

QUESTION ON NOTICE
No. 175
Asked on 18 March 2014

MRS CUNNINGHAM asked the Minister for Agriculture, Fisheries and Forestry (MR McVEIGH)—

QUESTION:

With reference to the current viability test for farmer's eligibility for QRAA which precludes many farmers from receiving assistance even though these families intend to continue their primary production—

Will the Minister review the criteria to ensure QRAA actually helps primary producers rather than add to their stress?

ANSWER:

To be eligible for assistance under the loan schemes administered by QRAA, applicants must satisfy all the eligibility criteria detailed in the scheme guidelines, including the capacity to achieve a position of viability.

The loan schemes administered by QRAA include: Sustainability Loans under the Primary Industries Productivity Enhancement Scheme (PIPES), Natural Disaster Relief and Recovery Assistance (NDRRA) and Farm Finance Concessional Loans Scheme.

Each of these schemes has specific criteria relating to viability:

- Sustainability Loans require *“sound prospects for commercial viability, and the ability to service the loan, in the long term”*.
- NDRRA loans require *“the primary production enterprise to be viable with the assistance given”*.
- Farm Finance Concessional Loans require *“sound prospects for a return to Commercial Viability within the term of the Concessional Loan”*.

In determining the ability of a farm business to achieve viability, QRAA bases its determinations on the farm operating under normal seasonal conditions and normal commodity prices. A business must be able to demonstrate that, on a year-in-year out-basis, it can generate sufficient income to meet its operating expenses, service its borrowings and provide for a reasonable standard of living for the farm family.

A total of 287 loan applications have been approved by QRAA under these schemes since the start of the financial year to 20 March 2014. The loan assistance provided totals more than \$98 million for Queensland primary producers.

I am satisfied that QRAA undertakes a rigorous but practical approach to assessing applications against the eligibility criteria set for each of the schemes.

I am also satisfied that QRAA fairly assesses all applications on a case-by-case basis.

QRAA offers all applicants the opportunity to appeal the decision regarding their application for assistance, should they be dissatisfied with the final outcome.

Unfortunately, there are some farm families who display good management practices and have high quality properties; however, even with assistance, their debt load is too high for a position of viability to be achieved.

Unless their financial position can be changed through a reduction in debt load or some other significant change in circumstances, QRAA's loans will not be sufficient to prevent their debt level continuing to increase and their equity continuing to erode.