Additional Boarding Allowance;
- Up to an additional \$10 000 per school in EC declared areas; and
- An additional \$4.5 million for the Emergency Relief Program to fund community and charitable organisations to provide emergency assistance.

As the announcement regarding these changes occurred so recently, there may be some delays in amending the relevant application forms etc. The Association is working with all relevant agencies in an attempt to expedite the process. Please contact the Rural Assistance Authority on **1800 678 593** for information on EC Interest Rate Subsidies and the National Drought Hotline on **13 23 16** for any other drought inquiries. Fact sheets on the recent changes to the Federal Government drought assistance can be obtained from:

<http://www.daff.gov.au/agriculture-food/drought/media/publications>

What the Association is Doing

Federal Government Assistance Measures

Whilst the above changes to Federal drought assistance policies and programs are extremely helpful, the Association is continuing to lobby for the following improvements:

- Exclude any secondary residence retained for educational purposes or farm succession from the off-farm assets test for EC business support. These changes would reflect the fact that farms have different business structures and can be operated by more than one family member or partner.
- Increase the upper limit of \$100 000 in any 12 month period for Interest Rate Subsidies in light of dramatically increased debt levels. Similarly, the cap on assistance of \$500 000 over a five-year period should also be increased, with independent business assessments required for applicants seeking support over a cumulative total of \$500 000 (rather than \$300 000 as is the case currently).

Federal Government Assistance Measures (cont'd)

- Strengthen the \$10 000 annual offset against the income test for EC Relief Payments by offsetting income against farm losses; averaging income over a prescribed period (eg six years); significantly raising the offset; or using a sliding scale income similar to the aged pension. The Rural Mental Health Network has expressed concern about the complexity of the current sliding scale (meaning assistance varies depending on the time of year you apply), which acts as a disincentive to those considering off-farm employment.
- Ensure the current interest rate subsidy (or at least 60% of the current interest rate subsidy) continues for a period of up to ten years after the end of the drought, with a moratorium on capital repayments. Interest rate subsidies would only be available on debts accrued and not capital acquisitions.
- Extend the recent amendment to the EC guidelines relating to the purchase of an additional property in an EC-declared area to include retrospective application. The amendment to Section 3b(iii) of the EC Interest Rate Subsidies Guidelines currently only applies to new and existing claims. (See Case Study attached)
- Introduce an option to access EC business support in the form of either a grant or interest rate subsidy for farmers who have been EC-declared for at least three years.
- Ensure Rural Financial Counsellors are well supported (personally and professionally), including adequate training and supervision; improved dialogue between the State and Federal Governments, long-term funding certainty; and support for local groups as advisory bodies to regional management.
- Streamline the paperwork associated with EC applications to alleviate processing time. This is consistent with the Productivity Commission's recommendation to remove duplication in applying for drought assistance, as reported in its *Annual Review of Regulatory Burdens on Business: Primary Sector*, released 12 September 2007.
- Immediately investigate the possibility of eligible farmers having early access to their superannuation as a temporary drought assistance measure. This may also include consideration of Government intervention to encourage investment in agriculture by superannuation funds.
- Streamline eligibility criteria for the Pension (particularly re: properties on more than one title).
- Amend the eligibility criteria for the Professional Advice and Planning Grant.
- Extend access to Youth Allowance to the children of primary producers in EC-declared areas.

The Association is also working closely with the Department of Agriculture, Fisheries and Forestry on improvements to the National Agricultural Monitoring System (NAMS), participating in a NAMS training workshop in August 2007. NAMS is a web-based databank/analysis site aimed at streamlining the EC drought application and assessment process. Further information on NAMS is available at www.nams.gov.au.

State Government Assistance Measures

The Association is continuing to lobby for the following improvements to State Government drought policies and programs:

- Introduce annual rebates for local government and Rural Lands Protection Board rates for bona fide primary producers and agricultural-related businesses in areas officially 'in drought'. The rebate should be set at 50% for 2007/08, to be reassessed after this point if the drought has still not broken.
- Extend the waiver of Western Lands rents and Wild Dog Destruction Board Rates to 2008/09 in light of the continuing drought conditions across the Western Division.
- Extend the Drought Transport Subsidy Scheme beyond 31 November 2007, when the NSW Government is due to review the program again.
- Extend Drought Support Worker funding until at least the end of 2008, rather than December 2007, when funding is currently due to expire. As is the case for Rural Financial Counsellors, measures must be taken to minimise staff burnout and ensure adequate support and supervision.
- Provide a waiver of fixed water charges for irrigators who have had their allocations reduced due to drought.

State Government Assistance Measures (cont'd)

- NSW Rural Assistance Authority to provide detailed information including EC uptake by region and commodity, as well as number of applications lodged vs approved. This information will assist in the identification of regional and commodity 'hotspots' and future planning.
- Seek commitment from NSW Education Minister that teachers will not be transferred because of falling student numbers in schools located in drought-declared areas. In light of the lag-effect between the physical drought ending and the financial recovery commencing, this moratorium should be in place for a period of six months after drought-declarations expire.

Other Practical Assistance Measures

The Association is also working with a range of organisations (primarily through its Rural Mental Health Network and Rural Alliance) on the following issues:

- Initiate an immediate analysis of local access to chaplains and/or pastoral care services to identify regional 'gaps' and means to fill them as a matter of urgency.
- Improve access to information and promotion of reputable property-sitting services to enable farm families to leave the farm for brief periods for personal respite.
- Liaise with business groups regarding the need for improvements to local small business support measures, including the retention of staff and addressing increasing customer debt levels.

Other Drought Activities

Mid-Lachlan Alliance

- The Association has been working closely with the Mid Lachlan Alliance of Councils and Bland Shire Council to lobby for the immediate establishment of a Replanting Assistance Scheme, and a number of changes to current State Government drought assistance measures. The last meeting was held in Parkes 25 September 2007.

Rural Mental Health Network

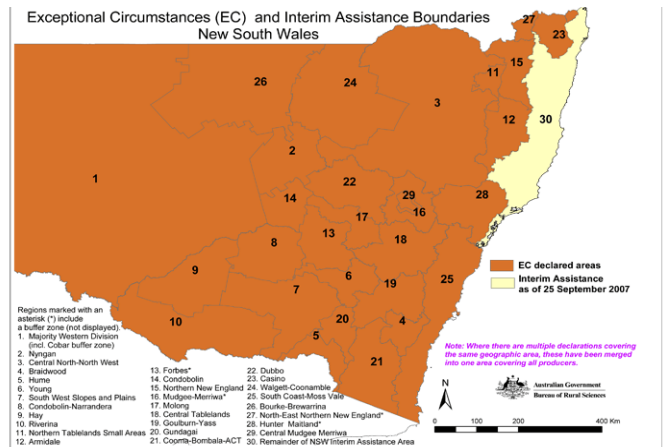
- Drought is a central issue for the Association's Rural Mental Health Network. The Network is a group of key stakeholders who work together to address rural and remote mental health issues across NSW. The Network has developed the *NSW Farmers Blueprint for Maintaining the Mental Health and Wellbeing of the People on NSW Farms*.
- The Network last met in Sydney 6 August 2007. Key items of discussion included the recent report on Medicare-funded psychological services; analysis of the Mental Health First Aid training conducted across the state in late 2006/early 2007; the need for drought assistance measures to be continued; and the action items within the Network's Blueprint. The Network will next meet in November 2007.

Restocking and Replanting Proposals

- In light of the continuing drought conditions across the eastern States of Australia, particularly NSW, and the limited scope of EC drought assistance, NSW Farmers Association, Grain Growers Association and Victorian Farmers Federation lodged a submission to the Federal Government in early 2007 seeking the immediate establishment of a Replanting Assistance Scheme. The Association lodged an additional submission seeking the immediate establishment of a Core Breeding Stock Survival Scheme.
- The Federal Government unfortunately rejected both proposals based on their assumption that there would be widespread application and hence an unmanageably large financial burden, despite detailed explanations from the Association that the financial exposure to the Federal Government would not be as significant as assumed in light of the strict eligibility criteria proposed by the Association.

Overview of the Current Situation

- The October 2007 NSW drought figures revealed that the area of the State officially 'in drought' was 78.6%, up from 71% last month. A further 12.1% of the State is classified as 'marginal', with only 9.3% of the state classified as 'satisfactory'. The current state drought declarations are shown below left (available at <http://www.agric.nsw.gov.au/reader/drt-area>).



- The vast majority of NSW is Exceptional Circumstances (EC) drought declared. The Prime Minister announced 17 September 2007 that 26 of the 29 EC-declared regions of NSW would have their EC declarations extended from March 2008 until at least September 2008. Of the remaining three EC-declared regions, Bourke-Brewarrina (based on a northern production cycle assessment) will be reviewed along with other northern declarations in June 2008; and Hunter-Maitland and Central Mudgee Merriwa are already declared until March 2009. The current EC declarations are shown above right (available at http://www.daff.gov.au/agriculture-food/drought/ec/nsw_act).
- The Association understands that as at August 2007, EC Relief Payment recipients in NSW number approximately 8 560, compared to 4 958 recipients in August 2006, indicating the magnitude and extent of the current drought.