
Recommendations

Drought-triggered programs for farm businesses

RECOMMENDATION 6.3

Exceptional Circumstances interest rate subsidies should be terminated, subject to transition arrangements.

RECOMMENDATION 6.4

The Exceptional Circumstances exit package should be terminated, subject to transition arrangements. The Re-establishment grants that are provided under the Australia's Farming Future initiative should similarly end.

RECOMMENDATION 6.5

The appropriateness, effectiveness and efficiency of the Small Block Irrigators Exit Grant package should be evaluated following its conclusion.

RECOMMENDATION 6.6

States and territories should, as previously agreed, terminate transactions-based subsidies.

RECOMMENDATION 6.8

The Murray-Darling Basin Irrigation Management Grants program should conclude, as scheduled, on 30 June 2009.

Income support for farm and farm-related households

RECOMMENDATION 6.1

Exceptional Circumstances relief payments should be replaced, subject to transition arrangements.

RECOMMENDATION 6.2

Exceptional Circumstances small business income support should be terminated, subject to transition arrangements.

RECOMMENDATION 9.1

All farmers facing hardship should have access to a Farming Family Income Support scheme designed for farming circumstances. It would provide payments and have income eligibility thresholds at Newstart levels, subject to:

- ***an overall net asset cap, inclusive of the value of the farm house, beginning at \$2 million with a taper to \$3 million***
- ***a liquid asset sub-cap of \$20 000 inclusive of bank balances and Farm Management Deposits balances.***

While the scheme should operate at the farm household level, eligibility and payments should be on an individual basis and conditional on:

- ***meeting the definition of a farmer, based on a similar test to that used currently for the Transitional Income Support scheme***
- ***seeking independent financial advice on the viability of the farming business***
- ***developing and carrying out a plan of action to improve household self-reliance***
- ***eligibility being reviewed, mutual responsibilities being met and plans updated every six months.***

The scheme should be limited to a maximum claim per farm household for three years out of every seven. The seven year period should commence from the date of receiving the first income support payment. Payments should be acquitted annually.

The Farming Family Income Support scheme should commence on 1 July 2009 in conjunction with programs to provide counselling, the recognition of prior learning and grants for training and professional advice.

Transition from the drought-triggered framework

RECOMMENDATION 11.1

The Exceptional Circumstances (EC) declaration process should be terminated. No new areas, full or interim, should be declared. Currently declared areas could have their EC status extended where they meet the criteria. To mitigate the inequities and costs of running two regimes in parallel:

- *assessments and advice made by the National Rural Advisory Council on extension or revocation of EC declarations and the Minister's reasons for the subsequent decision should be made public*
- *in areas that remain declared, only active recipients of EC assistance measures should be eligible to reapply, but enrolments for EC relief payments should cease once the Farming Family Income Support scheme commences*
- *continuing recipients of EC interest rate subsidies should be subject to rigorous assessment including demonstration of appropriate financial and business management plans*
- *continuing recipients of EC relief payments should be subject to similar case-management arrangements as those applying to recipients of the Farming Family Income Support scheme*
- *an end date for all EC arrangements that provides sufficient time for a transition to the new arrangements should be pre-announced.*

New policy framework for self-reliance and preparedness

RECOMMENDATION 7.1

The objectives of the Australia's Farming Future initiative should be revised and extended to the following:

- *assist primary producers to adapt and adjust to the impacts of climate variability and climate change*
- *encourage primary producers to adopt self-reliant approaches to managing risks*
- *assist primary producers to manage greenhouse gas emissions and other adverse impacts on the environment*
- *ensure that farming families in hardship have temporary access to an income support scheme that recognises the special circumstances of farmers.*

RECOMMENDATION 8.1

Significant public funding should be directed to research, development and extension to assist farmers prepare for, manage, and recover from the impacts of climate variability and change.

RECOMMENDATION 8.2

The Rural Financial Counselling Service program should be reviewed prior to the end of its current funding. The review should assess whether the program delivers net benefits to the community and, in doing so, examine:

- *the extent to which alternative sources of information are lacking in certain areas*
- *whether counsellors refer their clients to relevant services in a timely and effective manner*
- *the future role of the service in view of the wide ranging case management options under the Farming Family Income Support scheme.*

RECOMMENDATION 6.7

Exceptional Circumstances professional advice and planning grants should be terminated, subject to transition arrangements.

RECOMMENDATION 8.3

Significant public funding should be directed to a continuous learning program, incorporating the successful elements of the former FarmBis within an enhanced FarmReady platform. The revised program should encompass advice and training for managing climate variability and for farm business management. Funding should be provided in the form of a subsidy which covers a proportion of the cost of training, with the recipient contributing the balance.

RECOMMENDATION 8.4

The Farm Management Deposits scheme should be retained with its current cap of \$400 000 and no widening of its eligibility criteria.

Intergovernmental cooperation

RECOMMENDATION 11.2

The Commonwealth, state and territory governments should enter into an intergovernmental agreement linking Commonwealth funding to the states and territories to a range of commitments. These commitments should include:

- *ensuring policies and instruments are compatible with the extended objectives of the Australia's Farming Future initiative*
- *avoiding the use of reactive business assistance measures such as interest rate subsidies and other transactions-based subsidies, including waivers for legitimate business expenses*
- *ensuring that if assistance is provided to farm businesses rather than farm households, it is conditional on an assessment of whether the farm will be self-supporting in the longer term and be directed to reinforcing longer term capacity building.*

The disbursement of funds linked to an intergovernmental agreement should be dependent on an arms-length evaluation of the extent to which the parties have met their agreed commitments. The agreement should be established, and independent monitoring and assessments undertaken, at the Council of Australian Governments level.