Supporting farmers and rural communities

The Australian Government supports farmers to manage their business risks and to prepare for, manage through and recover from drought and other hardship.

Farm Household Allowance
Farm Household Allowance (FHA) provides up to four cumulative years of support for eligible farmers and farmer’s partners experiencing financial hardship. FHA provides recipients the opportunity to take steps to improve their circumstances and self-reliance through a Farm Financial Assessment, Financial Improvement Agreement and additional activity supplements of up to $4,000. The program is demand-driven, so no one who is eligible will miss out.

An additional FHA supplement of up to a total of $12,000 for eligible households is available in the 2018–19 financial year. Some conditions apply but current FHA recipients will automatically qualify for the payment. For more information visit agriculture.gov.au/fha or call the Farmer Assistance Hotline on 132 316.

Rural Financial Counselling Service
The Rural Financial Counselling Service (RFCS) provides free financial counselling to farmers, fishers, forest growers and harvesters and small related businesses who are suffering financial hardship. It’s a confidential, independent, mobile service available in all states and territories. For more information call 1800 686 175 or visit agriculture.gov.au/rfcs.

Managing weeds and pest animals
The Australian Government is providing $25.8 million over four years to help manage the effects of pest animals and weeds in drought-affected areas. The funding supports projects to:

- lessen the impact of pest species, such as foxes and wild dogs
- manage existing weed incursions
- reduce the risk of future invasions
- improve groundcover, water quality and critical stock forage.

Key points

- Support measures are in place to help farmers manage their business risks, including drought—as well as support to help farmers meet their basic household expenses when times are tough.
- Farmers are encouraged not to self-assess and instead seek advice from an expert.
- In addition to Australian Government assistance, there may also be state or territory government assistance available. Further information is available from your state or territory government.
- The Regional Investment Corporation will deliver Commonwealth farm business loans and the National Water Infrastructure Loan Facility from July 2018.

Further information

- agriculture.gov.au/drought
- ric.gov.au
- Farmer Assistance Hotline (information on FHA from the Department of Human Services) — 132 316
- RFCS advice and assistance — 1800 686 175
- ATO Drought Tax Hotline — 1800 806 218
Managing Farm Risk Program

The Managing Farm Risk Program encourages farm businesses to consider insurance options to cover against drought and other production risks. The program provides one-off rebates for advice and assessments to help farmers prepare and apply for a new insurance policy. Rebates will be for half of the costs incurred by eligible farm businesses up to $2500 (GST exclusive). Further information can be found at agriculture.gov.au/mfrp.

Taxation measures

**Accelerated depreciation to encourage investment in drought preparedness**

Water facilities, fodder infrastructure assets and fencing can be deducted over 1 year to help farmers prepare for drought, assist with their cash flow and encourage on-farm investment.

**Farm Management Deposits Scheme**

The Farm Management Deposits (FMD) Scheme allows eligible primary producers to set aside pre-tax income from primary production in years of high income, which can be drawn on in future years.

Primary producers can:
- deposit up to $800,000 in FMDs
- access their FMD early without losing their claimed taxation concessions if they are affected by drought
- offset the interest costs on primary production business debt (subject to banks offering FMD loan offset accounts).

**Income tax averaging**

Income tax averaging enables farmers to even out their high and low income years and the tax payable over a maximum of five years, ensuring that they do not pay more tax over a number of years than taxpayers on comparable but steady incomes.

Recognising that business circumstances change over time, farmers will be able to resume income tax averaging 10 years after they opted out. For example, farmers who opted out of income tax averaging in 2006–07 can resume income tax averaging for the 2017–18 financial year if their 2017–18 taxable primary production income is greater than the previous year.

Australian Taxation Office advice

Drought-affected taxpayers who need support with tax debts can ring 1800 806 218 to talk about options to help manage their tax obligations. For more information visit ato.gov.au/drought.

Regional Investment Corporation

The Regional Investment Corporation (RIC) delivers on farm business loans and the National Water Infrastructure Loan Facility. The RIC opened on 1 July 2018.

Two types of farm loans are available – farm investment loans and drought loans. Farm investment loans help eligible farmers build and maintain diversity in the markets they supply, and take advantage of new and emerging opportunities across Australia and overseas. Drought loans help farmers prepare for, manage through and recover from drought. The RIC offer 10-year loans of up to $2 million and farmers can apply at any time. The loans can be used to refinance existing debt, or access new debt for operating expenses and capital.

The water infrastructure loans are for eligible state and territory government projects, including private equity partner projects, to supply water to regional Australians. Projects could include dams, weirs, pipelines, and wastewater treatment reuse facilities. The RIC offers 15 year loans of $50 million or more and state and territory governments can apply at any time.

For more information, including loan guidelines and application forms, visit ric.gov.au or phone our loan specialists 1800 875 675 (8:30am – 5:30pm Monday to Friday local time).

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**General inquiry** 1800 900 090
GPO Box 858, Canberra ACT 2601

**agriculture.gov.au/drought**