



**PRIME MINISTER**

**STATEMENT BY THE PRIME MINISTER, THE HON P.J. KEATING, MP**

2/9/90

**DROUGHT ASSISTANCE**

With my colleagues, the Minister for Primary Industry, Bob Collins, and the Minister for Social Security, Peter Baldwin, I am pleased to announce the Federal Government's measures to help rural communities through the crippling drought in Queensland and New South Wales. The measures are designed to provide rapid relief to families and communities experiencing "exceptional circumstances" in the worst drought areas.

Following a submission from Senator Collins and Mr Baldwin, Federal Cabinet endorsed the measures this morning. They will be implemented immediately.

In some areas this is the worst drought on record. Farmers and their families, farm businesses and rural communities are suffering extreme hardship. Without immediate assistance, the hard work and personal investment of many thousands of Australians might well be wasted.

We cannot leave these people behind. The measures we announce today are designed to ensure that they will not be. They create a safety net to provide for their immediate needs and create the circumstances in which they will be well placed to recover when rain eventually comes.

If only for the sake of fairness, we must take these measures. But it is also in the interests of the national economy to take them. It is in the interests of the long term sustainability of our rural industries. It is in the interests of the environment. It is in the interests of all Australians to take them.

Today, in responding to the human and social consequences of the drought, we are also conscious - as are the farmers' organisations and the farmers themselves - that we must address the long term needs of the drought affected areas. For this reason we have taken care to ensure that the measures are consistent with the objectives of the National Drought Policy and the Rural Adjustment Scheme.

The package has been costed at \$164 million over 2 years. This amount will be exceeded if additional "exceptional circumstances" declarations are made, or if the drought persists well into next year.

In addition, we will provide a generous tax incentive for farm storage and water facilities to encourage farmers to better prepare for drought.

The key elements of the package are:

- . a Drought Relief Scheme to address the immediate cash flow needs of the worst affected families;
- . further measures under the Rural Adjustment Scheme to assist farm businesses;
- . further resources for financial and social counselling.

Other longer term measures will be dealt with in a later submission to Cabinet consistent with the Government's systemic approach to drought policy and may include further initiatives in the areas of taxation, income equalisation deposits, landcare, and climate research.

In coming weeks, I will also meet with the major banks and pastoral houses to discuss the important role they have in helping rural businesses and communities now and in the period of recovery.

The Government will continue its consultations with the States at a special meeting the Commonwealth has convened later this week of the Agriculture and Resource Management Council of Australia and New Zealand.

CANBERRA  
21 September 1994

## **SUMMARY OF MEASURES**

### **Drought Relief Payment**

The Drought Relief Payment (DRP) will provide farm families with sufficient cash for basic necessities and services. Payments under DRP will be available to farm families in areas assessed to be in exceptional drought and will be subject to the income and off-farm assets tests that apply to the Job Search Allowance (JSA). Farm assets will not be subject to assessment for DRP eligibility. Payments under the DRP will be available from mid-October retrospective to the start of the month and will continue until six months after Exceptional Circumstances conditions are terminated. Farm families eligible for DRP will also be eligible for Family Payments and Healthcare card benefits. The accompanying table provides a summary of entitlements.

### **Austudy**

The existing Austudy farm assets test will be removed for all families in exceptional drought areas. The current Austudy income test, which is more generous than that for JSA, and off-farm assets test will apply.

### **Farm Business Support**

An additional \$74.25 million for the Rural Adjustment Scheme (RAS) over 1994-95 and 1995-96 will be available to assist farm businesses during drought exceptional circumstances and the recovery period. Normal RAS support has been supplemented by \$8.25 million, while support under exceptional circumstances has been increased by \$66.0 million over the next two years.

In a significant improvement to RAS, we will ensure sufficient resources for all farm enterprises eligible for exceptional circumstance RAS to be fully funded. In the past, limited resources have meant many farmers have not been able to access their full interest subsidy requirements. The changes mean that for exceptional circumstances, RAS will be demand driven.

The package also includes measures to help farms recover from drought. There will be a six month period after the termination of the exceptional circumstances declaration in which applications can be made. In addition, through a supplementation to normal RAS, eligible farms will be able to apply for some further assistance for an additional twelve months.

Farmers have not been able to access the exceptional circumstance provisions of RAS without first selling all off-farm assets. This has created difficulties where farmers have taken steps to provide for their retirement. In recognition of this, investment in bona fide insurance and superannuation funds have been excluded from the assets test for the exceptional circumstances support while an assets test of \$163,500 will apply for other off-farm assets.

Finally, the maximum individual annual assistance limit on RAS interest payments has been lifted from \$50,000 to \$100,000, while the cumulative limit over five years on assistance has been lifted from \$100,000 to \$300,000.

These improvements to RAS will require matching funding by the States.

### **Counselling and Support Services**

Further resources are being provided for rural financial and social counselling in areas affected by exceptional drought to assist farmers and their families manage the financial distress and social trauma dimensions of the drought. Provision has been made to increase the total number of Commonwealth funded rural financial and business counsellors to 140, and give farmers and their families access to additional personal counselling. The Rural Counselling Service is also to get access to further administrative assistance to accommodate the higher workload. The State Governments will be asked to help ensure that adequate social counselling is provided in drought affected areas.

### **Drought Preparedness**

The Government will also provide incentives for farms and rural communities to better protect the agricultural resource base during drought and encourage improved land management. The Government will consider providing a generous investment allowance for farm storage and water facilities. In addition, we will consider faster depreciation on storage facilities. In developing these measures, we will take into account the need to ensure that any such investments take full account of their environmental impact. The Treasurer, the Minister for Primary Industries and Energy and the Minister for the Environment, Sport and Territories will work with peak farm groups over the next few months to develop such a scheme.

The Government will also examine the possibility of providing further funding through its labour market programs to address land degradation and environmental protection in drought prone areas.

**DROUGHT RELIEF PACKAGE**  
**PROGRAM FUNDING DETAILS<sup>(1)</sup>**

	1994-95	1995-96
	\$m	\$m
<b>Farm Family Welfare</b>		
- Drought Relief Payments	43.45	19.31
- Austudy exemption	3.69	2.77
- Family payments	4.36	1.93
- Health Care Card	0.25	0.11
- RAS authority administration	0.24	0.10
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<b>Total</b>	<b>51.99</b>	<b>24.22</b>
<b>Farm Business Support<sup>(2)</sup></b>		
- Normal RAS	3.00	5.25
- Drought Exceptional Circumstances	25.00	41.00
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<b>Total</b>	<b>28.00</b>	<b>46.25</b>
Drought Counselling	1.457	2.40
Matching "Farmhand" <sup>(3)</sup>	10.00	-
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<b>TOTAL</b>	<b>91.447</b>	<b>72.87</b>
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(1) Excludes the Government's further consideration of investment and depreciation allowances relating to fodder and water storage

(2) Excludes matching contributions from the States for the Rural Adjustment Scheme.

(3) Anticipated Government contribution

**MAXIMUM DROUGHT RELIEF PAYMENTS (\$ per week)**

Single person	\$148-65
Couple	\$268-20
Couple + 1 child under 13	\$310-95
Couple + 1 child aged 13-15	\$324-15
Couple + 1 AUSTUDY 16-17 yo at home	\$334-35
Couple + 1 AUSTUDY 16-17 yo	\$377-40
Couple + 1 AUSTUDY over 18 at home	\$347-75
Couple + 1 AUSTUDY over 18 away	\$388-95
Couple + 2 children under 13	\$353-70
Couple + 1 child under 13 + 1 child 13-15	\$366-90
Couple + 2 children 13-15	\$380-10

**MADE UP OF**

Couple Rate - \$268-20

Basic Family Payment, - \$10-65 per child for first three children;  
\$14-20 for each subsequent child

Additional Family Payment - \$32-10 per child aged under 13  
- \$45-30 per child aged 13-15

AUSTUDY (-JSA) - \$66-15 for each 16-17 year old at home  
- \$109-20 for each 16-17 year old away from home  
- \$79-55 for each 18+ at home  
- \$120-75 for each 18+ away from home.