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## **PRIME MINISTER**

8/12/94

### **JOINT STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP, AND THE MINISTER FOR PRIMARY INDUSTRIES AND ENERGY, SENATOR THE HON BOB COLLINS**

#### **ADDITIONAL DROUGHT RELIEF**

Federal Cabinet has agreed to introduce a further significant package of measures to assist drought affected farmers.

This package, which is costed at more than \$112 million over the next four years, complements the \$164 million assistance package announced by the Government in September and provides generous incentives for farmers to plan and prepare for future drought.

The package announced in September was aimed at providing immediate welfare assistance and farm business support to those suffering drought "exceptional circumstances". That assistance will continue to be available and will be extended automatically to other areas should they be declared by the Commonwealth to be in "exceptional circumstances". This latest package has a longer term focus and aims to encourage all farmers to better plan and prepare for drought.

Drought is a recurring feature of the Australian environment, and while short term relief is needed to ensure that those farm families suffering severe hardship in exceptional drought areas are not left behind, sound risk-management planning and preparation is the key to long term profitable and sustainable farming".

An enhanced Farm Management Bonds Scheme and an investment allowance for fodder and water storage for livestock, water conveyancing and minimum tillage equipment, will encourage farmers to adopt a self-reliant approach to drought consistent with the National Drought Policy.

Protecting the natural resource base and the environment during drought is also a priority of the package. Better links between labour market programs and local landcare groups and additional funding for on-ground project costs amounting to \$14.4 million over two years will enable priority natural resource management works and measures to be undertaken in drought affected areas.

The package approved by Federal Cabinet comprises:

- An enhanced Farm Management Bond Scheme to encourage farmers to build cash reserves for downturns such as drought. The scheme provides for tax deductibility in the year of deposit, and includes an investment component raised from 80 per cent to 100 per cent, no withholding tax paid on withdrawal and an increase in the deposit limit from \$80 000 to \$150 000 per taxpayer.
- Taxation incentives for building up physical reserves for drought. An investment allowance of 10 per cent for expenditures of up to \$50 000 per taxpayer per annum, on fodder and water storage for livestock, water conveyancing and minimum tillage equipment will be provided until 2000.
- Provision of an additional \$10 million over two years for adjustment in drought prone regions. Regional strategies will involve property restructuring and productivity enhancement and will thereby enable better drought preparedness and recovery from the current drought. The program will utilise the Rural Adjustment Scheme and Commonwealth and State Government social welfare, labour market programs and the National Landcare Program.
- Strengthened arrangements to encourage local communities in drought areas to develop landcare projects with labour input assisted by Commonwealth labour market programs. Eligibility conditions for the JobSkills and JobStart programs have been eased for farmers, farm family members and farm hands in drought exceptional circumstances areas.
- Funding of \$14.4 million over two years to the National Landcare Program for landcare projects in drought areas to prevent resource and environmental degradation. This will provide additional assistance for on-ground project costs.
- Removal of the restriction on farmers who are receiving job search allowance from eligibility for the RAS re-establishment grant.
- Additional funds of \$5 million over three years for continuing research into climate forecasting and drought management techniques to assist farmers better prepare for drought.
- \$10 million over two years for extension of the grant period for farm household support recipients in the western division and central west of New South Wales.
- Extension of exceptional circumstances declaration to Tasmania and additional areas of New South Wales.

**CANBERRA**  
**8 DECEMBER 1994**