



Ann Leahy MP Member for Warrego

Research Director
Agriculture and Environment Committee
Parliament House
BRISBANE Q 4000

3rd September 2015

Dear Research Director

Thank you for the opportunity to provide a submission to the Review of the Queensland Government drought assistance measures.

I would like to invite the Committee to visit areas of my Electorate to talk directly with primary producers and small businesses who are experiencing the effects of the severe and prolonged drought. The entire Warrego Electorate is currently drought declared and given that it is an area larger than the State of Victoria I understand that it is logistically difficult for the Committee to visit every community. I believe it would be of benefit to the Committee to seek input from producers and small business located in the Murweh, Paroo, Bulloo or parts of the Balonne Shire were drought conditions have been prolonged.

It is my philosophy that all levels of Government should work towards assisting the Agricultural Industries become more profitable. Governments have a role in reducing the administrative burden on Industry and providing timely well targeted assistance in circumstances which are beyond the normal management cycles or where Government intervenes in a hostile manner - for instance the sudden removal of the wool floor price or the closure of live cattle export trade.

The matters which I wish to draw to the attention of the Committee are as follows and I would be happy to appear before the Committee to provide further detail on these matters.

- 1 Assistance for Small Businesses in drought declared regions.
- 2 Emergency Water Infrastructure Rebate (EWIR) assistance for Primary Producers who agist breeding stock.
- 3 Time frame of 6 months by which to have claims submitted.
- 4 Administration of Drought Relief Assistance Scheme (DRAS) payments and impact of Local Government Amalgamations.
- 5 Advice to Individually Droughted Property (IDP) owned property owners about the DRAS scheme.
- 6 Administration of the EWIR.
- 7 Desilting of dams under EWIR.
- 8 DRAS recognition of agricultural profitability management tools ie Certified Land Management?

1 Assistance for Small Businesses in drought declared regions.

In 1996 the Queensland State Government provided the Small Business Emergency Assistance Scheme as an interest subsidy on commercial debt to assist small businesses affected by drought. This was to ensure essential small businesses within a region survived a temporary downturn brought about by exceptional circumstances beyond their control, which do not constitute normal business risks.

This scheme was an amalgamation of the Small Business Debt Assistance Scheme and the Small Business Drought Assistance Scheme.

The scheme was triggered by the Government designating events or areas as eligible for assistance.

It was administered by the Queensland Reconstruction Authority (QRA) and applications could be lodged up to six months following drought revocation for the purposes of drought or a designated event. All eligible applicants be topped up on application with support to cover the twelve month period after revocation occurs.

The maximum level of support was \$10 000 per for all eligible small businesses, with support only to be provided up to a maximum of 50% interest rate subsidy for a twelve month period.

The definition of a small business included those with up to 100 employees.

Suggested Recommendation – That the State Government re instate a Small Business Debt Assistance Scheme for Small Businesses in areas where drought has be severe and prolonged.

2 EWIR assistance for Primary Producers who agist breeding stock.

In my Electorate there is a case example where a primary producer now aged in his 70s has agisted cattle breeding stock on their property for over the last 10 years. His agistment business is genuine and long term. This is a business decision based on his desire to remain on the property as he and his wife aged, whilst providing their own income and maintaining independence. Agisting breeding stock enabled them to protect the management of their property asset, control the carrying capacity of the property and remain actively involved without dealing with labour intensive activities such as branding, weaning and selling. Their business is marketing pasture instead of livestock. There is a small number of primary producers who agist breeding stock of another primary producer in my Electorate. The DRAS eligibility guidelines only permit applicants who are the owner or lessee of the property where their livestock are normally grazed. The guidelines currently discriminate against breeding livestock on agistment. Leasing a property is not an option as it has many implications related to the management aspects of the property and unintended business financial implications not to mention the complication if the land is leasehold land.

This particular Primary Producer who agists breeding stock on his property spent \$40 000 to sink a new bore to provide water security for the breeders on agistment on his property.

Suggested Recommendation – The eligibility of DRAS be expanded to include those property owners who genuinely agist breeding livestock as a viable business and this be assessed on a case by case basis in consultation with the Local Drought Committees.

3 Time frame of 6 months by which to have claims submitted.

Under the current DRAS guidelines claims for the transport of fodder or emergency water rebate have to be lodged with the Department within six months of the purchase of fodder or purchase of equipment. This has created considerable difficulties for many producers who are during times of drought totally focused on the keeping their stock alive and not focused on chasing down paperwork. I understand that this is taxpayers money however there is considerable effort and a large amount of paper work involved with each of these claims.

Due to the wide spread nature of the drought and numbers of producers feeding their stock the feed suppliers also struggle to keep their paperwork up to date and provide the necessary invoices to producers to make their DRAS claims.

I am aware of situations where it can take a month to obtain a statutory declaration from a feed supplier.

I am personally aware of a number of producers who have had their claims denied as they did not submit the paperwork within the six month timeframe. This is probably one of the most frequent complaints to my offices in relation the DRAS scheme.

I have followed through a number of these cases and appealed them to the Minister and department without success.

Suggested Recommendation – Change the DRAS Guidelines to recommend that claims be made within a six month timeframe, however allow for claims to be submitted up to 12 months after purchase of fodder or water infrastructure.

4 Administration of DRAS payments and impact of Council Amalgamations on drought declarations

When a number of shires are added to the drought declared list, which is usually the case, this results in a larger than usual number of claims on DRAS being submitted for fodder and water infrastructure. The pressure on the Departmental Resources then increases and delays start to occur in the processing of claims. I am personally aware of delays of up to 3 months for payment of properly completed applications to be processed.

It is difficult for the Department to increase and train the number of staff required to process these applications in a short period of time. This also leads to mistakes by Departmental staff and I am personally aware of legitimate claims being refused due to inexperienced Departmental staff misinterpreting geographic locations and also the refusal of a whole claim because one invoice was a photocopy and not an original. This resulted in a stressful situation where the primary producer's wife whose husband had a medical illness, had to write again explaining the oversight of an inclusion of a one page photocopy, while she was trying to feed livestock.

The simple fact is that primary producers and their families are focused on trying to keep their stock alive from dawn to dusk and they do not have time to deal with bureaucratic Departmental staff during drought situations.

It should also be noted that there is little recognition of primary producers time to undertake plans and collate paperwork. In recent times it has become industry practice for primary producers to be paid for their time. Governments should be mindful of the primary producers time to collate claims against DRAS and ensure that they are not overly onerous.

Part of the problem of the increased workload on Departmental staff is the declaration of whole local government areas or groups of local government areas.

Prior to Local Government Amalgamations individual local government areas were declared and the workload was much smaller on the Departmental staff.

For instance pre the 2008 amalgamations Booringa and Warroo Shires could be declared. Following local government amalgamations in the Maranoa Regional Council if the whole shire is to be drought

declared then it is effectively a declaration of the previous Booringa, Warroo, Bendemere, Bungil and Roma Town local government areas.

This creates two issues – firstly the number of possible applications for DRAS is four times larger than pre 2008 levels.

Secondly if only part of a local government area is drought affected it is difficult to enact the whole area as drought declared as the producers in the non drought affected area would be unlikely to lodge Individual Drought Declarations (IDPs) and the percentage of IDPs across the local government could be insufficient to declare the whole local government area.

Storms and rain never seems to follow departmental defined boundaries and therefore flexibility is paramount when determining declarations.

Suggested Recommendation – That part local government area declarations be permitted with buffer zones and the number of IDPs in any one local government area be a guideline not a mandatory factor in determining drought declarations.

5 *Advice to property owners about the DRAS scheme.*

When a primary producer makes an application and is approved for an Individual Drought Property (IDP) declaration or a part local government or whole local government area is declared, the Department should either email or post directly to these producers eligibility criteria and application forms for the DRAS program.

This would enable the producers to assess at the earliest possible opportunity if the DRAS program will assist with their drought, animal and land management. The problem with drought planning is that no one knows when the drought will end and producers need all the tools possible available to them.

Suggested Recommendation – Upon an IDP, part or full local government area being drought declared for the purposes of DRAS the Department email or post to primary producers eligibility criteria and application forms relevant to DRAS.

6 *Administration of the EWIR.*

The recent changes in criteria and funding for the Emergency Water Infrastructure Rebate have made this portion of DRAS more desirable for primary producers and this has been coupled with water droughts during summer months.

However during times of drought primary producers are carefully managing cash flows as no one knows the end date of a drought. Some producers cannot afford the cash outlay for approval and payments of several months especially if there are departmental delays. Financiers are also reluctant to extend credit facilities because of the reduced valuations of property and livestock which occurred following the closure by the Federal Labor Government of the Live Cattle Export trade to Indonesia.

It has been suggested that the rebate be paid direct to the supplier by the Department upon presentation of the invoice and the scheme needs to incorporate flexibility to do this.

Suggested Recommendation – Flexibility be introduced to the DRAS program that when requested the payment for Emergency Water Infrastructure be made direct to the supplier if requested by the Primary Producer.

7 Desilting of Dams under EWIR

The current Queensland DRAS guidelines do not permit the costs of desilting dams.

In January 2015 the New South Wales Government announced an additional \$20 million under the Emergency Water Infrastructure Rebate Scheme. This was for the purpose of removal of silt from dry dams as well as other emergency water infrastructure works, for drought affected landholders to provide farm water if they are in a one and 50 year drought.

Suggested Recommendation – The DRAS guidelines be amended to permit the desilting of dams.

8 *DRAS recognition of agricultural profitability management tools ie Certified Land Management.*

As many Queensland primary producers are product exporters and food producers they strive for best practice locally, nationally and internationally.

It is incumbent upon Government to recognise primary producers who are proactive in their land and animal welfare and Government can do this within their current assistance programs. This maybe as simple as a tick and flick for those who are fully certified producers and therefore reducing the administration of Government and applying the savings back to the assistance program.

Suggested Recommendation – That DRAS assistance give due recognition to primary producers who undertake landscape, soil, production or animal welfare certification programs (ie) Certified Land Management.

Thank you for the opportunity to put forward these matters.

Yours faithfully



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Member for Warrego