



## AgForce Queensland Industrial Union of Employers

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GM/DM/GG

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Rob Hansen  
Research Director  
Agriculture and Environment Committee  
Parliament House  
Brisbane QLD 4000

By Post & by Email: [aec@parliament.qld.gov.au](mailto:aec@parliament.qld.gov.au)

Dear Mr Hansen

Thank you for the opportunity to provide a submission to the Agriculture and Environment Committee's Review of Queensland Government drought assistance measures. The Review will inform the Legislative Assembly about the design, delivery and potential improvements of the Government's drought assistance measures that are administered by the Department of Agriculture and Fisheries (DAF) and the Department of National Parks, Recreation, Sport and Racing (DNPRSR).

AgForce Queensland (AgForce) is the peak industry body representing the majority of beef, sheep and wool and grain producers in Queensland. AgForce represents thousands of members who collectively manage over 50% of Queensland's land area. AgForce exists to ensure the long-term growth, viability, competitiveness and profitability of these industries that provide high quality food and fibre products to Australian and overseas consumers, manage a significant proportion of Queensland's natural resources and contribute to the social fabric of rural and remote communities.

With a record area of Queensland currently drought declared, AgForce welcomes the Committee's interest in making the system of state drought assistance available to our drought-affected members as effective as possible. This submission will provide both general comment and specific feedback on drought and drought policy to support the Committee's deliberations.

- **Context**

During the current drought, AgForce has undertaken two formal surveys of our members in drought-affected areas. The first was undertaken in October 2013 and covering 30 drought-declared or adjoining shires and the second in April 2015 covering 31 currently or previously drought-declared shires. The first survey received 251 responses (81% from those who were drought declared) and the second survey received 138 responses.

Importantly, 93% of respondents (n = 121) to a question in the October 2013 survey indicated they had undertaken drought preparedness activities after the last drought. Of respondents who specified preparedness strategies (n = 107) these included improving water resources (65%), managing/reducing grazing pressure (39%), supplementary feeding infrastructure and storage (16%), native vegetation regeneration and pasture improvement (15%), more proactive management/planning (16%), establishing a financial reserve (8%), marketing changes (5%) and additional property purchases (4%).

The October 2013 survey reported that significant supplementary feeding was occurring with average costs at a 3-fold increase on the preceding 4 years (estimated at \$77,700 up from an average of \$24,750, n = 96). At that time three quarters of respondents indicated that they were at

less than 20% of the potential full capacity of their surface water supplies and respondents were managing water shortages with a range of methods including installing new water infrastructure (42 %), pumping bore water (36%), moving or selling stock (20%), reconditioning existing water infrastructure (18%), cleaning/desilting dams (18%), and carting water (5%).

By the April 2015 survey, about half the respondents were running less than half of their long-term livestock carrying capacity, 44% had experienced up to a halving of their gross income and 17% had greater than a 75% income reduction and 4 in 10 had increased their total debt by up to a quarter, 22% by 26% to 50% and 11% had more than doubled their total debt. Table 1 outlines how this drought has been experienced compared to past events, with the financial and personal impacts being the worst ever experienced for the majority of the respondents.

**Table 1 Impacts of Current Drought Relative to Past Events Experienced**

Impact type	Relative effect	Percentage of respondents	
		October 2013 (n = 121)	April 2015 (n = 96)
Environmental	Worse	32	45
	Similar	52	50
	Better	16	5
Financial	Worse	68	64
	Similar	28	30
	Better	4	6
Personal	Worse	57	58
	Similar	37	34
	Better	6	8

Contributing factors to drought impacts identified in the October 2013 survey (n = 104) included poor market conditions/low cattle prices including the flow-on effects of live export suspension (66%), macropod competition (56%), other natural disasters (past drought, floods, fires, frost, heat, (17%), rising input costs (12%), other pests (wild dogs, feral pigs, etc 9%), and lack of agistment (6%).

Consistent with these findings, in the April 2015 survey of respondents providing further comments (n = 63) 60% also identified depressed markets (albeit with some recent improvement), 62% identified increased macropod populations, 44% identified wild dogs, 10% raised concerns with access to abattoir slaughter space and 8% identified past floods as having an impact. In terms of personal impacts 10% identified loss or lack of labour resources and the same proportion identified mental stress as a key factor.

Also comparable across the two surveys was that 80% of respondents indicated that they felt confident that they knew what drought assistance was currently available and how to find out more information about their options. The October 2013 survey indicated respondents thought the most useful information sources were AgForce (51%), media (28%), DAF website (17%), websites (13%), DAFF staff (12%), word of mouth (12%) and QRAA (6%). It should be noted that the survey targeted AgForce members. For those who suggested improvements (n = 24 and 16 for 2013 and 2015 respectively), the following were identified:

- Simplify the packages and reduce exclusions, with wording that farmers can relate to
- Provision of clearer, collated information on what can be claimed/eligible expenditure
- Communications from Departments and QRAA needs to be consistent
- Delivery by email and newsletters or posted if requested
- One on one access to information within a reasonable distance eg 100kms
- Use accountants to help convey what clients are eligible for
- More social counsellors working with financial counsellors.

Survey participants were also asked to identify and prioritise what further assistance would be helpful to them, with the 2015 survey question limiting the potential responses to what had not already been provided by governments, acknowledging that some of these existing packages could be further improved. Table 2 contains this information. It is important to recognise that assistance received by primary producers has flow-on benefits to the wider rural community.

**Table 2 – Most frequently identified further assistance required (excluding a return to interest rate subsidies) that would help producers and their enterprise deal with drought in the short term (top 5 options requested in 2013 and top 3 options not already provided requested in 2015)**

Assistance type	Percentage of respondents	
	October 2013 (n = 114)	April 2015 (n = 78)
Decreased input costs (rents, rates, transport, energy)	67	-
Supplementary feed or water subsidies	67	-
Increased long term market access	49	-
Business drought grants	45	51
Long term low interest loans	45	-
Facilitated macropod control	42	53
Income support payments	36	-
Emergency water infrastructure assistance	33	-
Farm labour wage assistance	27	46
Assistance for school expenses	26	31
Grants or loans for local non-farm businesses	-	28
Access to health services, including emotional health	9	14
Exit packages (mentoring, retraining, etc.)	3	13
No further assistance needed	-	4
No further assistance should be given	-	0

## **Government Policy:**

The May 2013 Intergovernmental Agreement (IGA) on National Drought Program Reform objectives includes to assist primary producers adapt to and prepare for the impacts of increased climate variability and adopt self-reliant approaches to manage their business risks. It also identified the need for a household support payment that recognises the special circumstances of farmers and appropriate and accessible social support services.

The principles within the IGA relating to drought policy include recognising the important role of farmers as the nation's food producers, natural resource managers and maintainers of rural communities. Farm business support is to be based on willingness by those businesses to prepare for the impacts of drought and climate change, with that willingness certainly indicated by our survey results on past preparedness efforts.

There was also agreement for jurisdictions to apply the following principles as criteria to assess whether a possible in-drought measure is consistent with the intent of drought program reform, where the measure should:

- a) Be consistent with principles and complementary to measures already in place
- b) Occur where there is a clear role for government and deliver a net public benefit
- c) Address recognised welfare needs
- d) Encourage good farm business decision-making and facilitate adjustment in the agriculture sector
- e) Avoid government being positioned as the business 'lender of last resort'
- f) Enable links with other measures or between service providers
- g) Recognise the importance of maintaining the natural resource base
- h) Be underpinned by monitoring and performance information to ensure any measures implemented are appropriately targeted.

The jurisdictions agreed that in-drought support should be provided through a phased approach (available at all times, then demand driven increases, then addressing identified needs) to allow governments to tailor the type or level of support provided to farmers and rural communities as conditions change. Under the IGA, new or additional measures would only be introduced if they are consistent with the principles for in-drought support and when existing measures are found to be deficient. Unfortunately the process of escalating responses and identifying when measures are deficient is not clearly spelt out, resulting in significant uncertainty for producers. The agreement is scheduled to expire on 1 July 2018.

AgForce is not opposed to a reform of drought support and seeks a policy framework that encourages risk management, 'preparedness' for drought and the building of industry resilience. It is important during reform discussions and with the expectation of climate change to acknowledge that preparedness and resilience takes time and favourable seasons to be achieved. Drought policy has to be practical, meet the needs of producers in hardship and account for severe droughts that can overwhelm the reasonable efforts of individuals to be well prepared. Any changes to drought assistance involving a reduction in support must include a suitable transition period to the new settings and provide adequate time for enterprises to recover and build reserves after the current event so they can operate effectively under any new framework.

Drought has impacts that are environmental, social and financial in nature and appropriately, the Queensland Government has taken a multi-pronged approach to addressing the current drought event. This response has included:

- Freight subsidies
- Emergency water infrastructure rebates
- Land rent relief
- Wild dog, feral cat and weed control
- Rural financial counselling
- Assistance for children's educational costs
- Community and mental health support.

An unprecedented area, over 80%, of Queensland is currently drought declared and it would not be desirable or appropriate to make significant negative alterations to, or reductions in, current assistance measures under these circumstances. Indeed, the State Government has publically committed to continuing existing assistance, at least until 2018 and the broader community expects governments to provide assistance to affected farmers battling severe droughts.

Given the unprecedented area affected by drought and the levels of financial and personal hardship, the need for government assistance in Queensland has also been unprecedented. In 2013/14 the Queensland Government spent \$23.9 million through the Drought Relief Assistance Scheme (DRAS), consisting of \$13.8 million in emergency water infrastructure rebates and \$10.1 million in freight subsidies<sup>1</sup>. The whole-of-government approach is expected to cost around \$45 million in 2014/15 and over \$46 million in 2015/16<sup>2</sup>, of which a further \$30.2 million is allocated to the DAF for extending existing drought relief arrangements in 2015/16<sup>3</sup>. The total drought assistance package across the Government involves \$52.1 million in funding over the next four years<sup>4</sup>. It is important that these funds address the real needs of affected producers and their communities and delivers value for money.

- **Drought Relief Assistance Scheme**

From the departmental website, DRAS is intended to help graziers manage their livestock during drought and restore their flocks and herds in the recovery period. This was further clarified by the Minister for Agriculture and Fisheries in May where he indicated that DRAS is to provide emergency funding to maintain core breeding herds in response to drought, in circumstances where the pasture and water availability on the producer's property is dramatically reduced<sup>5</sup>.

During drought, DRAS provides freight subsidies towards the total cost of the transport of fodder and water and after drought for transport of stock returning from agistment or purchased for restocking. The Scheme now includes a rebate on water infrastructure purchased for emergency animal welfare needs and this element is addressed later in this submission.

In our October 2013 survey, two thirds of respondents identified supplementary feed or water subsidies and decreased transport costs as in their top five further priority assistance measures.

### **Design**

Intention:

- Providing assistance towards the management and recovery of livestock resources within the State is a welcome goal

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<sup>1</sup> Queensland Drought, May 2105. Department of Agriculture and Fisheries. State of Queensland, 2015.

<sup>2</sup> Queensland Budget 2015-16, Service Delivery Statements, Department of Agriculture and Fisheries, Queensland Government, 2015.

<sup>3</sup> Queensland Budget 2015-16, Budget measures, Budget Paper No. 4, Page 6, Queensland Government 2015.

<sup>4</sup> Queensland Budget 2015-16, Budget measures, Budget Paper No. 4, Page 23, Queensland Government 2015.

<sup>5</sup> Question on Notice No. 177, Asked by Mr Katter on 7 May 2015 to Minister for Agriculture and Fisheries, Mr Byrne

- The inclusions and exclusions within the current program narrow the scope of that assistance and some clarification of the intent of the program may help simplify the scheme and its administration
- It is important that there are a clear set of objectives or goals for the scheme, combined with regular review and evaluations as per the recommendations from the Parliamentary Committee of Public Accounts Inquiry in 1989<sup>6</sup> and the recent Queensland Competition Authority review into industry assistance<sup>7</sup>.

#### Individual Droughted Property and Area Declaration Triggers:

- A formal assessment of conditions of rainfall deficit and property conditions is appropriate for triggering eligibility for assistance under DRAS
- The current rainfall deficiency and other criteria for declarations are appropriate
- The individual property declaration element enables administrative flexibility and the management of 'lines on maps' exclusion concerns
- The use of Local Drought Committees (LDC) provides locally-relevant expertise and support for government decision-making and is strongly supported for continuation, as is the inclusion of representatives from AgForce on those Committees
- Consideration should be given to expanding the role of the LDCs to include providing an industry 'early warning' of drying conditions with supporting extension material to encourage proactive management decisions.

#### Applicant Eligibility Criteria:

- Consideration should also be given to providing suitable assistance for cropping operators and for operators of long-term agistment businesses (for infrastructure assistance)
- Where possible, streamlining the program and reducing the complexity of the eligibility criteria is needed and this will also have the benefit of reducing administrative costs
- The restriction on eligibility for different properties under the same ownership and same PIC should be clearly communicated to producers when they are considering amalgamating PICs within their overall enterprise.

#### Assistance Available:

- In relation to the overall management and restoration of the livestock resource, subsidies for half the cost of the transport of fodder, water and restocking is relatively narrowly focussed and unlikely to influence producer management decisions more broadly
- Providing a more flexible grant for a broader range of approved drought management activities and selected by the applicant themselves would enable assistance to flow more freely, be more simply structured and better targeted to the needs of a wider range of affected graziers and is less likely to cause specific market distortions.
- Including a producer co-contribution is supported
- Consideration should also be given to incentivising proactive destocking decisions to assist in reducing environmental impacts, but would need to be structured in such a way as not to underwrite normal dry season management costs

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<sup>6</sup> Report of the Parliamentary Committee of Public Accounts into the administration of drought relief by the Department of Primary Industries. Report No. 2. Legislative Assembly of Queensland. 1989.

<sup>7</sup> <http://www.qca.org.au/Other-Sectors/Productivity/Productivity-Projects/Industry-Assistance/In-Progress/Industry-Assistance-Inquiry>, accessed August 2015

- Requiring that applications are made within six months of when the item was transported has caused some potential recipients to miss out on receiving assistance however, applying some time limit is appropriate<sup>8</sup>. The use of Ministerial discretion upon request in cases where the limit has been exceeded, such as for significant poor health or death, is supported.
- The Government provides charitable organisations with freight subsidies of 100% for the delivery of donated fodder with a standard limit of up to \$30,000 per charity per financial year, with temporary extensions available on a case by case basis with Ministerial approval<sup>9</sup>. This capacity is supported, particularly where fodder is purchased in the local community within which it is being distributed.
- Some of our members have questioned placing a distance limit on the sourcing of fodder, particularly when such a large area of the state has been affected and having a limit on storing just 3-month's supply of fodder can be inefficient in some circumstances, given the lot sizes that need to be ordered eg, for molasses.

#### Exclusions from Eligibility:

- It is important that these assistance measures do not promote significant avoidable environmental degradation, hence oversight of stocking levels by the LDC is appropriate
- The exclusions should be clearly related to the stated intention of the program
- The recent acceptance of livestock movements to a drought-declared property from a property under the same ownership, but with a different PIC as part of an overall drought management strategy is welcomed.

#### Subsidy Amount:

- Subsidies commence at \$20,000 per property (PIC) per financial year. The Parliamentary Committee in 1989 recommended a maximum \$20,000 payment per financial year. Given the significant rises in input costs over the period this initial cap should be reviewed. For example applying the general rates of inflation (2.8% pa) to \$20,000 in 1989 would equate to about \$39,600 in 2014 dollars<sup>10</sup>, close to the current cap that is reached after being in drought for over 3 years.
- Our member survey of 2015 reported that freight subsidies were generally seen as a small (eg, 10% to 25% of total cost) but welcome consolation towards meeting the overall costs of sustaining livestock
- The Parliamentary Committee in 1989 also recommended a review of the rates of subsidy applied against commercial cartage rates and this exercise should be repeated again given subsidy rates at that time were 94c/km/12.2m deck for livestock and around 7.5 to 12c/tonne/km for fodder and water. Applying inflation rates as above would equal 186c and 15 to 24c respectively in 2015. Current DRAS rates in 2015 for non-breeding cattle are 90c/km/12.2m deck (120c for breeders) and 13c/tonne/km for fodder.
- Increasing levels of assistance over time (\$20,000 then \$30,000 with a plan to \$40,000 to \$50,000 in subsequent years) is appropriate as a staged response as conditions deteriorate. To aid producer forward planning, greater clarity is desirable in future around when such assistance increases will occur, rather than the decision being solely at the discretion of the Minister of the day.

<sup>8</sup> Report of the Parliamentary Committee of Public Accounts into the administration of drought relief by the Department of Primary Industries. Report No. 2. Legislative Assembly of Queensland. 1989. Page 29.

<sup>9</sup> Question on Notice No. 851, Asked on 30 October 2014

<sup>10</sup> <http://www.rba.gov.au/calculator/>, accessed 17 August, 2015

### Drought Management Plans:

- The use of practical drought management plans to promote forward planning is supported as is its link to the accessing of greater levels of assistance in subsequent years of drought
- Removing the requirement for an annual resubmission of the plan, with updating when applicants seek an increase to the \$40,000 cap is supported.

### ***Delivery***

In relation to the administration and delivery of this demand-driven program, feedback from our members in the April 2015 survey indicated for that group of respondents success rates were 74% (29 of 39) for the DRAS subsidies. Of the 46 respondents who commented on the application process 61% thought the process was good and straight-forward and had received good assistance from DAF staff. However 15% thought the process was still too complicated or tedious particularly when also dealing with the ongoing practical demands of drought.

Generally the experience has been that the regionally-based DAF Climate Risk Coordinators are supportive and effective at guiding producers through the detailed eligibility criteria and application process. As mentioned previously, more clearly stated objectives may help in enabling some efficiency in administration to be achieved, including simplifying the eligibility criteria.

Concerns have been raised with the Government during the current drought relating to a number of administrative elements to DRAS. These include:

- The delay in receiving subsidy payments after incurring the upfront transport costs during periods of low cash flow
- The April 2015 survey indicated 15% of respondents had problems with finding the upfront co-contribution, particularly for the EWIR and thought there should be a mechanism introduced for the government to pay costs up-front eg, to enable QRAA to be sent the invoice and pay the supplier direct
- The 21-day turnaround service standard<sup>11</sup> for the processing of applications has been exceeded at times during the seasonal cycle when demand increased over a short period, such as in January. There can be some lag in the employment of further staff to meet these demand surges due to training requirements etc and consideration should be given to how this lag can be shortened in future. Streamlining of eligibility criteria and conditions may also help reduce training requirements. This could include proactively increasing support staff in Brisbane and regionally to guide producers step by step through the application process and help ensure timely submission
- The enforcement of the 6-month cut-off date after expenditure incursion can conflict with the additional workloads on affected primary producers, who may have also had to let farm staff go due to the greater income and cost pressures of drought. Obtaining statutory declarations from feed suppliers can also be difficult for some, particularly when suppliers are faced with providing multiple declarations. Some greater leniency around cut-off dates for late applications under such extenuating circumstances would be welcome.

### ***Opportunities for Improvement***

The Committee is seeking feedback on enhancements to the scheme, preferably at no net cost to the Government. The sections above contain a number of suggestions for improvements with further suggestions including:

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<sup>11</sup> Department of Agriculture and Fisheries, Service area: Agriculture, Service: Strategic Policy and Planning: Percentage of customers whose application for business assistance as a result of natural disaster or drought is processed within 21 days = 90pc target in 2014/15 and 2015/16 with estimated actual of 94pc in 2014/15 achieved.



- Combined with an early monitoring 'tool box' of drying conditions for producers, provide subsidies in a way that encourages drought preparedness and for proactive destocking of land to avoid degradation
- Consider implementing a 'roadshow' of key assistance providers in affected areas to provide a 'one stop shop' for producers to come and get all their applications completed or dealt with in one place, particularly earlier in a drought event (eg, DRAS mobile office, Ergon, TMR, QRAA, Centrelink, etc)
- Make some provision for cropping enterprise assistance eg, fertilizers, fuel, lease payments, etc
- Ensure that support programs are continued into the recovery period as drought impacts linger, ie, it takes 2 years to restore income generating capacity per year of drought
- Return training programs directly linked to preparedness for drought.

### **Final Comments on DRAS**

Given the requirement for a minimum of a 50% co-contribution and actual costs for drought management being significantly greater than the current support provided, it is unlikely that decision making or the operation of markets are significantly distorted by the provision of these subsidies. The funds provided do deliver a range of immediate and flow-on benefits, at both the farm and broader community level.

Given current government remote education assistance has not kept pace with rising costs, an associated outcome is to enable freed up funds to be used towards other significant needs, including for school education. This points to a need to increase education assistance rather than an argument for DRAS continuation, but highlights the holistic nature of program benefits. A 'survival of the fittest' approach to drought support will hit younger farming families the hardest as they have the greatest debt and the least reserves – older farmers can generally survive more effectively as they often have more established enterprises and lower financing expenses.

### **Emergency Water Infrastructure Rebate**

During the current event the Government has included an Emergency Water Infrastructure Rebate (EWIR) towards the purchase and installation of water infrastructure for addressing urgent animal welfare needs, while also delivering a resilience-building benefit against future events and improving productivity through improving access to underutilised pasture. Indeed the Government itself has spent \$650,000 to construct a new main dam at the Spyglass Beef Research Facility to increase drought preparedness. This rebate is currently not intended as a property development or property management incentive.

Water infrastructure rebates were identified in our 2013 survey by one third of respondents as being in their top five further assistance measures needed. For the reasons outlined above this program has been very well received by producers and our April 2015 survey showed that, for that group of respondents, application success rates were 92%pc (n = 43 of 47). The program also benefitted from a \$13 million top-up provided by the Australian Government which lifted the rebate from 50% up to 75% of the cost of works up to the annual DRAS limit.

*'We believe the Emergency Water Infrastructure Rebate was an incredibly proactive initiative. This assistance enabled us to spread waters and better utilise available feed. This work greatly improved our infrastructure to assist in future dry years' – 2015 Survey respondent from South West Queensland.*

## **Design**

### **Intention:**

The intention to address current emerging animal welfare issues while also building resilience to future events is strongly supported as a good example of achieving longer term and sustained outcomes from investment of public funds.

In relation to the design of the program AgForce would like to make the following comments:

- Enabling graziers who have livestock forced from agistment or who can reasonably expect to run out of water before the next expected inflow of water to be eligible is a sensible inclusion, as is the consideration of a reasonable walking distance to water for affected livestock
- Requiring a signed Water Availability Statement (government or Local Drought Committee Chair) is supported as providing the opportunity for a full consideration of the design of the watering system to maximise the benefits of the funds and ensure that all available approvals and licenses are gained eg, applicable groundwater licenses
- Enabling consideration of an extension if an applicant is unable to purchase and install the infrastructure within the six months after the endorsement date is supported, such as in the case of materials shortages.

### **Agistment Enterprises:**

Specifically in relation to the limitation to only include owned livestock permanently residing on the property and that are not part of an agistment, AgForce would propose that further consideration be given to including business models based on providing long-term agistment.

AgForce formally requested on 4 October 2013 the Queensland Government include long-term agistment properties. In a reply dated 19 December 2013 the Government indicated that it would not include such properties in order to ensure appropriate management of drought impacts and so that pasture was available for the livestock permanently residing on the property. The response also indicated that a long-term lease arrangement would be eligible however, which points to the barrier to eligibility being a bureaucratic definition rather than necessarily a practical grazing management difference for agisted livestock.

The availability of agistment is a vital component of a state-wide response to drought by industry. A number of legal and financial implications make a change from an agistment agreement to a long-term lease or sub-lease arrangement unattractive, including:

- Requiring mortgagee and Ministerial (for leases) consent
- Lease survey costs
- Capital gains and primary producer status tax implications
- Some loss of control around grazing management.

Long-term agistment enterprises should be considered for inclusion as part of the overall industry strategy and capability to manage widespread drought events

### **Dam Desilting:**

The rebate does not currently apply to any costs or labour associated with desilting dams, making dams larger, or maintenance of existing water infrastructure. In South Australia and New South Wales, funds from within the Federal Government EWIR top-up were available in 2014/15 to help farmers invest in the upkeep and upgrading of water infrastructure and cleaning of watering points. Following this precedent, AgForce has sought to get the water infrastructure rebate program extended to include longer-term resilience building efforts, including dam desilting.

Appropriately structured, including desilting in DRAS has the potential to deliver a range of benefits including:

- Building future resilience to drought, through the provision of larger, more permanent sources of surface water supply and better and more sustainable utilisation of available pasture supplies through greater flexibility in managing grazing pressure and enabling groundcover to be maintained to reduce silt runoff filling dams
- Reductions in effective evaporation rate to improve the efficiency of the use of water supplies and their longevity through improved dam design (eg, deeper and narrower)
- Provide employment opportunities for rural communities, earthmoving contractors and farm-related businesses in rural areas
- Enabling greater capture of runoff rain from storms that occur, but that may not be drought breaking in and of themselves and address emerging animal welfare needs
- Reducing the risk of bogging of drought-weakened livestock and wildlife trying to access residual water supplies
- Reducing the risk of adverse animal welfare impacts due to decay of carcasses (eg, kangaroos), within residual water supplies, through fencing off and piping of water to troughs.

While drought holds many significant challenges one of the few opportunities is in the improvement of dry, or almost dry, dams. As surface water supplies take time to dwindle, the accruing financial costs of managing drought also mean that the cash flows and financial capacity of affected producers to undertake desilting work is also diminished. Under these conditions the Government can play a key enabling role in seeing this resilience-building work completed under these difficult circumstances.

AgForce has calculated that the total area currently drought declared is about 1,430,065 km<sup>2</sup> which includes about 27,250 properties and around 142,000 rural water storages. Feedback from our drought survey indicated that about 20,330 of these storages could potentially be desilted and at a cost of about \$4000 per storage this would cost in the order \$81 million. DRAS per PIC funding caps and eligibility criteria would act to limit the per property rebate. For example, with a median of 9 storages per livestock property, if all of these were actually desilted the cap would limit DRAS rebates to \$18,000 per property. Further, separating out this program from under DRAS and the EWIR scheme could enable a set maximum amount of funds to be allocated by Government.

### ***Delivery***

The previous feedback on the overall DRAS program also applies to the EWIR scheme delivered as a sub-component of the wider DRAS program.

A specific concern was the relatively poor communication to industry by the federal government and the DAF of the exhaustion of the Federal Government top-up funds in Queensland, which left a number of our members with greater cost exposure than they initially considered when Water Availability Statements and approvals were obtained. Where such co-funding arrangements between the State and Commonwealth governments occur in future it is vital that proactive communication about ongoing funding availability or changes occurs so effective decisions can be made.

### ***Opportunities for Improvement***

AgForce supported the Queensland Government's efforts to secure continuation and further funding of the Commonwealth top-up, with back-dating of received funds to cover previously successful EWIR applications. Unfortunately this additional funding was not forthcoming in the Agricultural

Competitiveness White Paper. However immediate tax deductibility for capital expenditure on water infrastructure was included in the Federal Government's 2015 budget.

Our members have raised the following suggestions for improvements to the EWIR program:

- Accelerated or upfront payments where possible given limited cash-flows and upfront costs eg, *'Enable QRAA to be sent the invoice and pay the supplier direct and upfront as per Category C flood assistance'*
- Providing hardship provisions for temporarily covering the producer's contribution. AgForce has been referred to the QRAA Sustainability Loans by DAF to meet this need however, these loans have been recommended for discontinuation by the QCA in its recent Industry Assistance Report.

### **Federal Government Top-up**

The Australian Government provided \$6.2 million in 2013/14 and a further \$6.8 million in 2014/15 towards a top-up of the EWIR scheme in Queensland<sup>12</sup>. This enabled eligible applicants to receive up to a 75% rebate of expenditure within the DRAS caps instead of the 50% normally applying. This additional assistance was welcome by producers as adding to an effective program and AgForce lobbied the Australian Government for a continuation of the additional funding beyond mid-2015.

### ***Opportunities for Improvement***

As indicated above, improved communication of impending funding changes would have enabled some producers to make more informed investment decisions. Extension of the top-up to include desilting activities, as occurred in some other states and outlined above, is supported.

### **Rural Financial Counselling Service**

The Queensland Government provided the Rural Financial Counselling Service (RFCS) based in Roma about \$400,000 across 2013/14 and 2014/15 for a further two counsellors to provide targeted financial counselling to producers experiencing financial problems in the South West and Maranoa regions. This added to ongoing services funded by the Australian Government, with a further \$1.8 million in the 2015–16 Budget to fund additional rural financial counsellors in drought-affected (1-in-20-year rainfall deficiency) areas on an as-needed basis. This initially comprised \$880,000 to increase service hours in drought-affected areas across Australia, including providers in Toowoomba, Townsville, Bundaberg, and Longreach.

### ***Design***

The RFCS provides an important and well-recognised service delivering free and independent assistance to primary producers in Queensland. Counsellors assist with improving understanding by producers of their financial situation and their options, help to make plans to improve their position and provide referrals to government programs and other professional advisors and counsellors. The service is also available to small agriculture-dependent rural business operators who are suffering financial hardship and often have no other government supports. This assistance through the RFCS program is an important element in a sustainable long-term drought and financial hardship policy response.

*'It cannot be underestimated the role the RFCS has played in this current drought ... also to have some-one independent to talk to about a subject that is hard to be open about.'* – Comment from member in SW Queensland.

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<sup>12</sup> Department of Agriculture and Fisheries (2015). Queensland Drought. May 2015. State of Queensland.

## ***Delivery***

The National Rural Advisory Council (NRAC) reviewed the RFCS in 2014 and found sound justification for the provision of this service by the Australian, state and territory governments and recommended that the RFCS continue to be funded<sup>13</sup>. The report stated that the RFCS is providing quality outcomes for both clients and rural communities and that the specific types of assistance provided (crisis, business improvement, referrals, debt mediation and pre-referral succession planning) are important for achieving the objectives.

AgForce agrees with this assessment and recent state and federal moves to deliver greater funding for increased services in Queensland during this widespread drought. Flexibility in the delivery of services to meet demand changes over time is important, but should not come at the cost of loss of experienced and respected counsellors. The likelihood of a commercial provider reproducing this service is limited, particularly in more remote areas of Queensland.

There is a role for government in smoothing a transition out of industry for operators of non-viable businesses and managing the social pressures of adjustment. While potentially incentivising timely outcomes for clients, it is important if implementing NRAC's Recommendation 17 to review all clients after three years of continuous assistance and exit them from the service, that there are appropriate avenues for those that may be exiting from industry. This could be in the form of mentoring programs and retraining and relocation support so that those clients can see a life after farming and a pathway to transition to it with dignity.

## ***Opportunities for Improvement***

Key recommendations from the NRAC review for further consideration include:

- Making funding arrangements more responsive to variable demand
- Increasing flexibility in the RFCS workforce
- More structured monitoring and evaluation, supported by improved data collection.

The standard of service could potentially be improved further by providing a more secure funding basis for the program in order to help retain and attract more experienced counsellors. AgForce also thinks that it is important that management strategies are put in place to support those Counsellors at risk of overwork or stress-related illness due to ongoing drought and rural debt pressures.

Continuation of a joint state and federal funding model is supported to ensure service delivery remains responsive to local demand.

The Productivity Commission 2009 report found that drought-resilient businesses were those that were profitable, had off-farm investments or incomes and good business and risk management skills. Further to RFCS counselling, Building Farm Business grants within the WA Drought Pilot study incentivised training, promoted planning and resilience-building and included mutual obligation elements. With the Australian Government, the State could investigate providing a small grant (eg, \$5,000) to help farmers obtain professional advice (financial or business) on immediate drought and financing decisions. This should also be linked to industry-respected, voluntary, business-relevant training aimed at building financial and climate resilience, including development of strategic farm drought preparedness and response plans.

## **Drought Workshops, Mobile Offices and Drought Program Administration**

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<sup>13</sup> Commonwealth of Australia (2014), Report on the Review of the Rural Financial Counselling Service Program, Department of Agriculture, Canberra.

The DAF also provides drought workshops, mobile offices and administration of drought programs within the state. The Queensland Government allocated about \$0.6 million for this task in 2013/14 and an estimated \$1.0 million in 2014/15<sup>14</sup>.

### **Design**

Of the respondents to a question on state assistance in our 2015 member survey, 53% had received information and assistance via Long Paddock, Future Beef, or the DAF drought mobile office. Also comparable across the two surveys was that 80% of respondents indicated that they felt confident that they knew what drought assistance was currently available and how to find out more information about their options. The October 2013 member survey indicated the most useful information sources did include the DAF website (17% of respondents) and DAF staff (12%), but perhaps a greater audience share is desirable.

The 2013 AgForce survey showed that over 90% had made efforts to prepare for drought following the last event and such preparation efforts are often supported by the independent objective information provided by DAF, which may not be otherwise sought out or purchased privately by producers. DAF helps producers' drought management with resources on animal welfare and strategies to address issues including:

- Feeding options including survival feeding, supplementation, safe practices, avoidance of chemical residues and evaluation of strategies
- Management including developing a drought strategy, early weaning and drought lotting
- Moving livestock and animal welfare considerations.

The FutureBeef program provides a range of written materials and software, web-based presentations, practical decision support tools and mental health information. Combined with access to research and extension staff these can be valuable ways to assist producers in making difficult management decisions during drought. Access to independent and science-based advice is invaluable for industry and these services should be continued.

### **Delivery**

AgForce understands that attendance at the DAF mobile office has been mixed, with greater reliance placed on directly contacting the Climate Risk Coordinators located in the regions. While supportive of enabling producers to get their DRAS and other paperwork completed at one location close to home and at one time, there would be some benefit in further examining how the mobile office can be used to greater effect. This could include the objectives of that service delivery model, how decisions are made on what affected areas to attend and when, what other industry or community events provide greater attendance when aligned with and if there are any barriers to producer attendance that could be avoided or overcome.

### **Hardship Grazing in National Parks**

As an emergency measure the Queensland Government allowed the temporary grazing of livestock from nearby drought affected properties on a limited number of national parks until the end of December 2013. The program was administered by the Department of National Parks, Recreation, Sport and Racing. Government estimates that this equated to a value of around \$2.1 million in free agistment and infrastructure improvements<sup>15</sup>. The project was discontinued due to ongoing dry conditions and before environmental damage occurred.

AgForce supported this initiative to enable grazing of drought affected livestock on what were often former cattle stations that had available fodder and on a time-limited basis. Benefits also accrued for Park management in relation to reducing fuel loads for minimising fire risks.

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<sup>14</sup> Department of Agriculture and Fisheries (2015). Queensland Drought. May 2015. State of Queensland

<sup>15</sup> Department of Agriculture and Fisheries (2015). Queensland Drought. May 2015. State of Queensland.

## Other Assistance Options

The above assistance measures do not operate in isolation and their effectiveness should be considered within the context of the other assistance measures provided, both state and federal and other private providers, like community groups.

### Reduced Government Costs:

In an extended drought, lack of cash flow means that fixed government costs can place significant financial and mental pressure on primary producers. There is potential to relieve some of these pressures by reducing some of the government-imposed costs including:

- Relief from local government rates, as has occurred in previous extended droughts. This support is equitable, non-market distorting, has immediate flow-on benefits to affected local governments, and frees producer funds to be used for other essential expenses
- Expanding leasehold rent relief
- Rebating the State Government's 9% stamp duty payable on insurance policies, in particular applicable for cropping enterprises who do not receive DRAS supports
- With industry, develop an agreed approach to the federal government on development of a multi-peril/drought insurance market in Queensland
- Expand the Department of Transport and Main Roads assistance package to include a 12-month exemption of registration costs for the concessional agricultural vehicle, Primary Producer or Farm Plate categories (excluding any Compulsory Third Party insurance component), or alternatively involve a deferral of registration costs for 12 months without penalty.

### Community Impacts:

The 2015 survey also highlighted the impact that drought was having on the wider community that supports primary producers with implications for ongoing social and business service provision into the future in rural and remote areas. While there are often flow-on benefits for economic and social activity from assistance provided to primary producers, governments can also play a role such as funding regional infrastructure works (wild dog/macropod fencing, weed programs, roads, etc) that will have sustained benefits. The recent federal funding for 'shovel ready' local government projects is an example, although the extent of the drought in Queensland may mean that the available funds are being spread too thinly across the number of LGAs.

The Government's community support and mental health programs have been attended by some AgForce members with some suggested improvements including:

- Working with existing local deliverers in the first instance to avoid duplication
- Invest in local skills and leadership programs that strengthen communities and deliver skills enabling better coping with change
- Provide part-time carers or nannies to enable people to have a break from the drought and to reduce mental stress.

### Environmental Impacts:

A key issue emerging this drought has been the explosion of populations of macropods in drought affected areas and this added grazing pressure compromises efforts to preserve pasture supplies and reduces the beneficial impact of received rainfall. Facilitated macropod control was identified as a top 3 further assistance measure by over half of respondents in the 2015 member survey.

The Government should look at further developing the market for macropods, built across a variety of weight ranges and to more effectively facilitate the humane harvesting of over-abundant species.

## Conclusion

AgForce is mindful of the existing budgetary challenges facing the Government and that not all of these recommendations may be able to be progressed at this time. We would like to continue to work closely with the Government and the Committee in charting out an effective response to the current severe drought, particularly with the predictions of ongoing challenging dry seasonal conditions.

AgForce is prepared to further assist the AEC in developing its findings or to provide further clarification in relation to the contents of this submission. Inquiries should be directed in the first instance to Dr Dale Miller, Senior Policy Advisor, on (07) 3236 3100.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Grant Maudsley', enclosed in a thin black rectangular border.

Grant Maudsley  
General President