



December
2014

Support for farmers and rural communities



The Australian Government supports farm families and farm businesses in managing and recovering from periods of hardship, including drought, and assists them in preparedness and future planning.

An outline of the various types of support available is provided below. You are strongly encouraged not to self-assess your eligibility for any support measures, but to find out more using the contact details provided.

Farm Household Allowance

The Australian Government provides income support for farmers and their partners who are experiencing financial difficulty.

The Farm Household Allowance (FHA) is a fortnightly income-support payment, available Australia-wide, that has been designed to suit the specific circumstances of farmers and their partners.

FHA is delivered by the Department of Human Services (DHS). A DHS Farm Household Case Officer, as well as specialist financial advisers and rural financial counsellors, will be available to support recipients as they take steps to improve their long-term financial security.

The Farm Household Allowance replaced the Interim Farm Household Allowance on 1 July 2014; however, a transitional period applies until 30 September 2014.

More information

Department of Human Services

humanservices.gov.au/farmhouseholdallowance
Farmer Assistance Hotline 132 316 (Monday to Friday,
8 am to 8 pm local time)

National Drought Program Reform

A new national approach to drought programs came into effect on 1 July 2014. The new approach replaces the Exceptional Circumstances arrangements and focuses on encouraging farmers to prepare for and manage the effects of drought and other challenges.

The new approach is captured in the Intergovernmental Agreement on National Drought Program Reform (IGA) that was agreed by Australian, state and territory primary industry ministers in May 2013. The IGA has five main elements:

- the Farm Household Allowance
- Farm Management Deposits and taxation measures
- a national approach to farm business management training
- a coordinated, collaborative approach to social support services
- tools and technologies to inform farmer decision-making.

More information

Department of Agriculture
daff.gov.au/droughtpolicy



Drought Recovery Concessional Loans

The Drought Recovery Concessional Loans will be made available to farm businesses in New South Wales and Queensland that are in need of financial assistance as a result of unprecedented drought conditions.

Loans will be available for farm businesses that are experiencing a drought that is considered to be equivalent to, or worse than, either a 1 in 50 or a 1 in 100 year rainfall deficiency.

In Queensland, the loans will also be available to those directly impacted by the combined effects of drought and the mid-2011 disruption to live cattle exports to Indonesia.

The scheme will provide eligible farm businesses with loans of up to \$1 million for a loan term of up to 10 years. The loans will have a variable concessional interest rate, initially set at 3.21 per cent, and interest-only repayments will be available to loan recipients for the first five years.

The loans will be for planting and/or restocking activities (as seasonal conditions allow) and associated expenses.

More information

More information, including when the scheme will open for applications, will be available shortly on the Department of Agriculture website at agriculture.gov.au/assistance

Drought Concessional Loans

Drought Concessional Loans are being made available to eligible drought-affected farm businesses for debt restructuring, operating expenses and drought-recovery and preparedness activities. Maximum loans of \$1 million or up to 50 per cent of the farm business's debt (whichever is lower) are available.

Drought Concessional Loans will help farm businesses recover from and prepare for future droughts and return to viability in the long term. Drought Concessional Loans are available for the following purposes:

- **Debt restructuring:** Applicants can use the concessional loan to restructure a proportion of their existing eligible debt at a lower interest rate.
- **Operating expenses:** Applicants can use the concessional loan to fund operating expenses that are necessary to continue the normal operations of the farm business.
- **Drought recovery and preparedness activities:** Applicants can use loan funds to contribute to the cost of activities to recover from and prepare for future drought.

More information

Department of Agriculture
daff.gov.au/assistance

Farm Finance Concessional Loans

The Farm Finance Concessional Loans scheme is available to eligible farm businesses in all states and the Northern Territory. Types of loan (debt restructuring or productivity enhancement), loan terms and loan amounts differ between each state and the Northern Territory, as the scheme has been tailored to meet the needs of each jurisdiction's farming sector.

Farm Finance Concessional Loans are for farm businesses that:

- can demonstrate their need, their ability to repay a loan, and can provide sufficient security
- are experiencing debt servicing difficulties but are considered commercially viable in the long term.

More information

More information, including contact details for delivery agencies in each state and the Northern Territory, is available on the Department of Agriculture website at daff.gov.au/farmfinance



Farm Management Deposits (FMD) Scheme

The FMD Scheme assists primary producers to deal more effectively with fluctuations in cash flow. It is designed to increase the financial self-reliance of Australian primary producers by helping them manage their financial risk and meet their business costs in low-income years.

The FMD Scheme allows eligible primary producers to set aside pre-tax income from primary production in years of high income, which they can then draw on in years of low income.

Income deposited into an FMD account is tax deductible in the year the deposit is made. It becomes taxable in the year in which it is withdrawn.

From 1 July 2014 enhancements to the FMD Scheme came into effect. These included:

- increasing the non-primary production income threshold for FMDs from \$65 000 to \$100 000
- allowing consolidation of existing eligible FMD accounts.

Changes have already been made to exempt FMD accounts from the unclaimed moneys provisions (effective from 30 May 2014).

More information

Department of Agriculture
daff.gov.au/fmd

Australian Taxation Office
ato.gov.au/Business/Primary-producers

Business tax inquiries phone 132 866
 Tax practitioners phone 137 286

Rural Financial Counselling Service

The Rural Financial Counselling Service (RFCS) provides free financial counselling to primary producers, fishers and small rural businesses who are suffering financial hardship and have no alternative sources of impartial support. There are currently approximately 120 rural financial counsellors working across the country.

Rural financial counsellors can:

- help clients identify financial and business options
- help clients negotiate with their lenders
- help clients develop an action plan
- support clients who are accessing the Farm Household Allowance (FHA)
- give clients information about government and other assistance schemes
- refer clients to accountants, agricultural advisers and educational services
- refer clients to appropriate professionals for assistance with succession planning, family mediation and personal, emotional and social counselling.

More information

Department of Agriculture
daff.gov.au/rfcs or 1800 686 175

Social and community support

The Australian Government recognises that hardships, like drought, can have significant impacts on the mental health and wellbeing of farmers, farm families and communities. The Australian Government has invested up to an additional \$10.7 million to enhance social and community support for drought-affected areas in New South Wales and Queensland.

This is providing free professional help, including one-on-one counselling, family support services and referrals to people in need. Community engagement activities and events are a key focus to link people to services that meet their individual needs.

Drought Coordinators will link Commonwealth, state and other social services in drought-affected areas of New South Wales and Queensland. They will travel to meet with service providers, attend community events and ensure there is linked-up service delivery to farmers and farming families in need.

More information

Department of Social Services
dss.gov.au/mental-health/news/drought-assistance

Family Support Program
dss.gov.au/familysupportprogram

Targeted Community Care (Mental Health) Program
dss.gov.au/targetedcommunitycare

Drought coordinators
 Farmer Assistance Hotline 132 316
 (Monday to Friday, 8 am to 8 pm local time)

Water-related infrastructure investment

The Australian Government is contributing additional financial assistance of up to \$12 million to support drought affected farm businesses with the installation and upkeep of water related infrastructure in 2014–15. This commitment extends the existing support of \$10 million provided to top up rebate programs in 2013–14 in Queensland and New South Wales.

This support will help farmers to invest in infrastructure, providing water for emergency animal welfare and improve long-term drought resilience.

More information

Department of Agriculture
daff.gov.au/waterinfrastructure

Managing farm pests

The Australian Government is contributing \$10 million to help drought-affected farmers reduce the impact of pest and feral animals, which during drought add further pressure to pastures and groundcover at a time when feed is critical for livestock.

It will also help manage the impacts that predators such as wild dogs and foxes have on grazing animals concentrated around fewer watering points due to the drought.

This funding is being provided to state and territory governments to build on existing pest management programs and will be delivered through local delivery organisations.

Funding will be available primarily in Queensland and New South Wales. Depending on conditions, it may include other areas.

Funding may be used for activities to manage pest impacts, for example, landscape-scale baiting programs to control wild dogs and feral pigs.

More information

Department of Agriculture
daff.gov.au/pestmanagement

Taxation measures for people affected by drought and other natural disasters

The Australian Taxation Office (ATO) can help people affected by drought and other natural disasters by:

- allowing more time to pay tax debts without incurring interest charges, or
- arranging for tax debts to be paid in instalments without interest charges.

In special circumstances, the Commissioner for Taxation may release individuals from payment of income tax, fringe benefits taxes, and some other taxes where it is shown that payment would cause serious hardship.

The ATO looks at circumstances on a case-by-case basis.

Other taxation measures and concessions available to drought-affected farmers include:

- Farm Management Deposits (see information above)
- spreading profit from the forced disposal of livestock
- deferring proceeds from double wool clips
- spreading proceeds from insurance recoveries
- allowing deductions for water facilities and landcare operations.

More information

Australian Taxation Office
ato.gov.au/Business/Primary-producers
 Phone: 131 142

