



3 October 2017

Our Ref: email IGA review Oct

To the working group secretariat,

Thank you for the opportunity to comment on the Intergovernmental Agreement (IGA) on National Drought Program Reform.

As identified by the longer term staff of our service and board members with agricultural background, Australia has had various short term responses to droughts driven by both state and federal governments. The Federal Government has attempted to shift the focus to farmer preparedness for prolonged dry conditions and drought management, however as experienced recently with prolonged drought conditions and the impact of the dairy price downturn, the pressure reverts back to government to provide a quick response. This was acknowledged at regional round table discussions with representatives from Department of Agriculture, Water and Resources (DAWR), Centrelink, our service and Federal Member for Gippsland Darren Chester in Traralgon (December 2016).

Alignment of RFCS and IGA

The Rural Financial Counselling Service (RFCS) program objectives and outcomes are well aligned with the IGA to ensure that farmers are able to manage adjustment and change, with a focus on achieving financial sustainability. As part of that process our counsellors assist clients with the decision making process to identify business risks and planning options for improved capability.

Farm Household Allowance – income support scheme

As part of the planning process undertaken by our counsellors the majority of our clients over the last 12 months have chosen to apply for Farm Household Allowance. This process has been well received for those applicants who were successful in their submission, however it has been an extremely tedious task for others. Some clients have encountered issues of repeated lost documentation, and confusing correspondence from Centrelink regarding incomplete applications. Other issues experienced by our clients, which were documented by our counsellors and discussed at the roundtable meeting in Traralgon (Dec 2016), mainly relate to the application process for complex farm business structures and being able to provide evidence of individual client circumstances, as well as the requirement of having up to date financial information. The volume of supporting documentation was at times overwhelming for farmers and the delays in receiving payments in their time of need added to their anxiety. The FHA escalation process was used many times where clients were experiencing extreme financial hardship and required immediate funds to survive. Our service also assisted in this regard with follow up with Centrelink and provision of emergency food and fuel vouchers.



The current issues faced by clients nearing (or at) the end of the three year support under FHA is the clients perception that there will be a continuance of FHA, or another Government support scheme. However, the FHA is a better support scheme than the previous Exceptional Circumstances (EC) support which seemed to promote the 'status quo' (no adjustment) for farmers.

Previously, RFCS were able to assist clients complete Farm Financial Assessments, however this is now provided by a third party "prescribed advisor" as a fee based service. Prescribed advisors have struggled with the online process and our service has been made aware of some not wanting to complete, and referring back to RFCS to prepare information and to finalise. They have indicated that they waste too much time on the online process and do not actually provide advice.

Improvement Opportunity – *the FHA payment process could be improved by removing wait times (IGA objective 6c) and farmers receiving payments immediately (within 2 weeks) with requirement to provide formal supporting documentation within 3 months for payments to continue; and RFCS to provide information gathering service for FHA clients to take to prescribed providers for FFA (within 3 months of application) to ensure that advisors provide 'advice', as per the intent.*

Business Concessional Loans

Our service has had a number of clients apply for the Drought Concessional Loans, however the take up has not been as popular as the less cumbersome application criteria of the Dairy Concessional Loan. Majority (68%) of our clients over the last 12 months have been dairy farmers.

The rainfall deficiency monitor is used to determine if farms fell within the drought affected areas, which is an improvement in the previous drought declaration process.

Improvement Opportunity - *The rainfall deficiency monitor could be used more widely by farmers having access to quarterly (or monthly) weather patterns (not annually) to measure rainfall not just the total amount of rainfall. I understand this may be a project being undertaken by Dairy Australia to help dairy farmers understand soil impacts and plan crops based on rainfall in their specific areas.*

Thank you again for the opportunity to provide input. If you would like to discuss any aspect of the above response, please do not hesitate to contact me.

Regards,



Kylie Holmes
Executive Officer

