



# Review of the Drought Relief Assistance Scheme

**Report No. 29, 55<sup>th</sup> Parliament**  
**Agriculture and Environment Committee**  
**January 2017**



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## **Agriculture and Environment Committee:**

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<b>Deputy Chair</b>	Mr Tony Perrett MP, Member for Gympie
<b>Members</b>	Mrs Julieanne Gilbert MP, Member for Mackay Mr Robbie Katter MP, Member for Mount Isa Mr Jim Madden MP, Member for Ipswich West* Mr Ted Sorensen MP, Member for Hervey Bay
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### **Acknowledgements**

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## Abbreviations

CPI	Consumer price index
DAF	Department of Agriculture and Fisheries
DDAMS	Drought and Disaster Assistance Management System
DEHP	Department of Environment and Heritage Protection
DRAS	Drought Relief Assistance Scheme
DNPSR	Department of National Parks, Sport and Racing
EWIR	Emergency Water Infrastructure Rebate
IDP	Individually droughted property
LDC	Local drought committee
LGA	Local government area
PIC	Property Identification Code
WAS	Water Availability Statement

## Chair's foreword

This report presents the committee's findings from its review of the Drought Relief Assistance Scheme (DRAS) administered by the Department of Agriculture and Fisheries. This scheme has provided financial assistance to drought affected farm businesses since 1969, and remains a key component of the Queensland Government's package of assistance programs for drought affected business, families and communities.

We have concluded that DRAS is well administered and responsive to claimants' requests for assistance. The numbers of claims processed by the department have been quite extraordinary. To their credit, departmental staff have maintained very high standards of client service. We thank officers for their efforts. The transport subsidies for water and fodder and the Emergency Water Infrastructure Rebates provided through DRAS have helped to sustain livestock, the lifeblood of many farm businesses, during times of extreme and unforgiving hardship.

The committee sought to identify opportunities for improving the scheme as part of the review. Quite a few changes to the scheme were proposed. Most sought to broaden what the scheme can be used to fund. The committee has not supported changes to the scheme that are inconsistent with the primary focus of DRAS which has always been - and remains - animal welfare. The committee has recommended reviews of the subsidy rates paid and the payment caps, the maximum amounts that can be claimed annually, should the scheme continue past 2018.

Attitudes to drought assistance policy have evolved substantially since DRAS was conceived, to the point where schemes such as DRAS are no longer the favoured means for providing drought support. Looking forward, the committee has recommended a process for the department to develop an updated model for drought support that is consistent with the National Drought Policy, whilst also meeting a number of other good-practice policy objectives. This process must involve close consultation with rural stakeholder groups to ensure the assistance model developed will provide lasting benefits to rural and regional communities in drought prone areas.

Finally, we thank the submitters, stakeholders and everyone who has contributed to the review for their support and assistance.

I commend our report to the House.



Duncan Pegg MP

**Chair**

## Recommendations

### Recommendation 1

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That the Department of Agriculture and Fisheries, in consultation with AgForce, the Queensland Farmers' Federation and other stakeholder groups, develops an updated model for drought support to the Drought Relief Assistance Scheme that is consistent with the National Drought Policy, and:

- (a) encourages farmers to improve self-reliance and resilience to climate variability
- (b) avoids distortionary impacts among farm businesses, and between farm and non-farm businesses
- (c) complements Australian Government programs so that the joint implementation of these measures results in effective policy
- (d) ensures that farm and rural households can access welfare support payments that are commensurate with assistance afforded to all Australians, and
- (e) provides for periodic external reviews.

### Recommendation 2

22

That the Department of Agriculture and Fisheries reviews the payment caps for the Drought Relief Assistance Scheme if it is to be retained after 2018.

### Recommendation 3

24

That the Department of Agriculture and Fisheries reviews the transport subsidies for the Drought Relief Assistance Scheme if it is to be retained after 2018.

### Recommendation 4

29

That the Government expands drought preparedness programs in conjunction with any proposed changes to DRAS transactional subsidies.

### Recommendation 5

36

In relation to establishing, and re-establishing, markets for skins and meat products from harvesting, the Minister writes to the relevant Commonwealth Minister to seek assistance to develop markets for macropod products.

## 1. Introduction

### Role of the committee

The Agriculture and Environment Committee is a portfolio committee appointed by a resolution of the Legislative Assembly on 27 March 2015. The committee's primary areas of responsibility are: Agriculture, Fisheries, Environment, Heritage Protection, National Parks and the Great Barrier Reef.<sup>1</sup>

In relation to its areas of responsibility, the committee:

- examines Bills and subordinate legislation to consider the policy to be enacted, their lawfulness and the application of fundamental legislative principles set out in section 4 of the *Legislative Standards Act 1992*
- examines the budget estimates for departments
- assesses departments' public accounts of each in regard to the integrity, economy, efficiency and effectiveness of financial management. This includes examining government financial documents and considering the annual and other reports of the Auditor-General, and
- considers departments' public works in light of matters such as the suitability of the works for the purpose, necessity for the works, value for money of the works, revenue produced by, and recurrent costs of, the works, or estimates of revenue and costs, present and prospective public value of the works, procurement methods used for the works, and actual suitability of the works in meeting the needs in and achieving the stated purpose of the works.

### Reviews of drought assistance measures

In July 2015, the committee resolved to review and report on Queensland drought assistance measures administered by departments within the committee's areas of responsibility: the Department of Agriculture and Fisheries (DAF); and the Department of National Parks, Recreation, Sport and Racing (DNPRSR). On the data available at the time, these drought programs received \$74.3 million in funding which represented 79 per cent of the total Queensland Government drought assistance provided during 2013-14 and 2014-15.

The committee published an information paper<sup>2</sup> to provide background information for this work.

The committee proposed to use these reviews to inform the Legislative Assembly in relation to the design, delivery and opportunities for improvement:

- **Design** – whether drought assistance is well-designed and meeting the needs of drought-affected communities, landholders and families
- **Delivery** – whether measures are being administered effectively and efficiently by these departments and other entities to meet their stated objectives whilst satisfying all legislative requirements, and to provide value for money for the Queensland taxpayer, and
- **Opportunities for improvement** – whether assistance measures can be enhanced to provide improved outcomes and/or efficiencies at no net additional cost to the Government.

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<sup>1</sup> Schedule 6 of the [Standing Rules and Orders of the Legislative Assembly of Queensland](#).

<sup>2</sup> Agriculture and Environment Committee, 2015, [Paper No.1: Review of Queensland Government drought assistance measures](#), July.

### **The committee's processes**

For its review of the Drought Relief Assistance Scheme (DRAS), the committee:

- wrote to stakeholders inviting written submissions. A list of submitters is at **Appendix A**
- sought briefings from DAF and AgForce Queensland. The officers who provided these briefings are listed at **Appendix B**
- held public meetings in Cunnamulla, Tambo and Roma on 26 & 27 November 2015. A precis of the issues raised at these forums is at **Appendix C**
- held two public hearings on 18 March and 18 April 2016 in Brisbane to seek further information from submitters and experts. A list of witnesses who appeared at the hearing is at **Appendix D**, and
- sought further written advice from DAF on specific issues for the review.

## 2. The Drought Relief Assistance Scheme

The Drought Relief Assistance Scheme (DRAS)<sup>3</sup> was established in 1969 and is the Queensland Government's largest drought assistance program in terms of budget. During 2014-15 and 2015-16, funding for DRAS, including Australian Government funding for the Emergency Water Infrastructure Rebate (EWIR), totalled \$65.217 million.<sup>4</sup>

Other drought assistance provided by the Queensland Government includes:

- land rent rebates and water licence waivers
- electricity charges relief for water supply
- transport concessions
- the Community Assistance Package
- mental health programs
- the Wild Dog and feral Cat Destruction Initiative, and
- funding for additional rural financial counsellors.

This assistance complements drought support provided by the Australian Government which include:

- the Farm Household Allowance which provides eligible farm families experiencing hardship with money to meet basic living expenses
- local and infrastructure and employment projects
- funding for pest animal and weed management programs in drought-affected areas
- social and community support such as the Family Support Program and the Targeted Community Care (Mental Health) Program to support drought-affected farmers, farm families and rural communities
- additional funding for rural financial counsellors, and
- concessional loans schemes to help eligible farm businesses to undertake planting and restocking, and to recover from, and prepare for, future droughts and to return to viability in the long term.

In July 2014, the Australian, state and territory governments adopted a new national approach to government drought assistance programs focused on encouraging farmers to better prepare for droughts and managing their business risks. The [Intergovernmental Agreement on National Drought Program Reform](#) outlines key roles and responsibilities for each government in implementing the new approach. The agreement also provides a framework to guide future decisions by governments on the introduction of in-drought support.

Also in 2014, the Queensland Government agreed to continue its existing drought relief arrangements until 2018, including DRAS, and to review this stance should the current wet season fail again in some

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<sup>3</sup> Further information about DRAS can be found at: [www.daf.qld.gov.au/environment/drought/assistance/dras](http://www.daf.qld.gov.au/environment/drought/assistance/dras)

<sup>4</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 10 October.

areas of Queensland. Issues about the design of DRAS are discussed further at the end of this part of the report.

### **Objective of DRAS**

The focus of DRAS is animal welfare. Through DRAS, eligible claimants receive assistance with the costs of feeding and watering stock in drought affected areas. The focus on animal welfare is reflected in the scheme's stated objective:

*...to maintain as far as possible the livestock resource of a property during drought and assist in the return and restoration of that resource after drought.*

The subsidies provided through DRAS are the only drought transactional subsidies that support the livestock component of farm activities, and are not available through other Queensland programs.

The wording of the objective owes its origin to a previous parliamentary committee review of DRAS in 1989. At the time the scheme had operated for 20 years without formal objectives having been determined or recorded. That committee concluded:

*...it is clear that the intentions of the major proportion of the present subsidy scheme are specifically twofold: firstly to keep stock alive, whether it be on agistment ..., or on the property..., and secondly to assist in the return of stock to the property in the post-drought period. Combining the two intentions it may be seen that the overall objective of the major portion of the scheme ...is to maintain as far as possible the livestock resource of a property during drought, and assist in the return and restoration of that resource after drought.<sup>5</sup>*

### **Drought declarations**

The payment of assistance under DRAS is linked to drought declarations. A 'drought declaration' is an official acknowledgment by the government that an area or property is drought-stricken. The Queensland Government's drought policy has a key criterion that a region may be drought-declared where rainfall in a twelve-month period is in the lowest ten percent on record. State declarations can cover either an area (area or shire declarations) or an individual property (Individually Droughted Property (IDP) declarations). A shire drought declaration is made by the Minister for Agriculture and Fisheries based on the advice of Local Drought Committees (LDCs). Local drought committees are comprised of local producers and representatives from peak industry bodies, and chaired by DAF extension staff.

In recommending that a region be drought-declared or that a declaration be revoked, LDCs consider rainfall and a range of other factors including: the availability of pasture and water; the condition of stock; the extent of drought movements of stock to forced sales, slaughter or agistment; the quantity of fodder introduced; assessment of agricultural and horticultural industries; the number of Individually Droughted Properties (IDPs); and whether other abnormal factors have affected the situation.

Primary producers that do not fall within a shire drought declaration, but believe they are experiencing drought conditions, can apply for an IDP declaration through DAF. Primary producers that have an IDP

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<sup>5</sup> Parliamentary Committee of Public Accounts 1989, *Report No.2: Report of the Parliamentary Committee of Public Accounts into the Administration of Drought Relief by the Department of Primary Industries*, 27 September.

have the same access to Queensland Government drought assistance as those producers that fall within a shire declaration.

### Rebates and subsidies

Depending on eligibility, DRAS can provide rebates and subsidies in five areas. Three are available during drought and for two years after drought declarations have been revoked as follows:

During drought	After drought declarations are revoked
1. freight subsidies for transporting fodder	4. freight subsidies for transporting livestock returning from agistment
2. freight subsidies for transporting water	5. freight subsidies for transporting livestock purchased for restocking.
3. Emergency Water Infrastructure Rebate (EWIR)	

Prior to July 1989, road freight subsidies were jointly funded by the Australian and Queensland Governments as part of the Natural Disaster Relief Arrangements. Since then, the Queensland Government has met the full costs of freight subsidies.

The **freight subsidies for transporting fodder** apply to:

- fodder for beef cattle, sheep, dairy cattle, goats and deer
- fodder for working and breeding horses, providing they are not normally hand-fed
- grain, hay, urea, molasses (and other supplements approved by DAF) used to feed drought-affected livestock
- the two major components of the purchased feed from the original point of purchase by the miller/manufacturer to the feed mill, and
- fodder purchased from merchants/agents, including from the point of purchase by the merchant to their premises, and from the merchant's premises to the claimant's property.<sup>6</sup>

The **freight subsidies for transporting water** help with the cost of transporting water to drought affected livestock and apply to the loaded portion of the journey only.<sup>7</sup>

The **Emergency Water Infrastructure Rebate (EWIR)** is designed to address immediate animal welfare needs and help improve properties to be more resilient to future drought. It provides a rebate on the cost of buying and installing water infrastructure for animal welfare needs, and aims to lift productivity by providing water supply to areas where pasture was less than fully utilised due to the lack of stock water.

The **freight subsidies for transporting livestock returning from agistment** apply to:

- the return movement of all stock (breeders, non-breeders and those animals born while on agistment) in the 12 months after revocation of drought status. In special circumstances, this can be extended to 24 months following approval by the LDC, and
- return movements from the furthest point of agistment to the home property. Where stock are re-agisted to a property that is further away from the home property than the first point of

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<sup>6</sup> Department of Agriculture and Fisheries 2016, [Transport of fodder freight subsidy guideline](#).

<sup>7</sup> Department of Agriculture and Fisheries 2016, [Transport of water freight subsidy guideline](#).

agistment, the subsidy applies to the return movement from the furthest point of agistment to the home property by the most direct route.<sup>8</sup>

The **freight subsidies for transporting livestock purchased for restocking** apply to the replacement of up to 75 per cent of the total number of livestock either sold from the property, from agistment or from feedlots, during the time that the property was drought-declared and for two months prior to the drought declaration.<sup>9</sup>

### **Eligibility criteria**

The DRAS guidelines determine the eligibility for DRAS assistance, impose limits on the amount of assistance that may be provided to an individual producer and prescribe management practices that are acceptable.

Applicants are eligible to apply for DRAS assistance if:

- they are a property owner, share-farmer or lessee in the grazing industry (horses, beef or dairy cattle, sheep, goats or deer), and
- their property is within a drought declared area or has a current IDP declaration.

The IDP declarations are also available for agricultural, horticultural and sugar enterprises. Agricultural IDPs are automatically revoked three months from the date they are declared, and producers must complete a new application for assessment if they wish their property to be drought-declared after this time.

Hobby farmers are ineligible to receive DRAS assistance. Applicants must declare that they spend more than 50 percent of their labour on, and derive more than 50 percent of their gross income from, a primary production enterprise.

Additional eligibility criteria apply to each of the rebates and subsidies available. The Minister for Agriculture and Fisheries has the authority to approve the payment of claims that are outside of the eligibility criteria if there are extenuating circumstances such as late claims lodged more than six months after expenses are incurred.

### **Payment limits under DRAS**

Through DRAS, payments up to a maximum of \$20,000 per property per financial year are provided on all freight subsidy and rebate types. The maximum \$20,000 payment per financial year available through the scheme was a recommendation from a 1989 review. In 1993 the maximum claimable limit per year was increased to \$30,000 if the producer had a Drought Management Plan approved by the LDC. Properties with a DMP and which are entering their third and subsequent years of being drought declared are able to obtain a maximum of \$40,000 in assistance per financial year.

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<sup>8</sup> Department of Agriculture and Fisheries 2016, [Transport of stock returning from agistment freight subsidy guideline](#).

<sup>9</sup> Department of Agriculture and Fisheries 2016, [Transport of livestock purchased for restocking freight subsidy guideline](#).

## **DRAS subsidy rates**

### Transport of Fodder Freight Subsidy

Subsidies are paid by DAF at the following rates:

Hired Carrier	Either 50 per cent of the loaded portion of the transport cost, or 13 cents / tonne / kilometre (whichever is the lower amount)
Private Vehicle	11 cents / tonne / kilometre
Rail	50 per cent of the loaded portion of the transport cost
Ship	50 per cent of the loaded portion of shipping costs on consignments approved by DAF

Companies that own the property and use vehicles from a subsidiary company are paid at the private carrier rate, not the hired carrier rate.

The transport of fodder for livestock that are normally hand-fed may be eligible for a subsidy rate of 20 per cent.

### Transport of Water Freight Subsidy

Subsidies for the cartage of water are paid by DAF at the following rates:

Hired Carrier	Either 50 per cent of the loaded portion of the transport cost, or 13 cents / tonne / kilometre (whichever is the lower amount)
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Companies that own the property and use vehicles from a subsidiary company are paid at the private carrier rate, not the hired carrier rate.

### Transport of Livestock Returning from Agistment Freight Subsidy

Subsidies for the transport of stock returning from agistment are paid by DAF at the following rates:

Hired carrier	Breeders & their progeny – 100 per cent of the total freight cost Hired carrier Non-breeders – 75 per cent of the total freight cost
Private vehicle	Cattle & horses – breeders – 120 cents / kilometre / 12.2 m deck Cattle & horses – non-breeders – 90 cents / kilometre / 12.2 m deck Sheep – breeders – 67 cents / kilometre / 12.2 m deck Sheep – non-breeders – 50 cents / kilometre / 12.2 m deck
Rail	Breeders & their progeny – 100 per cent of the total freight cost Non-breeders – 75 per cent of the total freight cost
Droving	75 per cent of the cost of a hired drover to a maximum of the hired carrier rate for the movement. Where you as the owner drive the stock, the private vehicle rate for the equivalent distance applies.

All subsidies are paid to a maximum charge in line with the average rates per 12.2 m deck as approved by DAF. Other deck lengths are calculated on a pro-rata basis. Companies that own the property and use vehicles from a subsidiary company are paid at the private carrier rate, not the hired carrier rate.

### Transport of Livestock Purchased for Restocking Freight Subsidy

Subsidies are calculated by DAF and paid out at the following rates:

Hired carrier	75 per cent of the total freight cost to a maximum charge in line with current average rates as approved by DAF.
Private vehicle	Cattle & horses – 90 cents / kilometre / 12.2 m deck Sheep – 50 cents / kilometre / 12.2 m deck
Rail	75 per cent of the total freight cost

All subsidies are paid to a maximum charge in line with the current average rates per 12.2 m deck as approved by DAF. Other deck lengths are calculated on a pro-rata basis. Companies that own the property and use vehicles from a subsidiary company are paid at the private carrier rate, not the hired carrier rate. A sheep-to-cattle ratio of 7:1 applies when restocking changes from one species to another.

### 3. Design and delivery of DRAS

#### Scheme design

For the review, the committee considered whether DRAS is well-designed to meet its objective, and whether the scheme is meeting the needs of drought-affected communities, landholders and families.

#### Consistency with national drought policy

In terms of policy, the key question is whether DRAS, now in its 47<sup>th</sup> year, is still consistent with good practice as specified in the national drought policy.

Since the late 1980s and early 1990s, programs such as DRAS that provide transaction-based subsidies to assist drought affected farmers have been falling increasingly out of step with national drought policies and intergovernmental agreements on the form that government drought assistance should take. In 1989, the Australian Government established the Drought Policy Review Task Force<sup>10</sup> to investigate alternative arrangements for drought assistance. The task force's findings shifted the attitudes of Australian governments away from treating drought as a natural disaster and towards managing drought as a business risk. In its report, the task force noted that:

*Drought is...a relative concept that reflects the fact that current agricultural production is out of equilibrium with prevailing seasonal conditions. Managing for drought, then, is about risks involved in carrying out agricultural business in a variable climate.*<sup>11</sup>

The findings of the task force were reflected in the Australian Government's 1992 National Drought Policy. That policy treated drought and climatic variability as normal components of the operating environment, rather than a form of natural disaster. It also recognised that exceptional circumstances would arise that are beyond the ability of farmers to manage alone.<sup>12</sup>

Under the 1992 policy, Australian governments also agreed that state governments could provide additional drought assistance programs provided those programs did not compromise the overall direction of the national policy. Accordingly, it was agreed by all governments that transaction-based subsidies and other similar subsidies should be provided by the states only as a transitional measure, to be phased out as soon as practicable.

When the 1992 national policy was announced, large areas of Queensland were severely affected by drought. Consequently, the Queensland drought policy released shortly after the national policy committed broadly to the national policy's principles whilst agreeing to retain DRAS for a ten-year transition period until 2002. In 2001 at the beginning of the Millennium Drought, and with large areas of Queensland again in drought, the Queensland Government agreed to further extend DRAS for the remainder of that drought. The Millennium Drought affected most of the country before breaking in 2010.

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<sup>10</sup> The Task Force was established by Hon John Kerin MP, then Minister for Primary Industries and Energy (Cwth), to identify policy options for consideration by government in implementing equitable, efficient and environmentally responsible national drought policy.

<sup>11</sup> Drought Policy Review Taskforce 1990, *Final Report*, Australian Government: Canberra.

<sup>12</sup> White, D.H. & Walcott, J.J. 2009, 'The role of seasonal indices in monitoring and assessing agricultural and other droughts: a review', *Crop and Pasture Science*, vol. 60, no.7, pp. 599-616.

The Government's 2008 submission to the Productivity Commission's review of drought assistance explained its rationale for retaining the DRAS subsidies. Clearly the government acted out of concern for the interests of drought-affected primary producers who would be impacted by the scheme's closure:

*...recurring droughts have delayed reform of drought assistance programs for fear of discontinuing financial assistance to producers during a time of difficulty. This is premised on the belief that producers have developed their drought management plans with available assistance in mind, and it may be too disruptive to end or replace these schemes in the midst of a drought event. In view of this, particular attention should be given to understanding transitional issues associated with any changes to drought policy and phasing in any changes.<sup>13</sup>*

As noted above, the current Queensland Government in 2014, with Queensland again in drought, committed to retaining DRAS along with other drought assistance measures until 2018, and to review this stance should the current wet season fail again in some areas of Queensland.

### **Other reviews of transaction-based subsidies**

Since the 1980s, a number of other published studies (Freebairn (1983); Drought Review Panel (2004); O'Meagher (2003); Agriculture and Food Policy Reference Group (2006); Productivity Commission (2009); Queensland Competition Authority (QCA) (2015))<sup>14</sup> have also raised concerns with transaction-based subsidies for providing drought assistance. The concerns include:

- the lack of needs-based eligibility criteria
- potential unintended consequences such as higher freight and fodder prices for producers receiving no assistance
- the risk that subsidies reward poorer performing producers who are less likely to undertake effective drought mitigation practices, and
- the risk of encouraging higher stocking rates than would otherwise be economically or environmentally sustainable.

Most of these studies and reviews recommended that transaction-based drought assistance be either stopped or replaced with alternative assistance programs.

The most recent study by the QCA<sup>15</sup> of industry assistance examined DRAS and noted that the input or transaction subsidies provided by the Queensland Government for drought assistance have been found to come at a net cost (that is, the benefits do not outweigh the costs) with a range of unintended impacts. The QCA recommended that the Queensland Government should remove drought assistance provided through input or transaction based subsidies, with appropriate transitional arrangements.

<sup>13</sup> Mulherin, Hon T. 2008, *Queensland Government submission*, August, p.2.

<sup>14</sup> Freebairn, J.W. 1983, *Drought Assistance Policy*, The Australian Agricultural Economics Society, vol.27, No. 3; Drought Review Panel, 2004, *Consultations on National Drought Policy - Preparing for the Future*, Department of Agriculture, Fisheries and Forestry, Canberra; O'Meagher, B. 'Economic Aspects of Drought and Drought Policy' in Botterill, L.C. and Fisher, M. (eds.), 2003, *Beyond Drought: People, Policy and Perspectives*, CSIRO Publishing, Collingwood, Victoria; Agriculture and Food Policy Reference Group 2006, *Creating our future: agriculture and food policy for the next generation*, Department of Agriculture, Fisheries and Forestry (Australia); Productivity Commission 2009, *Government Drought Support*, Report no. 46, Final Inquiry Report, Melbourne; Queensland Competition Authority 2015, *Industry Assistance in Queensland: Final report Volume 1*.

<sup>15</sup> Queensland Competition Authority 2015, *Industry Assistance in Queensland: Final report Volume 1*.

The QCA further recommended that the Queensland Government should ensure that any drought support provided by the Queensland Government is consistent with the National Drought Policy and:

- (a) encourages farmers to improve self-reliance and resilience to climate variability
- (b) avoids distortionary impacts among farm businesses, and between farm and non-farm businesses
- (c) complements Australian Government programs so that the joint implementation of these measures results in effective policy
- (d) ensures that farm and rural households can access welfare support payments that are commensurate with assistance afforded to all Australians.

#### **Comments from submitters and other stakeholders**

The submissions to the review and the contributions from locals at the committee's forums in November 2015 held in drought-affected Roma, Cunnamulla and Tambo, provided a different perspective. Participants at these forums highlighted the deep impacts of prolonged drought on producers and their families, and praised the scheme for providing practical assistance and delivering value for money.

The committee also heard that, for farm businesses and families on droughted properties, DRAS provides a lifeline for ensuring the welfare of key livestock, such as breeders. The subsidies from DRAS assist farmers to afford the inevitable rises in the costs of carting water and fodder that happen during drought, and reduce the strain on families already struggling with radically reduced incomes on top of harsh and depressing conditions.

Farmers were particularly supportive of EWIR rebates that assist with the cost of installing critical water infrastructure. They felt that EWIR offered long-term benefit not matched by the other subsidies offered through DRAS.

Community leaders told the committee that DRAS payments represent a relatively small but essential income stream for communities struggling through drought and during the years following drought when farm businesses are actively rebuilding.

#### **Committee comment**

Drought assistance policy in Australia is aligned through a national policy that all governments support, and has evolved from early direct assistance models into programs to assist farmers and farm businesses to better prepare for the impacts of drought as a normal feature of the Australian climate.

General concerns about transaction based subsidy schemes for providing drought assistance have been raised by a series of reviews and studies since the 1980s. With the adoption of a new national drought policy in 1992 focusing on drought preparedness, DRAS and other transaction based schemes in other jurisdictions have been inconsistent with the nationally agreed drought policy. Despite several commitments to end the scheme, a series of droughts in Queensland has resulted in DRAS being retained on a transitional basis by successive Queensland Governments. This was out of concern for the impacts of the scheme's closure on drought-affected farm businesses. The scheme is now in its 24<sup>th</sup> year of transition. The program's survival highlights the difficulties for governments of changing drought assistance policies and programs whilst areas of the state are still in drought. Given

Queensland's climatic history, finding the ideal drought-free opportunity to develop and implement new policies will be problematic.

Despite concerns about whether transaction based subsidies may be the ideal vehicle for providing assistance, the assistance it provides is well appreciated by farm businesses and communities for sustaining key livestock in difficult times.

The committee endorses the Government's decision to retain DRAS and other drought assistance programs until 2018. The end of the current drought will provide a timely window for the Government to resolve the future of DRAS. In preparation, the committee urges the Government to begin consulting now with groups representing the interests of farmers and rural communities to develop an updated model for drought assistance that is consistent with the national drought policy, supports drought preparedness and will provide lasting benefits to rural and regional farming communities in drought-prone areas. This will provide a policy alternative to which DRAS can be compared. None currently exist.

To ensure policies remain effective and continue to deliver the greatest benefits to drought affected communities and value for money for the Queensland taxpayer, the alternative policy model must also incorporate periodic external reviews.

#### **Recommendation 1**

That the Department of Agriculture and Fisheries, in consultation with AgForce, the Queensland Farmers' Federation and other stakeholder groups, develops an updated model for drought support to the Drought Relief Assistance Scheme that is consistent with the National Drought Policy, and:

- (a) encourages farmers to improve self-reliance and resilience to climate variability
- (b) avoids distortionary impacts among farm businesses, and between farm and non-farm businesses
- (c) complements Australian Government programs so that the joint implementation of these measures results in effective policy
- (d) ensures that farm and rural households can access welfare support payments that are commensurate with assistance afforded to all Australians, and
- (e) provides for periodic external reviews.

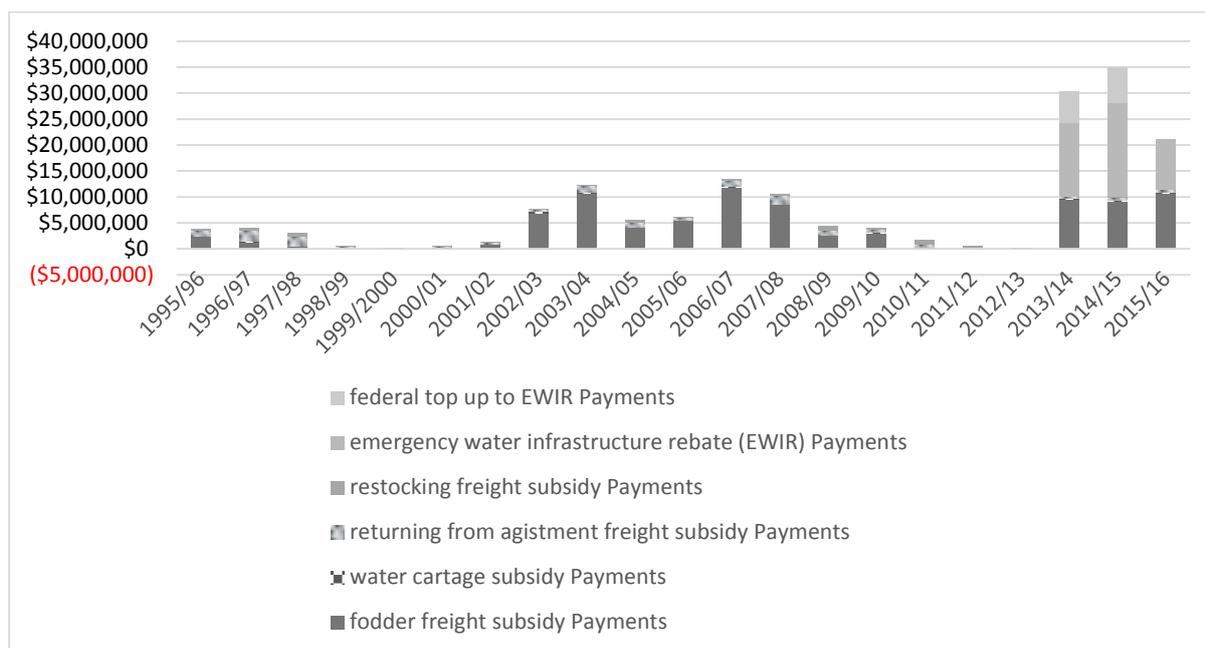
#### **Is the scheme delivered effectively and efficiently?**

Over the 20 years from 1995-16 to 2015-2016, the Department of Agriculture and Fisheries has provided DRAS payments to farm businesses totalling \$153.5 million. For the 57,494 claims paid, this gives an average payment amount of \$2,670.00. Information on DRAS claims and payments is presented at **Appendix E**.

Figure 1 below provides breakdowns for the assistance by type and year.

From Figure 1, \$88.9 million (58 per cent) of total payments were for fodder subsidies. Payments for EWIR, only available since 2013, accounted for \$54.8 million (36 per cent) of payments during the period.

**Figure 1: Drought Relief Assistance Payments, 1 July 1995 to 30 June 2016, by year.**

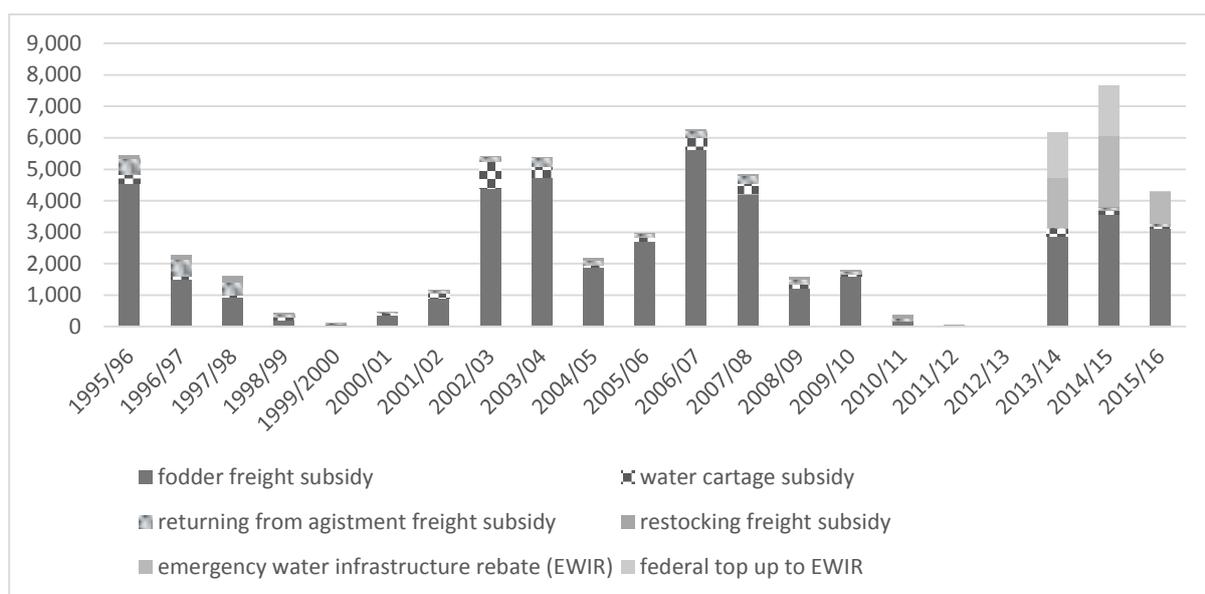


Source: Based on information provided by DAF 20 September 2016

### Claims for assistance

Figure 2 provides a breakdown of the claims for DRAS by type of assistance sought and year. The most common claims by type of assistance sought were for fodder freight subsidies. These claims account for 44,682 claims which accounted for 78 per cent of all claims lodged during the period. There were 7,886 EWIR claims (13.7 per cent) and 3,569 claims for water cartage subsidies (6.2 per cent of claims).

**Figure 2: Claims for assistance, 1 July 1995 to 30 June 2016, by assistance type and year.**



Source: Based on information provided by the Department of Agriculture and Fisheries, 20 September 2016.

The figures also shows peaks in the volume of claims received by DAF for three separate drought events which occurred during the 20 years examined. These occurred in the early to mid-1990s, the mid 2000s and during the current drought which commenced during 2013-14.

The average values of payments for each category of assistance over the twenty years were:

- EWIR - \$6,948
- Returning from agistment freight subsidy - \$4,925
- Restocking freight subsidy - \$4,539
- Fodder freight subsidy - \$1,990, and
- Water cartage subsidy - \$419.

### Key performance indicators

The processing of DRAS and natural disaster claims by DAF is covered by a performance indicator in the Budget Service Delivery Statement. In the 2016-17 statement, the indicator is:

*Percentage of customers whose application for business assistance as a result of natural disaster or drought is processed within 21 days.*

The target for this indicator is 90 per cent. The annual performance against the target is reported in the budget papers. For 2014-15 and 2015-16, the performance was 95 and 94 per cent respectively.

The department provided the committee with detailed statistics for the monthly processing of 16,078 claims for DRAS assistance received for the three years to 30 June 2016. From the data provided:

- The average number of days to process DRAS claims improved dramatically from 38 days in 2013-14 to 13 days in 2014-15 and 12 days in 2015-16; and
- 36 per cent of DRAS claims during 2013-14, 90 per cent of claims during 2014-15 and 96 per cent of claims during 2015-16 were processed within 21 days of receipt.

In briefings for the committee, DAF advised that the introduction of the EWIR required significant integration into the department's DDAMS system used for processing claims, which caused initial delays. The department also advised that staff numbers trained at the beginning of the drought were very low given the run of exceptionally good prior season. Consequently, the 90 per cent target for processing of claims was not met until additional staff were recruited and trained.

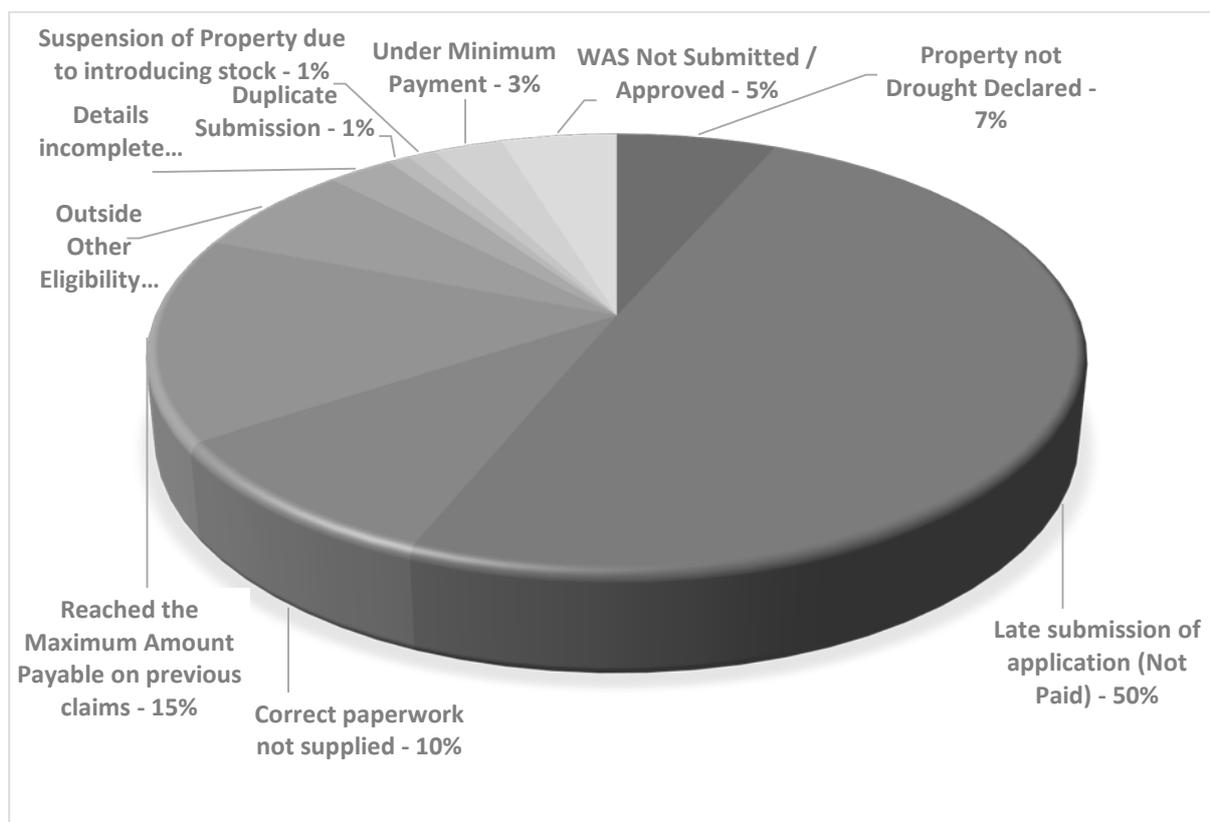
Since July 2014, this monthly target has been met in all months except March 2015 during which the staff responsible for DRAS were dealing with natural disaster response issues in connection with Tropical Cyclone Marcia. During that month, only 88 per cent of claims were processed within the normal 21 day timeframe.<sup>16</sup>

### Declined claims

The department provided the committee with information on claims for DRAS assistance that were declined by the department during the past three years (from 1 July 2013 to 30 June 2016). Information for rejected claims during previous years was not stored electronically and was unavailable.

<sup>16</sup> Department of Agriculture and Fisheries 2015, *Correspondence*, 3 September.

**Figure 3:** Declined claims for assistance, 1 July 2013 to 30 June 2016, by reason.



Source: Based on information provided by the Department of Agriculture and Fisheries, 2016.

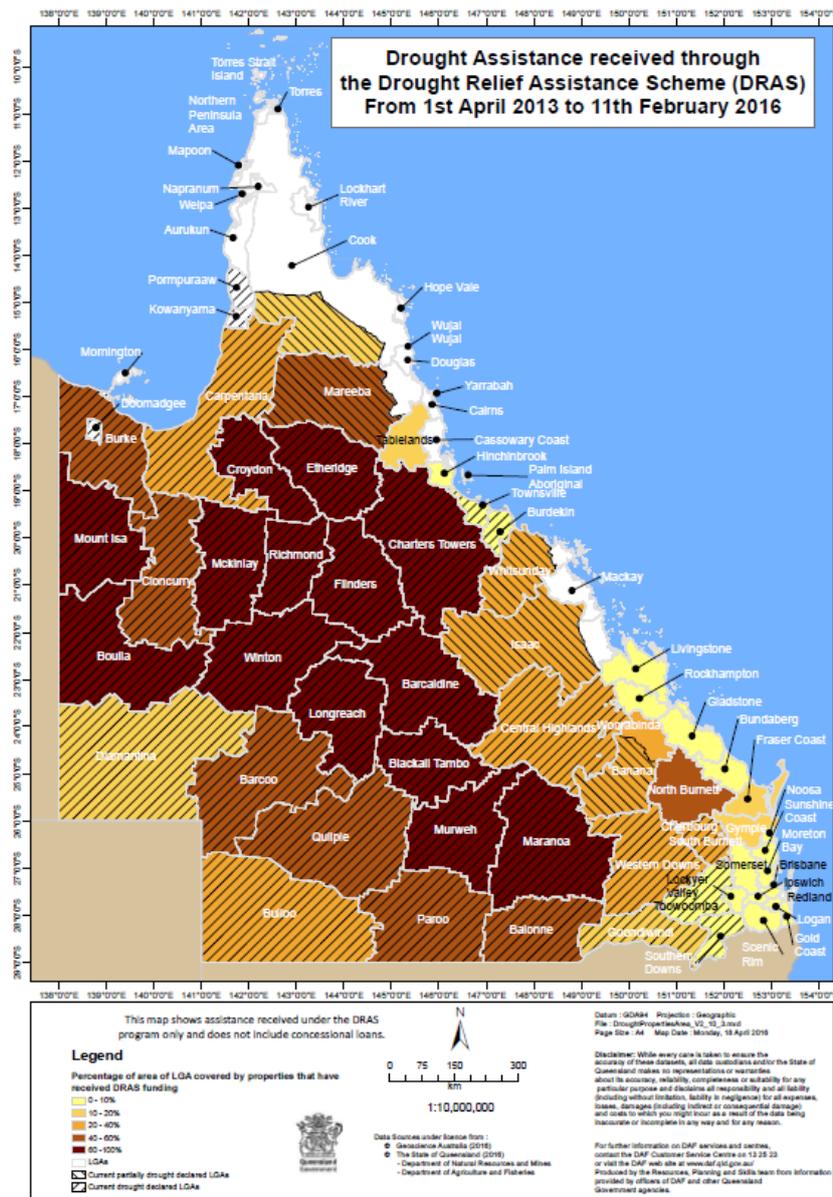
Figure 3 above provides a breakdown of the reasons for rejected claims during the period. During the three years, 783 claims were declined out of a total of 16,078 claims received. This represents five percent of the claims lodged. For declined claims, 389 (50 per cent) were declined because they were received late. An additional 69 late claims originally rejected by the department were subsequently approved by the Minister. As noted above, the department accepts claims lodged within six months of the transaction date.

A further 15 per cent of claims were rejected because they exceeded the applicants' payment cap. A further 10 per cent of rejected claims were because the claimant did not provide the correct paperwork.

**Accessibility of the scheme**

The committee considered the extent to which the assistance provided through DRAS is available to farm businesses in drought affected areas, and is being accessed. Figure 4 below shows for each local government area the percentage of land area covered by properties that have received DRAS funding over a period of approximately three years.

**Figure 4: Drought assistance received through DRAS from 1 April 2013 to 11 February 2016**



Source: Department of Agriculture and Fisheries, 2016.

From the figure, properties covering between 60 and 100 per cent of the land in drought affected local government areas in Western, North Western, Central and South West Queensland are receiving DRAS. Table 1 below presents the local government areas (LGAs) with the highest rates of claims for DRAS assistance. It assesses the numbers of eligible and claiming properties using the DAF Property Identification Codes (PICs), which identify farm businesses holding livestock. The PIC system operates nationally to allow animals to be traced throughout Australia. From the table the top fifteen local government areas account for 2,316 PICs of which 1,373 (59 per cent) are receiving DRAS assistance. RAS claims have rates of claims ranging from 85 per cent in Croydon to 50 per cent in Burke.

**Table 1:** Queensland local government areas with the highest proportions of properties receiving DRAS assistance.

LGA	Registered PICS	PICs That Claimed	Percentage of PICS
Croydon	33	28	85
Etheridge	108	80	74
McKinlay	129	89	69
Flinders	218	144	66
Longreach	239	155	65
Quilpie	110	70	64
Barcoo	69	41	59
Boulia	40	23	58
Paroo	175	100	57
Richmond	126	72	57
Winton	170	96	56
Murweh	291	158	54
Blackall Tambo	222	118	53
Barcaldine	366	189	52
Burke	20	10	50
<b>Totals</b>	<b>2,316</b>	<b>1,373</b>	<b>59</b>

Source: Based on information provided by the Department of Agriculture and Fisheries, 2016.

### Governance and reporting requirements

The officers who administer DRAS are located in DAF's Land Management Unit within the Agriculture Business Group in Brisbane. In addition to DRAS, the Land Management Unit is responsible for drought policy, the management of the Queensland Government's natural disaster response to primary producers, best management practice (BMP) policy and a number of land use programs.

Internal systems are in place to highlight potential discrepancies both from staff working on claims processing and from primary producers applying for assistance.

On a monthly basis, DAF collates statistics on DRAS claims received, the value of the claim paid and processing times as well as the details and nature of enquiries received through the department's customer service centre.

All DRAS claims are required to include the tax invoice for the freight movement and details of the fodder purchased, or a tax invoice for the emergency water infrastructure installed. All components of a claim, including the copies of tax invoices, are retained by DAF.

All claimants must be registered in the Agricultural Property System operated by Biosecurity Queensland to demonstrate that they run livestock, and have an Australian Business Number to show they operate a primary production enterprise.

The department's database used to record claims has a number of check features. Claims are checked as they are entered, and rechecked by a separate verification officer for accuracy and consistency with the objectives of the scheme before proceeding to payment.

For EWIR claims, producers must first obtain pre-approval for their plans via a Water Availability Statement (WAS) from a regional climate risk coordinator. The WAS provides reassurance to the producers that the significant funds spent on water infrastructure are likely to be eligible for a rebate, and reassures the Government that the water infrastructure has been obtained and installed for

emergency animal welfare purposes. If an applicant is not satisfied with the decision of the Climate Risk Coordinator with respect to their WAS claim, the producer may seek a review from either the Senior Climate Risk Coordinator or the Director, Land Management.

### Efficiency of the scheme

In terms of operational efficiencies, DAF confirmed that DRAS has been regularly audited for compliance and to identify opportunities to streamline its operations:

*Since the beginning of this drought in 2013, a continuous improvement process has been adopted to improve the performance of the internal systems for DRAS, as well as the integration of the new Emergency Water Infrastructure Rebate (EWIR) into the system. Auditors and systems analysts have been engaged not only to check for errors and inappropriate claims, but to also identify ways to improve the systems used to process DRAS. DAF internal auditors have conducted three audits of the scheme's internal processes with a fourth underway at the present time.*

*In addition, the Queensland Audit Office and QRAA have conducted external audits. Officers from DAF are also currently conducting a number of state-wide on-property audits to visually inspect installed water infrastructure for which a rebate has been claimed.<sup>17</sup>*

### Extending the window for lodging claims past six months

AgForce submitted that the enforcement of the six-month cut-off date after expenditure is incurred 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. They also explained that obtaining statutory declarations from feed suppliers can be difficult, particularly when suppliers are faced with providing multiple declarations. AgForce proposed some greater leniency around cut-off dates for late applications under such extenuating circumstances.<sup>18</sup>

Other suggestions included the six month time limit for lodging applications should remain,<sup>19</sup> and that the DRAS Guidelines be changed to recommend that claims be made within a six month timeframe, whilst allowing for claims to be submitted up to 12 months after purchase of fodder or water infrastructure.<sup>20</sup>

In response, DAF advised the committee:

*The six month time limit for DRAS claims was introduced on the 1989 review of DRAS by the Parliamentary Committee of Public Accounts. If a claim is late, the producer is able to write to the Minister requesting consideration for payment. If the Minister considers the applicant has extenuating circumstances contributing to their late submission, the Minister can approve payment.*

*Changes to the submission timeframe mid-drought carry the risk of disadvantaging those who have made decisions on livestock management under current arrangements, and any changes must be undertaken with caution. Over the last three*

<sup>17</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 19 September.

<sup>18</sup> AgForce 2015, *Submission No. 8*.

<sup>19</sup> Clift, M. 2015, *Submission No. 13*.

<sup>20</sup> Leahy, A. 2015, *Submission No. 10*.

*years of the drought some producers have had late claims declined for being late, others have not lodged claims because they were late.<sup>21</sup>*

**Committee comment**

The committee is satisfied that the delivery of DRAS is well managed by DAF and responsive to claimants' requests for assistance.

Over the past twenty years, the department has processed 57,494 claims for assistance with peak demands for assistance recorded around three major drought events during this period. In terms of the processing of claims, in 2014-15 and 2015-16, DAF processed 95 and 94 per cent of claims respectively within 21 days of receipt.

The rates for claims for assistance that are rejected by the department are low. Half of the rejected claims are where claims were received after the specified six month lodgement deadline from the date of transaction. The committee notes the discretion that is afforded the Minister to intervene in matters regarding rejected claims. The committee notes the advice from DAF showing very few requests are made through the Minister for special consideration. On this basis, the committee concludes that the six month window for lodging claims should be retained.

In term of accessibility of the scheme, the committee notes high rates of coverage for properties in the State's drought affected LGAs, and high proportions of eligible properties within these LGAs that are receiving DRAS assistance. This includes high rates of claims for the State's more remote regions in western and north western Queensland.

The governance and reporting requirements for the scheme include internal checks of each claim, regular internal auditing of claims and external auditing of the scheme, spot checks of farm businesses claiming assistance, and the tracking and reporting of key operational statistics on a monthly basis. The department has instituted a continuous improvement process since 2013 to identify opportunities for efficiencies and tighter controls.

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<sup>21</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 13 July.

## 4. Opportunities to improve DRAS

The following chapter discusses proposals to improve DRAS that were raised by submitters during the review. Arguably, all proposals are likely to involve increased costs for the scheme. They include improving the scheme by increasing the payment caps, reviewing the rates for transport subsidies, shifting emphasis to drought preparedness, making assistance conditional, extending eligibility to long-term agistment businesses, and expanding the role of local drought committees. Several further proposals involve expanding or modifying the scheme to provide much needed assistance and support for drought-affected rural communities that is not related to animal welfare. These proposals include using DRAS monies to fund assistance for small businesses and local governments in droughted areas, and allowing farmers to claim the costs of dam desilting works and educational expenses for their families from the scheme.

Despite the very passionate and well-reasoned arguments presented to the committee, and the difficulties that rural families and businesses face during drought, these issues are outside the scope of DRAS and the committee's review. Assistance with these issues may be available through other government programs. This is discussed further below in relation to each of the proposals.

### Increasing the payment caps

In their submission, AgForce noted that the real value to producers of DRAS assistance has failed to keep pace with rising input costs, and that the initial \$20,000 cap should be reviewed.<sup>22</sup> AgForce argued that, if the cap had kept pace with inflation (averaging 2.8 per cent per annum), the \$20,000 payment cap which dates from 1989, would have increased substantially to approximately \$39,600 in 2014 dollars, close to the current cap that claimants are eligible for only after they have been in drought for three or more years.

AgForce proposed that the cap be increased progressively (\$20,000 to \$30,000 with a plan to \$40,000 to \$50,000 in subsequent years of drought) as a staged response as conditions deteriorate, and that producer should be made aware when increases in the payment caps will occur to assist their planning.

The committee asked DAF to advise:

- estimates of increases in input costs incurred by graziers since 1989
- whether maximum payment caps under DRAS per financial year have increased in line with rises in input costs since 1989
- whether AgForce's calculations of estimates for increased payment caps, based on inflation, are accurate and reasonable
- the likely impacts of increasing payment caps, as proposed by AgForce, on the costs and viability of the scheme, and
- whether payment caps should be revised annually in line with inflation or CPI increases or some other measure of changes to input costs.

The department advised the committee<sup>23</sup>:

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<sup>22</sup> AgForce 2015, *Submission No. 8*.

<sup>23</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 19 September.

*Since the introduction of DRAS in 1969, there have been significant developments and improvements in both the agricultural sector and road transport systems in Queensland, such as changes to vehicle costs and performance, road quality, fuel costs and road user charges. These improvements have led to increased productivity and changes to the importance of various input costs such as freight relative to other costs.*

*Secondly, DRAS is a scheme of assistance and is not designed to provide welfare payments which are the type of government payments typically linked to the Consumer Price Index (CPI). As the costs for primary producers for the transport of fodder, water and stock and for the establishment of water infrastructure, are known and readily available, it is not necessarily appropriate to use inflation or CPI increases as a measure for payment of freight subsidies.*

The department was unable to estimate the impact of increasing the subsidies cap on the costs and viability of the scheme. DAF explained:

*It is not known what additional claims may have been made by those currently accessing DRAS, how many new claims may be encouraged by those who have not lodged a claim previously, and what kind of reaction freight carriers may have to the availability of a higher amount of subsidy.*

*Increasing subsidies will alter the behaviour of potential recipients by increasing the incentive to apply for the scheme. DAF's view is that the case is not strong for an increase in the annual cap, as the current cap is not reached by the majority of producers. It may also have the potential to reduce self-reliance and increase dependence on government for the management of climate risks such as drought to the business. In addition, an increase would be regarded as inconsistent with the objectives of national drought policy.*

In order to observe how significant the current annual payment caps are for producers who are applying for the scheme, DAF conducted an analysis of the claim patterns for the 2015/16 financial year. Of the properties that lodged at least one or more claims in 2015/16, 81 per cent did not reach the standard \$20 000 cap.

DAF concluded:

*With a Drought Management Plan (DMP) producers can claim up to \$30 000 per annum, or \$40 000 in the third and subsequent year of a drought. A DMP was held by 442 of the properties that made a claim in 2015/16, although 49 per cent of these did not reach the standard \$20 000 cap in annual payments. Effectively only one per cent of 2015/16 applicants who applied for assistance were limited by the \$30 000 cap (year one or two of a declaration), reflecting the length of the current drought, and four percent of those who applied for assistance by the \$40 000 cap.<sup>24</sup>*

The table below is from the department's advice.

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<sup>24</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 19 September.

**Table 2: DRAS payments per property identification code, 2015/16**

DRAS payments	Freight Subsidies only	EWIR only	Both	Total	% of applicants	% that have a DMP that lodged a claim	% of all those with a current DMP
	no.	no.	no.	no.	%	%	%
Paid less than \$20,000	960	232	173	1365	81	16	49
Paid \$20,000	30	27	11	68	4	0	0
Paid between \$20,000.01 - \$29,999.99	47	20	51	118	7	46	27
Paid \$30,000	1	5	3	9	1	4	2
Paid between \$30,000.01- \$39,999.99	22	17	22	61	4	24	14
Paid \$40,000	20	19	28	67	4	26	15
<b>Total properties paid</b>	1080	320	288	1688			
Total number of applicants with a DMP that applied for DRAS assistance in 2015/16 was 442 properties. Of these, 187 did not access more than \$20,000 in assistance							

Source: Department of Agriculture and Fisheries, 2016, Correspondence, 19 September.

#### Committee comment

The committee concludes that there is every likelihood that the value of DRAS transport subsidies, unchanged in the 27 years since 1989, have eroded against rising costs over the period which have not remained static. While the loss of value may not exactly matched the effects of inflation, and there may be other factors to consider, value has been lost.

If the DRAS scheme is to continue after 2018, the committee recommends that the payment caps be reviewed at that time.

#### Recommendation 2

That the Department of Agriculture and Fisheries reviews the payment caps for the Drought Relief Assistance Scheme if it is to be retained after 2018.

#### Transport subsidies

As noted above, DRAS provides transport subsidies for:

- fodder
- water
- livestock returning from agistment, and
- livestock purchased for restocking.

The rates payable are detailed earlier in the report.

AgForce have recommended a review of the rates of subsidy applied against commercial cartage rates. A similar review of subsidy rates was recommended in the 1989 parliamentary review of the scheme. AgForce submitted that that this exercise should be repeated given that 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. Current rates for non-breeding cattle are 90c/km/12.2m deck (120c for breeders) and 13c/tonne/km for fodder. Applying inflation, AgForce argue these rates would equal 186c and 15 to 24c respectively in 2015.

The committee sought advice from DAF in relation to:

- whether subsidies available under the scheme have increased during the life of the scheme, and if so, by how much and when
- whether the current rates of subsidies are tied to commercial cartage rates, and if so, whether the rates should be increased
- the likely impacts of increasing subsidies as proposed by AgForce on the costs and viability of the scheme, and
- whether payment caps and subsidies payable should be revised annually in line with inflation or CPI increases or some other measure of changes to input costs.

The department in its detailed advice to the committee explained:<sup>25</sup>

*In December 2002, the rate of subsidy for fodder and water cartage was increased from 8.75 ¢/t/km for hired carrier and 6.75 ¢/t/km for private vehicle, to 13 ¢/t/km for hired carrier and 11 ¢/t/km for private vehicle to account for increased freight costs over time.*

*The imposition of a maximum rate for freight movements in the DRAS scheme is intended to limit the ability of carriers to increase freight charges in the knowledge the producer is receiving a subsidy for the freight cost. Increasing the maximum rate for which a subsidy can be claimed carries risks. As well as the risk of higher outlays for the Government, there is the risk carriers may take advantage of the increase in the rebate to raise freight charges, the benefit will not only be flowing to the carrier rather than the producer, the producer could even face higher net costs overall despite the increase in the rebate.*

*There are many reasons why the freight subsidy for a movement may be limited by the maximum rate. These could include that the fodder is a high volume/low mass product, such as grape marc; the carrier may be charging for the unloaded portion of the journey; the quantity involved in the movement is small; or where the cartage distance is very short.*

*Table 3 shows the proportion of freight invoices lodged by producers lodging applications receiving the full 50 per cent subsidy compared with invoices limited by the maximum rate per tonne per kilometre over the last three years of the current drought, and for comparison, the 2003/04 financial year, the first full financial year after the last increase in the maximum freight subsidy. The table also shows what the minimum additional cost would have been of increasing the maximum freight subsidy rate if a higher rate had applied for the last three financial years.*

*It shows that the majority of producers received the full 50 per cent subsidy this drought. This drought, about 23 per cent of movements have been limited by the maximum rate. This compares with 2003/04 when 40 per cent of movements were limited by the maximum amount. A greater proportion of producers received the full 50 per cent rebate this drought than immediately after the last rate adjustment, which demonstrates the use of an index such as CPI for adjusting the value of the freight subsidy would not necessarily be appropriate.*

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<sup>25</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 19 September.

**Table 3: DRAS freight subsidy cap impacts 2013/14-2015/16**

	received full 50% subsidy		received limited subsidy		minimum additional cost to DRAS from an increase in the subsidy cap
	No. of invoices	%	No. of invoices	%	
<b>Freight Rebate maximum</b>					
<b>Current (13¢/t/km)</b>	37,748	77%	11,319	23%	
<b>If 16¢/t/km applied</b>	40,940	83%	8,127	17%	\$1,804,201
<b>If 20¢/t/km applied</b>	43,284	88%	5,783	12%	\$2,083,272
<b>2003/04 (13¢/t/km)</b>	31,105	60%	21,099	40%	

Source: Department of Agriculture and Fisheries, 2016, Correspondence, 19 September.

Invoices lodged are not the same as the number of producers or claims, as a claim may have multiple invoices.

Table 3 also provides an estimate of the increase in the proportion of movements that would be eligible for the full 50 per cent subsidy if the maximum rate was increased to 16 cents or 20 cents. As the proportion does not markedly increase at higher rates, it may indicate that many of those movements limited by the maximum rate are quite high cost claims.

It would not be possible to set the maximum rate at a level that would ensure that all producers are able to access the full 50 per cent subsidy. Some claims have a very high rate for cartage, particularly short distance movements subject to a minimum charge. An example would be a producer lodging an invoice as part of a claim for transporting a single bag of calf pellets a short distance. The minimum freight charge for this movement could result in a very high cost per tonne per kilometre.

DAF has calculated the lower bound DRAS scheme outlay increase that would have occurred if two higher maximum rates had applied for the current drought period of 2013/14 to 2015/16, based simply on how much extra would have been paid for claims that have been lodged. The real actual outlay would be higher as this simple calculation does not take into account changes to behaviour of both producers and carriers resulting from a higher maximum rate. Raising the maximum rate to 16 ¢/t/km would have increased payments over the last three years by a minimum of an additional \$1.8 million, while at 20 ¢/t/km, the additional outlay over the last three years would have been a minimum \$2.1 million more than the current 13 ¢/t/km rate. These increases would be additional to the overall DRAS expenditure of \$73.4 million, excluding the \$13 million federal top up to EWIR of those three years.

#### **Committee comment**

The committee notes the arguments put forward by AgForce and the advice provided by the department.

As with the proposal to increase the payment caps, the committee supports a review of subsidy rates for the scheme if the scheme is to continue past 2018.

#### **Recommendation 3**

That the Department of Agriculture and Fisheries reviews the transport subsidies for the Drought Relief Assistance Scheme if it is to be retained after 2018.

### **Broadening of activities eligible for DRAS assistance**

AgForce<sup>26</sup> proposed that providing a more flexible grant for a broader range of approved drought management activities 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.

In response DAF advised:<sup>27</sup>

*Queensland is a signatory to the Intergovernmental agreement on national drought reform. This agreement aims to reduce the focus on in-drought farm business support, and any measures introduced should promote farm business drought preparedness, assist farm families and farm communities. Such schemes are likely to be delivered by other agencies with a portfolio interest in such programs, and would not be a part of DRAS.*

#### **Committee comment**

While there may be merits in providing more flexibility in the sorts of assistance that can be claimed through DRAS, the committee notes the department's advice that agreements between the Queensland Government and other governments which limit the sorts of assistance that can provide through DRAS, a scheme that supports animal welfare on droughted properties.

The committee does not support the broadening of eligible activities for DRAS assistance as proposed by AgForce.

### **Support for small businesses in drought affected areas**

Submitters<sup>28</sup> proposed that DRAS be used to provide more support and assistance for small businesses in towns in drought-affected regions. The Member for Warrego also advocated for more assistance for small businesses in drought-affected areas, and proposed the reinstatement of a 'Small Business Debt Assistance Scheme' in areas where drought has been particularly severe and prolonged.

In response, DAF advised:<sup>29</sup>

*DRAS is a primary producer assistance scheme*

*DRAS measures, especially the EWIR, provide indirect business and employment to local businesses through purchase of materials and installation of infrastructure.*

And:

*The Small Business Debt Assistance Scheme was linked with areas declared under the Federal Government's former Exceptional Circumstances Program which is no longer in operation. It was not part of DRAS.*

#### **Committee comment**

The committee acknowledges the challenges facing small businesses in drought-affected communities and regions. The committee also notes the department's advice that DRAS is not a general support program for assistance to rural small businesses, though the subsidies and payments it provides farmers do provide valuable indirect assistance to many rural businesses.

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<sup>26</sup> AgForce 2015, *Submission No. 8*.

<sup>27</sup> Department of Agriculture and Fisheries 2016, *Correspondence, 19 September*.

<sup>28</sup> Millar, L. 2015, *Submission No. 1*; Leahy, A. 2015, *Submission No. 10*.

<sup>29</sup> Department of Agriculture and Fisheries 2016, *Correspondence, 19 September*.

### Providing scope to claim education expenses through DRAS

The Isolated Children’s Parents’ Association (ICPA Qld Inc)<sup>30</sup> highlighted the financial disadvantages faced by rural and remote families attempting to educate their children in times of drought and considers that this needs to be addressed urgently. ICPA Qld Inc. recommended the inclusion of an ‘education subsidy package’ for families in drought declared areas through DRAS.

The submission considered that families in rural and remote locations who, due to geographical isolation, have no daily access to a high school, have no alternative other than to send children to board away from home to access secondary education. Distance education may be an option for some families, however, due to social limitations in teenage years, is not ideal. The submission suggested that an education subsidy could be utilised to support children at boarding schools in order to retain families in rural communities who would otherwise leave to be closer to daily access to a high school.

It was proposed to the committee that special education assistance for remote students be provided during drought, particularly for seriously drought-affected areas like Longreach.

The committee notes that a number of avenues for financial assistance for rural and remote students are administered by the Department of Education and Training:

- the **Living Away from Home Allowance Scheme (LAHAS) External Link** provides financial assistance for eligible students who are required to live away from home in order to attend school daily. Schools that meet certain conditions and are unable to deliver the required range of programs are referred to as 'Bypass schools'. A Bypass school is disregarded (or 'bypassed') when distance criteria are applied where assessing LAFHAS eligibility
- the **Queensland Academies Isolated Student (QAIS) Bursary External Link** provides financial assistance for eligible students who attend a Queensland Academy in South East Queensland
- **Distance Education programs** exist for students who live in locations where attending a school is impossible. Distance education also increases the range of curriculum options for students in small secondary schools, and
- the **Rural and Remote Education Access Program (RREAP) External Link** helps schools and school communities improve the educational outcomes and opportunities for students who are disadvantaged because of their geographical isolation so that their learning outcomes match those of other students.

In relation to the proposal to allow claims for assistance with education costs through DRAS, DAF advised that DRAS is a business support program, and thus should not include assistance with non-business costs such as education.<sup>31</sup>

#### Committee comment

The committee is sympathetic to the plight of farm families in drought-affected communities seeking to provide their children with educational opportunities. The committee also appreciates that for many areas of the state, boarding school or relocating may be the only options for ensuring that children receive the social contact with other students and special needs schooling support they require.

<sup>30</sup> Isolated Children’s Parents’ Association Qld. 2015, *Submission No.7*.

<sup>31</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 19 September.

In relation to the proposal to allow education expenses to be claimed through DRAS, the committee agrees with DAF that DRAS, which is an animal welfare program, is not the program that should be used to fund education expenses for farm families.

### **Expansion of DRAS to enable a moratorium on government charges**

Submitters<sup>32</sup> proposed that DRAS is modified to facilitate a reduction or a moratorium on government charges for electricity, water and rent.

In response DAF advised:<sup>33</sup>

*DRAS currently provides freight subsidies and emergency water infrastructure rebates.*

*DRAS is a part of a Whole of Government Drought Assistance Package. Other initiatives in the Drought Assistance Package delivered by other agencies target these matters including the Drought Relief from Electricity Charges Scheme that targets the cost of water supply, Land Rent rebates and water licence waivers.*

*If the producer is in a drought declared area or shire they simply need to write to Ergon (if they are an Ergon customer) or to DEWS (if they are a customer of another electricity retailer) and request waiving or reimbursement of fixed charges.*

And:

*Land rent rebates are already paid to leaseholders. Holders of rural leases (Category 11 leases used for grazing and primary production) issued under the Land Act 1994 are eligible for a rebate of 12% of their annual rent where that annual rent is more than the minimum rent of \$235.*

*The land rent rebate is not part of DRAS and is a component of the Drought Assistance Package. It is administered by DNRM which is responsible for leasehold land. The rebate is applied to rural leases that are in drought-declared areas and for those that have an IDP. Landholders who are eligible for the rebate will receive information with their annual/quarterly invoices.*

### **Committee comment**

The committee notes the department's advice that a range of rebate and fee relief schemes are already in place across the Queensland Government to assist drought-affected businesses, and it is not appropriate or necessary to fund these initiatives through DRAS.

### **Desilting of dams**

Submitters<sup>34</sup> raised the possibility of allowing farm businesses to claim a subsidy through DRAS towards the cost dam desilting work on their properties. This maintenance can only be carried out in a drought when dams are dry, and is necessary for proper water management when the drought breaks. The committee was told that dam desilting also provides landholders with constructive work they can undertake during drought.

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<sup>32</sup> Millar, L. 2015, *Submission No. 1*; Loth, T. 2015, *Submission No. 2*.

<sup>33</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 19 September.

<sup>34</sup> Millar, L. 2015, *Submission No. 1*; Leahy, A. 2015, *Submission No. 10*; Flinders Shire Council 2015, *Submission No.11*; Clift, M. 2015, *Submission No.13*.

In response DAF advised:<sup>35</sup>

*When dams are empty it is a good time to desilt.*

*Desilting is not eligible for EWIR as it would not solve an animal welfare issue in the current drought, even if it increased potential water storage for the next drought.*

*Desilting is a maintenance measure and does not create new infrastructure where there was previously no water.*

*AgForce estimates there are 140,000 dams in the drought declared areas of the state and if all dams are desilted the estimated cost is around \$560 million.*

*As it does not help with the current drought it is not suitable for DRAS.*

**Committee comment**

The committee notes that dam desilting is a farm maintenance issue, and that it is not appropriate or feasible to fund dam desilting costs for farmers through DRAS.

In lieu of seeking assistance through DRAS, the committee notes that primary producers may be eligible for concessional loans to meet the costs of dam desilting work during drought. These loans are available under the Primary Industry Productivity Enhancement Scheme, administered by QRAA, which provides assistance to achieve a more productive and sustainable primary production enterprise.

**Assistance to local governments in drought affected areas**

A number of submitters<sup>36</sup> asked the committee to consider whether DRAS could be used to assist local governments provide rates indemnities for farm businesses on droughted properties.

In response, DAF advised:<sup>37</sup>

*In the previous 'millennium' drought council rate rebates were made available for a two year period after the fifth year of drought. Originally it was planned to offer the scheme via local government however at that time local government preferred the state government to administer the scheme. The rebate was made available only to producers who were receiving the Exceptional Circumstances Relief Payment (which is now discontinued). It was a separate scheme administered by QRAA and was not a part of DRAS.*

**Committee comment**

The committee notes the department's advice and accepts that the issue of providing relief from the payment of rates to councils in drought-affected areas is a matter for those councils, and is outside the scope of DRAS.

**The need to shift to more emphasis on preparedness**

AgForce<sup>38</sup> and the Queensland Farmers' Federation<sup>39</sup> highlighted the lack of government programs focusing on drought preparedness. They also noted that the Emergency Water Infrastructure Rebates

<sup>35</sup> Department of Agriculture and Fisheries 2016, *Correspondence, 19 September*.

<sup>36</sup> Loth, T. 2015, *Submission No.2*; Burdekin Shire Council 2015, *Submission No. 4*; AgForce 2015, *Submission No. 8*; Rockhampton Regional Council 2015, *Submission No. 12*.

<sup>37</sup> Department of Agriculture and Fisheries 2016, *Correspondence, 19 September*.

<sup>38</sup> AgForce 2015, *Submission No.8*.

<sup>39</sup> Queensland Farmers' Federation 2015, *Submission No.3*.

under DRAs is the only industry assistance program that aims to improve the drought preparedness of Queensland's agriculture industry.

Submitters also proposed an early monitoring 'tool box' of drying conditions for producers, subsidies that encourages drought preparedness and for proactive destocking of land to avoid degradation and a return to training programs directly linked to preparedness for drought.

In response, DAF advised:<sup>40</sup>

*DRAS is focused is on protecting the livestock resource during drought, and recovery of that resource after drought. Introducing a preparedness component would be a significant expansion of the scheme.*

*Drought Preparedness programs are often business skills and management training programs and are not suitable as a component of an in-drought business subsidy scheme such as DRAS. Drought Preparedness programs, even if a grant component was included, would be more suitable as a separate scheme.*

*As well as the election commitment to maintain current drought assistance measures until 2018, the Government also has an election commitment to implement drought preparedness programs, which is also consistent with the National Drought Reform Policy.*

*An initial response to this commitment is DAF's recent signing of a project agreement with the MLA Donor Company and the Agri-Business Development Institute to deliver the Agribusiness Development Program for Producers in Queensland's Northern Beef Industry, to increase the rate of adoption of more profitable business models including improved risk management such as climate risks.*

*The Best Management Practice Program delivered as part of Reef Plan also provides modules that assist producers plan for climate and other business risks. Great caution should be taken with approaches that could be seen to be using taxpayer funds for what may be normal business practices.*

#### **Recommendation 4**

That the Government expands drought preparedness programs in conjunction with any proposed changes to DRAS transactional subsidies.

#### **Making assistance conditional**

Submitters<sup>41</sup> proposed that DRAS assistance give due recognition to primary producers who undertake landscape, soil, production or animal welfare certification programs (i.e. Certified Land Management), or is conditional on other good practice land management strategies including:

- the CSIRO "Ecograzed" Wet Weather Spelling Regime
- Management of Regrowth timber according to optimum spacing of 80 stems/ha established by CSIRO "Effect of Trees on Grazing Herbage Biomass", and
- Regular burning (other than fire-breaks).

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<sup>40</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 19 September.

<sup>41</sup> Leahy, A. 2015, *Submission No. 10*; Rathburnie Estate Nature Refuge 2015, *Submission No.5*.

In response DAF advised:<sup>42</sup>

*Introducing additional compliance measures will increase the difficulty of accessing the scheme. There are mutual obligation elements already present for those producers wishing to access higher levels of assistance through provision in the Drought Management Plan.*

And, in relation to proposals to make drought relief assistance conditional:

*This proposal is consistent with mutual obligation principles for a number of government programs.*

*DRAS already has an implementation of this principle for producers wanting to access higher levels of assistance. While all drought declared producers are able to access up to \$20,000 per financial year in DRAS assistance, producers who have completed a Drought Management Plan approved by DAF are able to access up to \$30,000 per financial year, or if they are in the third or subsequent year of a drought, up to \$40,000 per financial year.*

*The Drought Management Plan requires the producer to document how they plan to manage their livestock resource and property during the drought.*

**Committee comment**

The committee notes the department's advice that assistance under DRAS is already conditional, and that the benefits of introducing additional conditions on the payment of assistance will likely be outweighed by the costs of making the scheme more difficult to access.

**Extending DRAS eligibility to long-term agistment businesses**

Submitters<sup>43</sup> proposed that DRAS eligibility criteria be extended to include assistance for cropping operators and operators of long-term agistment businesses, and/or provision for cropping enterprise assistance.

AgForce submitted that the availability of agistment is a vital component of a state-wide response to drought by industry, and highlighted legal and financial implications that make changing from an agistment agreement to a long-term lease or sub-lease arrangement unattractive for graziers, 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.

Mr Robert Crichton,<sup>44</sup> a grazier in Morven, also recommended that eligibility criteria for DRAS include assistance for agistment breeder operations as they are responsible for providing sufficient feed and quality water to agisted animals as they are also responsible for maintaining water infrastructure in an adequate condition so as to provide water for those animals. Mr Crichton considers that none of the above points are taken into consideration when DAF assesses the eligibility of an agistment breeder

<sup>42</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 19 September.

<sup>43</sup> AgForce 2015, *Submission No.8*; Crichton R. 2015, *Submission No.9*.

<sup>44</sup> Crichton, R. 2015, *Submission No.9*.

for EWIR. Mr Crichton proposed that long-term agistment businesses should be able to access DRAS and EWIR like other property owners.

In his evidence at the committee's public hearings on Mr Crichton explained the differences between his long-term agistment business and other casual or short-term agistment arrangements:

*The problem we have is that on the form I have to fill in to make the claim it asks: 'Are there livestock on agistment on the property?' and I have to tick that. As soon as I tick that, I am ruled ineligible. That is on the water availability statement and also on the general claim for DRAS assistance. We have livestock that have been permanently residing on the property for years and years and years. We run a business where our total income comes from those cattle residing on our property and grazing on our grass. There is a difference between animals that have been there on a long-term basis from ones that come and go just for opportunity grazing, where somebody has had a break, suddenly takes on some cattle, gets the money for it, sends the cattle away and they have had some revenue short term. Then their own livestock situation deteriorates and their own livestock are in difficulty because they have sold their grass to somebody else. We do not do that. We are looking at having available pasture for animals in the long term, so we regulate the stock that are on the property considering the fact that we have to have them there all the time not just for the short term.*

And:

*From the inquiries I have made of how many people might be in the situation that we are in, the number of people running a total agistment operation against people who have some of their own livestock and opportunity agistment is very few. I am quite sure there is a method of arriving at a process which can determine how these few people such as us can apply by making an application and supplying information that justifies that that is the operation that they work under.*

In response to a question from the committee about the numbers of similar businesses, Mr Crichton advised:

*I know of two others—one at Roma and one at Cunnamulla. If you spread that over the whole state, it might eventually come to 10 or a dozen at the most. The other thing that we want to make very clear is that we run breeders. We do not take on people's cattle who are just growing them and moving them on quickly. We have had breeders on all the time, so we are complying with one of the objectives of DRAS to preserve breeding livestock.<sup>45</sup>*

In its advice to the committee on the proposal to extend eligibility to certain agistment businesses DAF advised:<sup>46</sup>

*DRAS guidelines require primary producers to be the owner or lessee of the property where the livestock are grazed. These guidelines exclude subsidies with livestock on agistment.*

*Property owners who take agisted livestock onto their properties must take responsibility for those periods when they will not have feed and water available, and manage these business risks accordingly. Providing these property owners with access to freight subsidies or an emergency water infrastructure rebate is not consistent with the purpose of the scheme.*

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<sup>45</sup> Crichton, R. 2016, *Brisbane Public Hearings Transcript*, 18 March, p.13.

<sup>46</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 19 September.

And:

*As an alternative to long term agistment, arrangements such as leasing would enable the livestock owner to access DRAS.*

The committee sought further advice from DAF in relation to the likely costs to DRAS of extending eligibility to include the payment of subsidies to long-term agistment businesses that provide agistment for breeder stock and who are currently ineligible.

The department advised the committee:

*The proposal to include the payment of subsidies to long-term agistment businesses that provide agistment for breeder stock is not consistent with the purpose and objectives of the scheme. DRAS guidelines require primary producers to be the owner or lessee of the property where the livestock are normally grazed. DRAS does not provide business income support, or property development subsidies.*

*Property owners who are in the business of commercially supplying feed and water to livestock through an agistment arrangement must take responsibility for those times when they will not have feed and water available, and manage these business risks accordingly.*

*These property owners sell feed for livestock production, the same as producers who grow hay and grain for sale to feed to livestock. It would be inequitable to include long-term agistment businesses that provide agistment, as hay and grain growers are also excluded from the scheme.*

*This proposal has arisen in recent times following the introduction of the EWIR, which provides assistance for permanent water infrastructure and may be providing an incentive to apply for property development purposes. However, the EWIR should only be available to those who have an animal welfare issue with their own animals to be in line with the objective of the scheme.*

*DAF is unable to provide accurate advice on the likely costs to DRAS of extending eligibility to include payment of subsidies to long term agistment businesses, as the information on the number and extent of these kinds of business is not known, and the provision of a DRAS subsidy could create an incentive for the establishment of these kinds of enterprises in drought times. However, it is considered a significant increase in Government expenditure through the scheme would be the result from financing fodder and water subsidies and capital improvements that are clearly the responsibility of landowners who are earning a cash flow from the agistment business.*

*It would be very difficult to define fairly what long term agistment is, compared with short term agistment. Additionally, whatever final definition is adopted could create a range of undesirable incentives to alter behaviour to access the scheme.*

*AgForce's concerns regarding costs of conversion of long term agistment rates to a leasehold arrangement are not relevant to the operation of the scheme. While conversion to leasehold is a path for the owner of the previously agisted livestock to become eligible for DRAS, or for the owner of the previous agistment block to be able to access DRAS for their own livestock on the unleased portion of the property, such decisions should be made in the long term interests of the business, and require more careful consideration than whether or not access to a short term, periodic subsidy is enabled.*

**Committee comment**

The committee notes the points raised by Mr Robert Crichton and AgForce about the difficulties faced by long-term agistment businesses that are unable to access DRAS assistance. The committee also acknowledges the reasons why graziers may wish to operate such a long-term agistment business as a strategy for highly experience graziers to transition to retirement without the risks and difficulties associated with leasing. The committee also notes the department's advice.

After careful consideration of the information presented during the review on this issue, the committee could not identify sufficient differences between long-term agistment businesses and other agistment businesses that would justify their being granted eligibility for DRAS and EWIR. The committee accepts that subsidising water and fodder costs for agistment businesses that choose to take on stock in return for a fee would primarily constitute a business subsidy.

The committee notes that farm businesses operating long-term agistment businesses and that are denied their claims for DRAS assistance may still seek a review by the Minister of the department's decision. The committee encourages farm businesses in this situation to write to the Minister requesting a review of their situation if they have not already done so.

**Expanding the role of local drought committees**

AgForce<sup>47</sup> proposed that consideration should be given to expanding the role of the Local Drought Committees (LDCs) to include providing an industry 'early warning' of drying conditions with supporting extension material to encourage proactive management decisions

In response DAF advised:<sup>48</sup>

*Early warnings of impending dry conditions are already available through the Bureau of Meteorology and other sources such as LongPaddock. DAF is aware that many beef producers actively use the information provided to manage their stocking rates and other pre-emptive strategies in the lead up to dry conditions. LDCs are a consultative producer group and volunteer their time. It would be better for producers to access these sources of information directly rather than through another group. The suggested role is probably more than would be reasonably expected of these committees.*

Queensland researchers have developed accurate systems, using meteorological data, to objectively model ground cover and pasture growth across the State. These systems can predict drought declarations and impending droughts. Their use has been suggested to replace the existing drought declaration processes.<sup>49</sup>

If drought, or impending drought, could be declared pro-actively and systematically (based on scientific data rather than property inspections) government intervention could support best practice management and reduce environmental degradation. This would be particularly helpful in catchment areas for the Great Barrier Reef.<sup>50</sup>

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<sup>47</sup> AgForce 2015, *Submission No.8*.

<sup>48</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 19 September.

<sup>49</sup> Day K. A., Rickert K.G. & McKeon G.M. 2004, 'Monitoring Agricultural Drought in Australia', in *Monitoring and Predicting Agricultural Drought: A Global Study*, (Boken V.K., Cracknell A.P. & Heathcote R.L. Eds), Oxford University Press: Oxford, 14 April, pp. 369-385.

<sup>50</sup> Kroon F.J., Thorburn P., Schaffelke B. and Whitten S. 2016, 'Towards protecting the Great Barrier Reef from land-based pollution', *Global Change Biology*, June, Vol.22 Ed.6, pp.1985-2002.

Existing scientific models can predict drought situations and a declaration process could be used to trigger pro-active interventions.<sup>51</sup> Intervention and response (government, community and individual producer) might be improved if it was more pro-active.

**Committee comment**

The committee notes the advice from DAF and does not support the expansion of the role of local drought committees as proposed by AgForce.

If DRAS is to be retained, the committee would support a trial of the use of modelling of ground cover and pasture growth to predict drought declarations and impending droughts.

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<sup>51</sup> Day K. A., Rickert K.G. & McKeon G.M. 2004, 'Monitoring Agricultural Drought in Australia', in *Monitoring and Predicting Agricultural Drought: A Global Study*, (Boken V.K., Cracknell A.P. & Heathcote R.L. Eds), Oxford University Press: Oxford, 14 April, pp. 369-385.

## 5. Other issues

### Macropods (kangaroos, wallabies)

At its public meetings in western Queensland, the committee heard that the explosion of populations of macropods in drought affected areas has been a critical issue this drought, and that the resulting added grazing pressure has dramatically reduced the availability of pasture grasses for stock and effectively brought on the impacts of drought more quickly for many rural properties.

Reducing soil erosion in grazing lands could also be supported through a change in grazing animals (away from hooved animals) and grazing patterns, for example by promoting the commercial harvesting of native grazing fauna such as kangaroos.<sup>52</sup>

The committee sought advice from DAF regarding whether:

- macropod populations should be more tightly controlled at the onset of, and during, drought
- this may help reduce the need for graziers to claim drought assistance, and
- there are opportunities to re-establish and develop local and export markets for meat and skins from harvested macropods.

The department advised the committee:<sup>53</sup>

*Queensland's native wildlife is protected by the Nature Conservation Act 1992 and regulations to ensure the conservation of nature. A licence, permit or authority is required to take, keep and use many native animals and plants.*

*The control of kangaroo numbers on their property is primarily the responsibility of landowners. There are a number of existing mechanisms which help manage kangaroo numbers and the migration of macropods. It would not be appropriate to expand DRAS to include macropod control when these measures could be more fully utilised. These include:*

**Damage Mitigation Permits** allow the landowner to cull wildlife to minimise damage or loss of property, such as crops. These permits can be used in circumstances such as where there is impact from kangaroos on pasture once it rains, especially if the landowner has destocked due to drought or bushfire.

**Kangaroo Harvesting** by kangaroo harvesters allowed onto the producer's property to harvest kangaroos for meat for human consumption, pet food and skins as a method of managing the kangaroo population.

*The number of kangaroos harvested has been consistent for the last few years.*

*In 2015, a quota of 4 090 100 kangaroos was set from a population estimate of 26 162 000 eastern grey and red kangaroos and common wallaroos, resulting in 25.9 per cent of the overall quota being commercially harvested.*

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<sup>52</sup> Grigg G. 2002, Conservation benefits from harvesting kangaroos: status report at the start of a new millennium. A paper to stimulate discussion and research. In: *A Zoological revolution: Using Native fauna to assist its own Survival* (eds. Lunney D. & Dickman C.R.) pp.53-76. Royal Zoological Society of New South Wales and Australian Museum, Sydney, Australia. 2002; Ampt P., Baumer A., 2006, Building connections between kangaroos, commerce and conservation in the rangelands. *Australian Zoologist*, 33, pp.398-409; Department of the Environment, 2013, *Wild harvest of Australian Native Animals*. Australian Government, Department of the Environment, Canberra, Australia; Queensland Government, 2014, *Commercial harvesting of macropod*. Queensland Government, Brisbane, Australia.

<sup>53</sup> Department of Agriculture and Fisheries 2016, *Correspondence*, 19 September.

*The domestic market has been slowly increasing in recent years, however, it still only makes up less than one per cent of Australia's total consumption of meat. The overseas demand for kangaroo products is also slowly increasing but is subject to well-funded and organised anti-kangaroo meat and hide activists located in Australia, Europe and the USA. Activities and claims by these activists can result in periodic bans that take time for the real situation in Australia to be accepted and markets restored. Market access for macropod products is an Australian Government responsibility.*

***Cluster Fences** funded through grants provided through the Queensland Pest and Weed Initiative are aimed at excluding wild dogs and restricting movement to areas where they can be better managed. Cluster fencing will also help to manage kangaroo numbers and migration.*

**Committee comment**

The committee notes the advice provided by the department regarding existing measures for the management of macropod populations.

**Recommendation 5**

In relation to establishing, and re-establishing, markets for skins and meat products from harvesting, the Minister writes to the relevant Commonwealth Minister to seek assistance to develop markets for macropod products.

## Appendix A: List of submitters

Sub No.	Submitter
1	Mr Lachlan Millar MP, Member for Gregory
2	Father Terence Loth
3	Queensland Farmers' Federation
4	Burdekin Shire Council
5	Mrs Valmai Burnett, Trustee, Rathburnie Estate Nature Refuge
6	Queensland Dairyfarmers' Organisation Limited
7	Isolated Children's Parents' Association Qld Inc.
8	AgForce Queensland Industrial Union of Employers
9	Mr Robert Crichton
10	Ms Ann Leahy MP, Member for Warrego
11	Shire of Flinders
12	Rockhampton Regional Council
13	Ms Marilyn Clift

## **Appendix B: Briefing officers**

### **Private briefing 3 June 2015**

Department of Agriculture and Fisheries

- Dr Beth Woods, Deputy Director-General
- Mr Vern Rudwick, Director, Land Management

AgForce Queensland

- Dr Dale Miller, Senior Policy Advisor

### **Private briefing 2 November 2016**

Department of Agriculture and Fisheries

- Mr Vern Rudwick, Director, Land Management

## Appendix C: Issues raised at public meetings

The following is a précis of issues raised at the committee's public meetings held in Cunnamulla, Tambo and Roma on 26 & 27 November 2015.

### Design of DRAS

- praised DRAS for providing vital assistance through freight subsidies for fodder and assistance with water infrastructure, and delivering value for money
- noted that DRAS has assisted primary producers to maintain their herds in times of severe drought
- expressed some criticisms of the scheme for not assisting small businesses and local governments in drought-affected areas, and
- highlighted the deep impacts of prolonged drought on producers and their families. The financial disadvantages these families face affects their choices in relation to accessing education.

### Delivery of DRAS

- problems are experienced by applicants obtaining the supporting paperwork from third parties such as feed suppliers required for their DRAS applications. These delays have prevented producers from lodging claims by the due date
- some criticism of the department for not accepting late claims due to paperwork delays that were out of the primary producers' control
- issues about the distance limit that apply to the sourcing of fodder.

### Opportunities for improvement

- hold 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 and dealt with in one place, particularly in the early stages of a drought event (DRAS mobile office, Ergon, Transport and Main Roads, QRAA, Centrelink, etc)
- change the focus of DRAS towards encouraging risk management, 'preparedness' for drought and building industry resilience
- expand the scope of DRAS, or providing other funding, to cover the costs of suspending rents to state government agencies and a moratorium on, or reduction in, charges such as electricity, water and government business fees
- allow local governments to apply for DRAS
- allow claims against the scheme to fund maintenance of critical water infrastructure, such as de-silting of dams, to better prepare for drought
- consider collective applications for freight subsidies to get economies of scale and better outcomes for producers than individually claiming for fodder
- clarify the program's intent to make it simpler and easier to administer
- expand the role of Local Drought Committees to give landholders early warnings of impending drought conditions and to encourage producers to start planning early for likely drought impacts
- extend the eligibility criteria for DRAS to include assistance for cropping operators (e.g. fertilisers, fuel, lease payments)
- extend the eligibility for DRAS assistance into the drought recovery period
- expand DRAS eligibility to businesses that provide long-term agistment for breeder livestock

- reinstate the 'Small Business Debt Assistance Scheme' in areas affected by severe prolonged drought
- change the DRAS guidelines to recommend that claims be made within a six month timeframe, while allowing claims to be submitted for up to 12 months after fodder or water infrastructure has been purchased
- Allow part-local government area declarations with buffer zones and the number of Individually Droughted Properties (IDPs) in any local government area to be a guideline only, not a mandatory factor in determining drought declarations
- send DRAS application forms and eligibility criteria to primary producers as soon as their properties or part/whole local government areas are drought declared
- introduce more flexibility to the DRAS scheme, including allowing the department to pay suppliers directly for Emergency Water Infrastructure, if requested by the primary producer
- amend the DRAS guidelines to allow for funds to be used for desilting of dams
- giving due recognition in the DRAS guidelines to primary producers who undertake landscape, soil, production or animal welfare certification programs
- allow farmers to claim assistance through DRAS to meet the costs of controlling rapidly expanding macropod populations.

## Appendix D: Public hearing witnesses

### 18 March 2016

Ms Ann Leahy MP, Member for Warrego
AgForce Queensland Industrial Union of Employers <ul style="list-style-type: none"><li>• Ms Helen Lewis, Chair, AgForce Drought and Climate Risk Policy Committee</li><li>• Dr Dale Miller, Senior Policy Advisor</li></ul>
Queensland Farmers' Federation <ul style="list-style-type: none"><li>• Mr Peter Jenkins, Project Manager, Education and Training</li><li>• Mr Ross Henry, Project Manager, Natural Disaster</li></ul>
Isolated Children's Parents' Association Qld Inc. <ul style="list-style-type: none"><li>• Mrs Louise Martin, Vice President</li><li>• Ms Kelly Oswald, Member, ICPA State Council</li></ul>
Burdekin Shire Council <ul style="list-style-type: none"><li>• Mr Matthew Magin, CEO</li></ul>
Mr Robert and Mrs Jenny Crichton, Morven
Mrs Valmai Burnett, Trustee, Rathburnie Estate Nature Refuge

### 18 April 2016

Australian Farm Institute <ul style="list-style-type: none"><li>• Mr Mick Keogh, Executive Director</li></ul>
Department of Agriculture and Fisheries <ul style="list-style-type: none"><li>• Mr Elton Miller, Executive Director, Regions and Industry Development</li><li>• Mr Vern Rudwick, Director, Land Management</li><li>• Ms Janine Waldock, Senior Policy Officer, Land Management</li></ul>

## **Appendix E: Information of DRAS claims and payments**

The following data was provided by the Department of Agriculture and Fisheries covering DRAS claims and payments.

Review of the Drought Relief Assistance Scheme

Payments under the Drought Relief Assistance Scheme, 1990-91 to 2015-16														
Financial Year	fodder freight subsidy		water cartage subsidy		returning from agistment freight subsidy		restocking freight subsidy		emergency water infrastructure rebate (EWIR)		total		federal top up to EWIR	
	Claims	Payments	Claims	Payments	Claims	Payments	Claims	Payments	Claims	Payments	Claims	Payments	Claims	Payments
1990/91		\$117,865		\$188		\$563,100		\$79,800				\$760,953		
1991/92		\$4,562,354		\$25,881		\$373,444		\$75,135				\$5,036,814		
1992/93		\$4,612,662		\$147,398		\$786,561		\$222,305				\$5,768,926		
1993/94		\$13,380,227		\$329,812		\$2,688,166		\$346,234				\$16,744,439		
1994/95		\$5,228,554		\$121,218		\$3,522,029		\$1,266,541				\$10,138,341		
1995/96	4,540	\$2,332,270	285	\$27,710	504	\$1,174,827	128	\$253,835			5,457	\$3,788,642		
1996/97	1,513	\$1,394,926	97	\$26,579	531	\$2,199,266	150	\$416,855			2,291	\$4,037,626		
1997/98	935	\$496,767	60	\$6,747	395	\$1,937,093	212	\$586,514			1,602	\$3,027,122		
1998/99	208	\$92,383	75	\$34,079	110	\$380,089	54	\$130,657			447	\$637,208		
1999/2000	65	\$40,980	16	\$6,901	32	\$103,907	15	\$93,476			128	\$245,264		
2000/01	376	\$303,695	45	\$10,663	36	\$186,011	16	\$41,907			473	\$542,276		
2001/02	921	\$858,496	141	\$32,933	83	\$280,197	8	\$9,305			1,153	\$1,180,932		
2002/03	4,382	\$6,819,760	879	\$404,321	146	\$446,659	2	\$5,608			5,409	\$7,676,348		
2003/04	4,755	\$10,733,020	332	\$166,891	265	\$1,382,476	28	\$112,163			5,380	\$12,394,550		
2004/05	1,871	\$4,141,583	80	\$35,207	138	\$891,568	97	\$525,762			2,186	\$5,594,120		
2005/06	2,705	\$5,540,265	137	\$38,236	107	\$532,755	23	\$64,916			2,972	\$6,176,172		
2006/07	5,627	\$11,855,788	384	\$106,325	202	\$1,271,168	37	\$250,383			6,250	\$13,483,663		
2007/08	4,194	\$8,537,877	364	\$99,020	227	\$1,673,311	43	\$305,377			4,828	\$10,615,586		
2008/09	1,236	\$2,609,568	109	\$36,932	139	\$990,602	96	\$790,742			1,580	\$4,427,844		
2009/10	1,582	\$3,124,722	91	\$30,851	93	\$620,869	45	\$242,179			1,811	\$4,018,621		
2010/11	165	\$403,196	11	\$2,013	76	\$562,650	110	\$773,471			362	\$1,741,329		
2011/12	8	\$17,654	0	0	4	\$30,297	57	\$431,000			69	\$478,952		
2012/13	13	\$23,527	0	0	0	0	2	\$12,967			15	\$36,494		
2013/14	2877	\$9,515,043	237	\$224,018	41	\$342,739	2	\$17,148	1597	\$14,060,391	4,754	\$24,159,339	1428	\$6,117,193
2014/15	3,579	\$9,271,268	154	\$179,571	69	\$525,192	5	\$40,856	2236	\$18,045,034	6,043	\$28,061,921	1613	\$6,879,008
2015/16	3,130	\$10,809,269	72	\$28,212	62	\$524,290	15	\$91,837	1005	\$9,715,971	4,284	\$21,169,579	7	-\$21,522
<b>Totals</b>	<b>44,682</b>	<b>\$116,823,719</b>	<b>3,569</b>	<b>\$2,121,706</b>	<b>3,260</b>	<b>\$23,989,266</b>	<b>1,145</b>	<b>\$7,186,973</b>	<b>4,838</b>	<b>\$41,821,396</b>	<b>57,494</b>	<b>\$191,943,061</b>	<b>3,048</b>	<b>\$12,974,679</b>

Drought Relief Assistance Scheme monthly processing statistics														
2013-14		Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fin Year
Claims processed within 21 Days	%	84	71	85	66	39	16	2	2	3	45	84	83	36
Claims processed within 25 Days	%	89	82	87	81	59	24	5	5	6	63	88	86	44
Claims processed within 30 Days	%	89	88	91	87	70	43	22	14	15	76	91	88	53
Average days to be processed	days	22	22	15	27	35	39	42	47	48	28	20	19	38
Number of Claims Received	No.	92	156	205	364	531	471	756	799	738	576	550	521	5759
Number Claims Paid	No.	86	81	199	166	264	280	325	389	667	635	798	864	4754
Freight subsidy paid	\$m	0.236	0.083	0.540	0.432	0.602	0.649	0.698	0.920	1.197	1.451	1.534	1.758	10.099
State EWIR paid	\$m	0.000	0.402	0.297	0.329	0.819	0.887	0.905	0.921	2.693	1.791	2.534	2.482	14.060
Total DRAS paid	\$m	<b>0.236</b>	<b>0.485</b>	<b>0.837</b>	<b>0.761</b>	<b>1.421</b>	<b>1.536</b>	<b>1.603</b>	<b>1.841</b>	<b>3.890</b>	<b>3.242</b>	<b>4.068</b>	<b>4.240</b>	<b>24.159</b>
Federal EWIR paid	\$m								1.568	1.197	0.770	1.168	1.414	<b>6.117</b>

2014-15		Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Fin Year
Claims processed within 21 Days	%	91	94	95	96	94	86	85	89	84	90	88	91	90
Claims processed within 25 Days	%	96	96	97	96	95	90	92	92	92	92	89	93	93
Claims processed within 30 Days	%	97	98	98	97	97	94	97	96	94	93	90	93	96
Average days to be processed	days	14	11	11	10	12	15	19	19	19	15	14	13	13
Number of Claims Received	No.	499	453	547	532	624	790	697	545	416	295	273	351	6022
Number Claims Paid	No.	639	518	519	582	452	621	449	729	520	454	235	325	6043
Freight subsidy paid	\$m	0.913	0.784	1.034	0.851	0.753	1.022	0.618	1.230	0.937	0.781	0.521	0.573	10.017
State EWIR paid	\$m	2.370	1.507	1.292	1.979	1.330	2.019	1.587	2.110	1.459	1.095	0.511	0.786	18.045
Total DRAS paid	\$m	<b>3.283</b>	<b>2.291</b>	<b>2.326</b>	<b>2.830</b>	<b>2.083</b>	<b>3.041</b>	<b>2.205</b>	<b>3.340</b>	<b>2.396</b>	<b>1.876</b>	<b>1.032</b>	<b>1.359</b>	<b>28.062</b>
Federal EWIR paid	\$m	1.270	0.813	0.643	1.068	0.604	0.978	0.837	0.576	0.079	0.008	0.003	0.000	<b>6.879</b>

## Review of the Drought Relief Assistance Scheme

2015-16		Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Fin Year
Claims processed within 21 Days	%	90	93	96	98	98	98	99	96	95	96	96	94	96
Claims processed within 25 Days	%	94	95	98	98	99	99	99	97	97	97	96	96	97
Claims processed within 30 Days	%	98	97	99	99	99	99	99	98	98	98	98	100	99
Average days to be processed	days	15	14	13	8	9	11	15	16	18	14	12	10	12
Number of Claims Received	No.	315	298	328	357	550	543	491	487	285	194	217	232	4297
Number Claims Paid	No.	280	339	273	434	412	471	376	478	401	334	208	278	4284
Freight subsidy paid	\$m	0.447	0.591	0.648	1.164	1.261	1.472	1.204	1.380	1.172	0.942	0.518	0.655	11.454
State EWIR paid	\$m	0.645	0.929	0.364	1.121	0.646	1.035	0.640	1.272	1.248	0.736	0.317	0.763	9.716
Total DRAS paid	\$m	<b>1.092</b>	<b>1.520</b>	<b>1.012</b>	<b>2.285</b>	<b>1.907</b>	<b>2.507</b>	<b>1.844</b>	<b>2.652</b>	<b>2.420</b>	<b>1.678</b>	<b>0.835</b>	<b>1.418</b>	<b>21.170</b>
Federal EWIR paid	\$m	0.020	0.003	-0.003	0.000	0.001	-0.015	-0.001	-0.004	-0.001	-0.010	-0.007	-0.005	<b>-0.022</b>

## Declined Claims for DRAS

	2013/14		2014/15		2015/16		Totals
	Freight	EWIR	Freight	EWIR	Freight	EWIR	
Property not Drought Declared	25	3	4	2	15	2	51
Late submission of application (Not Paid)	173	8	96	15	76	21	389
Correct paperwork not supplied	23	4	22	4	20	2	75
Reached the Maximum Amount Payable on previous claims	52	12	27	4	22	2	119
Outside Other Eligibility criteria	3	1	7	12	12	18	53
Details incomplete	3	0	6	0	11	1	21
Duplicate Claim Submission	2	1	1	0	2	1	7
Suspension of Property due to introducing stock	1	1	2	0	3	2	9
Under Minimum Payment	3	0	14	0	5	0	22
WAS Not Submitted / Approved		3		16	0	18	37
<b>Total</b>	<b>285</b>	<b>33</b>	<b>179</b>	<b>53</b>	<b>166</b>	<b>67</b>	<b>783</b>

## Late Claim applications

No of late applications* received	458
No of late applications* considered by Minister	374
No of late applications* approved for payment by Minister	69

\*Late applications are considered by the Minister at the request of the producer.

**Appendix F: Statements of Reservation**

PO Box 1968  
Mount Isa QLD 4825

**Mount Isa**

74 Camooweal Street  
P: 07 4730 1100

**Cloncurry:**

27 Ramsay Street  
P: 07 4410 4100

**Robbie Katter MP**  
Member for Mount Isa



Thursday December 22, 2016

**RE Statement of Reservation on Report No 29, Review of the Drought Relief Assistance Scheme**

This statement of reservation describes a number of concerns I have with the position the committee has taken. Particularly around the effectiveness of the current drought assistance schemes, the scheme's scope and objectives, and the ability to assess and compare alternatives.

Drought assistance is an extremely important measure in ensuring the long term viability of key agricultural industries and the communities who rely on them. We continue to see rural assistance measures criticised on grounds of economic inefficiency without any consideration of broader social impacts or the risks associated with deterioration, and eventual loss, of key industries. With this in mind I provide the following commentary on specific areas of concern with the Committee's report.

**Framework for assessment of drought assistance**

Ultimately, I would like to see assessments of economic support for rural activities take into consideration the unique industry characteristics including,

- The accumulated knowledge within agricultural industries and lack of alternative, productive application of that knowledge,
- The level of dependence of rural communities on a very small number of industries,
- The flow on social and economic impacts for small communities of loss of agricultural industry and industry concentration.

The committee's report outlines the view of the Queensland Competition Authority (QCA), who's 2015 review concluded that drought assistance comes at a net cost, with a range of unintended impacts<sup>1</sup>. There is no interrogation provided in the report of how the QCA formed this view and how the cost / benefit analysis was undertaken. The QCA's position is countered by feedback from stakeholders and forum participants who viewed the assistance as value for money and practical<sup>2</sup>.

These opposing views form the basis of recommendation 1, which calls for the development of an alternative model for drought support. Although I don't disagree with the elements of this recommendation I see a risk that views of those with the greatest understanding of the value of the assistance i.e. producers who receive it, will be discounted in favour of the more academic views of the arms-length bodies who have conducted previous reviews.

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<sup>1</sup> Report No 29, Review of the Drought Relief Assistance Scheme, Agriculture and Environment Committee, p. 10, December 2016

<sup>2</sup> Report No 29, Review of the Drought Relief Assistance Scheme, Agriculture and Environment Committee, p. 11, December 2016



### **Objective of DRAS**

The objective of the DRAS is stated as “to maintain as far as possible the livestock resource of a property during drought and assist in the return and restoration of that resource after drought”<sup>3</sup>. The report provides an interpretation of the objective of the scheme which focuses on animal welfare. Although animal welfare is of paramount importance I believe the scheme was also developed to support the economic sustainability of producers and the industry. The element of the objective which relates to the restoration of a livestock resource after drought is significant as it demonstrates the industry development imperative that I believe is embedded in the DRAS.

I am concerned that the committee has not adequately considered whether the current interpretation of the objective of DRAS is too narrow, nor if the objective itself is appropriate. This is of critical importance as the objective frames any assessment of the value of the scheme or any alternatives.

### **Development of an alternative drought assistance framework**

As noted in the committee’s report, there have been multiple reviews of transaction based drought assistance schemes across various jurisdictions since the 1980’s<sup>4</sup>. These reviews have mostly concluded that transaction based subsidies should be phased out on the basis that drought is a natural part of the operating environment for primary producers and it should be treated as a business risk rather than a natural disaster. Despite long-running commitments to phase out transaction based subsidies, at each decision point Government has extended the assistance due to concerns over the impact on producers<sup>5</sup>. Some may argue that this indicates a lack of resolve by the Government of the day, I believe this reflects the importance of the scheme in maintaining the long term viability of the industry and is consistent with the positive feedback received from producers.

The Committee comments that the Government should begin consultation to develop an alternative model for drought assistance that is consistent with the national drought policy<sup>6</sup>. I do not disagree that new models should be explored however I have concerns that the prioritising the national drought policy over the interests and objectives of Queensland’s primary producers will result in reduction of assistance to producers in need, either through DRAS or some other mechanism.

It is unclear from the report what criteria, beyond the national drought policy, would be used to assess and compare any alternative models. I support the development of alternative assistance models which are assessed on the basis of their benefit in supporting rural industries and communities, are not unduly influenced by academic or theoretical economic benchmarks and give adequate weighting to the feedback of primary producers.

### **Additional activities to be captured by drought assistance**

I note the comments from DAF and the draft Committee comment that “dam desilting is a farm maintenance issue, and that it is not appropriate or feasible to fund dam desilting costs for farmers through DRAS<sup>7</sup>. Although

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<sup>3</sup> Report No 29, Review of the Drought Relief Assistance Scheme, Agriculture and Environment Committee, p. 4, December 2016

<sup>4</sup> Report No 29, Review of the Drought Relief Assistance Scheme, Agriculture and Environment Committee, p. 9, December 2016

<sup>5</sup> Report No 29, Review of the Drought Relief Assistance Scheme, Agriculture and Environment Committee, p. 10, December 2016

<sup>6</sup> Report No 29, Review of the Drought Relief Assistance Scheme, Agriculture and Environment Committee, p. 12, December 2016

<sup>7</sup> Report No 29, Review of the Drought Relief Assistance Scheme, Agriculture and Environment Committee, p. 26, December 2016

dam desilting may be seen as a maintenance issue I believe it fits in with the objective of supporting drought preparedness and the objective of DRAS. Therefore I believe it is appropriate for dam desilting to be covered by a DRAS subsidy.

I again thank all involved for their work in putting the report together and I look forward to being a part of further discussions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Katter', with a long horizontal line extending to the right.

**Rob Katter**

Member for Mount Isa



# Tony PERRETT MP

## Member for Gympie



### Opposition Members' Statement of Reservation

#### Drought Relief Assistance Scheme

21 December 2016

#### Tony Perrett MP, Member for Gympie

While I generally support the tone of the report from the committee's review of the Drought Relief Assistance Scheme, there are a number of aspects which I feel obliged to bring to the attention of the House.

I strongly support the committee's recommendation for the Department of Agriculture and Fisheries to engage with Agforce, the QFF and other rural stakeholder groups to develop an updated model for drought assistance that is consistent with the National Drought Policy. I believe this is the most important recommendation from the report.

During the review, a number of drought assistance issues were aired with the committee – clearly because they are critically important issues, and people feel very strongly about them. These issues were often outside of the Drought Assistance Scheme in its current form. Because of this, they have received little attention in the committee's report from the review. While I understand the committee's reasons for doing this, I believe the committee has lost a golden opportunity to put these issues firmly on the agenda of Ministers and departments, on behalf of rural Queenslanders, to see if they can do better. I would like to raise two of these issues to the attention of the House.

#### Education

One issue of particular concern to rural families and Opposition Members of the committee is the lack of equitable educational opportunities for rural families. This was well articulated by the Isolated Children's Parents' Association (ICPA Qld Inc) in their submission and passionate evidence before the committee.

While families in the State's cities and larger towns may struggle to choose which school in their local area best matches their children's curriculum needs, in many of the State's drought-affected rural and remote areas, there are no secondary schools at all, and families have to choose which of their children they can afford to send to boarding school in a major city.

For rural farm families, it is not uncommon for wives and children to move off the farm, largely so they can get the educational opportunities in the city their children need but can't access or afford back at home. It is particularly hard for families with children who have special needs. The drain on family incomes during drought only make these difficulties more difficult. Surely we can do better.

We need to do more to help rural families get access to good education opportunities for their children, without having to split up and live apart in the process. ICPA Qld Inc. recommended the inclusion of an 'education subsidy package' for families in drought declared areas. This proposal warrants serious consideration by the Government.

## **Small business**

In drought affected areas, few people have money to spend and the local economy is typically flat. The small businesses that everyone depends on for the necessities of life get hit doubly hard during drought. When these businesses close their doors, the lifeblood of towns die with them.

Both the Member for Gregory and the Member for Warrego used their submissions and evidence before the committee to highlight the plight of these small businesses, and the case for some form of support and assistance from government to help keep them viable and open. As noted by the Member for Gregory in his submission:

*The current drought in Western Queensland is driving small business into closure and even bankruptcy. This leaves two toxic legacies: the ongoing viability of many historic western towns is being drastically eroded and the population-base for the delivery of government services such as education, health, safety and so on simply disappears.<sup>1</sup>*

The Member for Warrego went further to propose the reinstatement of a 'Small Business Debt Assistance Scheme' in areas where drought has been severe and prolonged. As explained in her submission:

*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.<sup>2</sup>*

I regret that the committee did not consider this issue more thoroughly in our review report, and I call on the Palaszczuk Government to consider the Member for Warrego's proposal to support drought-affected small businesses.

## **Acknowledgement of the contribution by the members for Warrego and Gregory**

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<sup>1</sup> Member for Gregory 2015, Submission No. 1.

<sup>2</sup> Member for Warrego 2015, Submission No. 10.

Finally I believe the committee's report has down-played the contribution by the Member for Warrego, Ann Leahy MP, and the Member for Gregory, Lachlan Millar MP, to the review. While I am sure every Member shares concerns for the plight of rural communities affected by drought, only two members took the trouble to write submissions and participate in the committee's public community meetings to advocate on behalf of their constituents. The efforts of these Members should be commended.

Sincerely



Tony Perrett MP  
Member for Gympie  
Deputy Chair, Agriculture and Environment Committee