

**Submission
No 8**

**SUPPORT FOR DROUGHT AFFECTED COMMUNITIES IN NEW SOUTH
WALES**

Organisation: Tenterfield Shire Council

Date Received: 22 October 2019



Birthplace of Our Nation

22 October 2019
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The Hon Justin Clancy MP
Chair
Committee on Investment, Industry & Regional Development
Parliament House
Macquarie Street
SYDNEY NSW 2000

Email: investmentindustry@parliament.nsw.gov.au

Re: Submission – Support for Drought Affected Communities in NSW

In response to the request for a submission, Tenterfield Shire Council offers the following points.

1. Issues Raised by Kristen Lovett, KLAS Business & Accounting, Tenterfield

- **General** – As an Accountant in Tenterfield I feel the frustration of my clients and our community as the funding that is announced for farmers is so hard to access that there is **one** of my clients in Tenterfield receiving the farm household allowance. This is in a predominantly agricultural area that is being devastated by drought, fires and an ongoing battle for water for stock and household purposes.
- **Income** – Farmers are destocking because they have no feed or water. This is then assessed as income. When income tests are being applied to the assessment of eligibility, they are above the income limits with no consideration being applied to the nature of the income, that they are forced to sell or that this is the income they will need to use to restock when better times come.
- **Assets** - Farmers are destocking because they have no feed or water. Although prices are tough this is still cash that will sit in an account, or reduce an overdraft, until the drought conditions lift and they are able to buy cattle and trade again. If they don't hold this money they will need to go into significant debt to restock. Add to this the value of their land and they have too many assets.

All correspondence should be addressed to:

Chief Executive

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- **Paying Back Prior Years' Support** – Farmers have been on support in prior drought times and now on reconciliation of their income from 3 years ago, it is discovered that their income was higher than estimated. This is because they needed to reduce some debt on their farm enterprise for peace of mind, commercial viability and to satisfy the bank manager so livestock was sold to create cash flow which is then reported as income. This income hasn't been taxable as accountants can defer forced sale events from drought for tax purposes, but it is certainly assessed as income for farm household allowance so the client gets a bill of \$25k and told they need to repay this. And this is all going on while these farmers are in the toughest drought we have seen in decades.
- **Other Income Source** – In the current times of high living costs, higher debt and 2 income families, a lot of farmers work jobs as well as the farm. As part of the income support assessment, if the majority of income does not come from farming they are not eligible. So these farmers are out contracting, working other jobs just to cover their costs and put food on the table, so they do not get farm support as they have other off farm income. This also cancels out all other support such as freight rebates and water infrastructure assistance.
- **Making a Profit** – Unfortunately if the farmer has made a profit there is no support at all. Good operators who have been able to make farming sustainable through planning, operating the farm as a business and focusing on making a profit are being penalised. These are the operators who will get the agricultural industry (a major industry in the Australian economy) back on its feet as they are the only ones who will be left.
- **Review of Assessment for Eligibility** – Ms. Lovett advises that questions relative to client assessment get the response that the system is being reviewed. At what point will the assessment or eligibility for farm support be reasonable, fair and effective? More attention needs to be applied to the assessment process to ensure all of our farmers are getting some form of support because regardless of what they did yester and how they performed in the last 12 months, it is now that counts and without it, agriculture in Australia will not survive.

2. Stimulus Package

During the Rudd Government's tenure a stimulus package was used as one tool to assist in similar, but less extreme, economic circumstances. Although it was not as successful as it should have been, many lessons were learnt. Will the Government consider a stimulus package?

3. Rural Financial Counselors

There are government sponsored (professional) rural financial counselling services available now.

The challenge is that many farmers simply gave up when going through the 'Farm Household Allowance' and the 'Farm Financial Assessment Companion Guide'. Refer to Item 1 (above).

Considering the dire plight rural Australia is experiencing, does the Government think that there is an adequate number of rural financial counsellors?

4. Business Enterprise Centres (BEC)

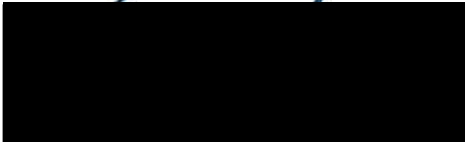
Most councils would benefit from their communities having access to an externally funded Business Enterprise Centre, even for a short period to support local Chambers of Commerce. Tenterfield Shire Council hasn't the financial capacity, and is geographically well removed from larger hubs, making this impractical.

5. Buy Local Card

Council and the NEJO Members have continually strived to recognise and support local business in their geographic areas. One suggestion from many members with relation to the Drought Funding was the use of existing local Chamber sponsored campaigns to support those business.

As such Tenterfield would like to request that local gift cards are used to underpin funding provided to farmers and residents for direct or indirect support to ensure all in our community benefit from funds designed to support and stimulate drought impacted communities. We would ideally like to see distribution to all in the impacted areas, regardless of assessment of need, recognising that the investment in a blanket stimulus measure will have a higher positive impact on the community than the cost of administration and the goods and services that are procured.

Yours sincerely



Terry Dodds
Chief Executive

Cc Hon Barnaby Joyce MP – Member for New England
Ms Janelle Saffin MP – Member for Lismore