



Drought survey

Make or break time for assistance

May 2015



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Summary

In April 2015 AgForce surveyed members on the current drought, their experiences in seeking government assistance and what further assistance is now needed in light of deteriorating conditions. In total 138 responses were received covering 31 Local Government Areas currently or previously drought-declared. When at full capacity respondents manage over 380,000 cattle, 182,000 sheep and about 42,800 ha of cultivation. ***Due to respondent self-selection and skipping of questions within the survey some caution is warranted if extrapolating the findings more widely.***

Impacts of drought:

- 85 per cent were running less than $\frac{3}{4}$ of their long term livestock carrying capacity and 19 pc less than $\frac{1}{4}$. 32 pc had up to halved the crop area planted, a quarter had a 50 to 75 pc reduction and 11 pc had not planted at all
- 60 pc had less than $\frac{1}{2}$ of their potential surface water supply and 1 in 7 had less than 10pc
- Half responded that they had experienced up to a halving of their gross income and 17 pc had greater than a 75 pc income reduction. While $\frac{1}{4}$ reported no increase in debt, 37 pc had increased their debt by up to 25 pc, 22 pc had increased their total debt by 26 to 50 pc and 11 pc said their debt had more than doubled. 64 pc reported that their total assets were reduced by 11 to 50 pc and 10 pc indicated that their assets had more than halved
- In terms of the relative environmental, financial and personal impacts 46 pc, 65 pc and 59 pc respectively rated this drought worse than previous droughts they had experienced.

Federal government assistance:

- Two thirds had not applied for Farm Household Allowance (FHA) or the concessional loans
- Of those that applied one third were unsuccessful, 64 pc received FHA, and half received Drought Concessional Loans, noting numbers of applicants in the survey sample were low
- The FHA application process was thought onerous, complicated, repetitive and some problems were encountered due to poor rural internet connections and with Centrelink administration including delays in receiving payments
- While loans were seen by some as providing 'breathing space', generally they were compared unfavourably to past interest rate subsidies (IRS) with the benefits thought insufficient to risk existing relationships with lenders and some lenders were not supportive of applications
- About 40 pc of all respondents had used other Federal assistance including the strongly supported Rural Financial Counselling Service, the Assistance for Isolated Children Scheme which, while supported, was thought to need increasing and Farm Management Deposits. The Emergency Water Infrastructure Rebate (EWIR) top-up was seen as very useful
- In total 52 pc of all survey respondents had received or previously used some form of assistance from Federal Government programs (44 pc if exclude the EWIR top-up)
- Suggested improvements included: making programs more accessible; bringing back IRS or increasing loan concessions and terms; extending the axed EWIR top-up funding and including infrastructure improvements; boosting the local non-farm economy; and providing incentives for drought preparedness.

State government assistance:

- In total 51 pc of all survey respondents had received some form of assistance from Queensland state government programs
- Application success rates were 74 pc for Drought Relief Assistance Scheme (DRAS) subsidies, 92 pc for the EWIR, 94 pc for the electricity charge waivers, 100 pc for transport concessions and 83 pc for the School transport allowance
- Acknowledging the other time demands of drought, 61 pc thought the application processes were straight-forward and had received good Department of Agriculture and Fisheries (DAF) staff assistance
- One third identified the funds as useful, particularly the EWIR, with subsidy amounts needing to be increased in line with costs and with payments preferably made up-front or made more quickly due to cash flow constraints. 15 pc had problems finding their funding co-contribution
- Further improvements included: increased rates and land rents assistance; extension of assistance to off-farm businesses in the local community; providing relevant climate risk management skills; better communication of EWIR funding changes and extending it to include infrastructure improvements like desilting; streamlining or automating applications; and ensuring better publicity of available assistance.

Further Priority Assistance measures:

- About 80 pc felt confident that they knew what drought assistance was currently available and how to find out more information about their options
- Over half of respondents identified facilitated macropod (kangaroo) control and farm business drought grants as priority additional short-term assistance measures, followed by farm labour wage assistance (46 pc), assistance for school education expenses (31 pc) and grants or loans for local non-farm businesses (28pc)
- These reflect the need to alleviate the significant financial impacts of this drought and to sustain local communities as well as enabling environmental and economic recovery to occur more quickly after the drought has broken.

Conclusions:

- The impacts of this drought are very serious and exceed the financial and personal impacts of previous droughts for more than half of the survey respondents
- Overall 62 pc of respondents had received or used either some state or federal government assistance, including non-monetary and social supports
- Federal assistance was generally viewed as being more difficult to access and of less help than that offered in previous droughts. Extension of the EWIR program was supported
- Queensland government assistance was generally seen as easier to access and more useful although caps on assistance needed to be raised in line with increasing costs and payments made up-front. A number of other improvements were identified
- The further short term priority assistance measures sought focussed on delivering greater financial and targeted environmental relief and extension of assistance to support local communities and economies.

Introduction

The ongoing drought conditions in Queensland are continuing to have very serious negative impacts on many producers, their businesses and their families. Building on 2 previously failed wet seasons, the 2014/15 wet season has again resulted in many areas receiving below average rainfall, with widespread drought-breaking rains unlikely to be received in coming months.

AgForce has advocated strongly for the introduction and ongoing improvement of state and federal government assistance during this drought. While some issues have been addressed by government we are receiving reports that effective assistance is still not reaching many drought-affected producers in need.

To maximise the effectiveness of advocacy efforts to get vital assistance in place for all those in difficulty, through a survey of members in April 2015 AgForce sought information about the current conditions, member experiences in seeking assistance and what assistance is now needed in light of further deteriorating conditions.

Results

Overview of survey and respondents

The survey was developed and made available through the SurveyMonkey platform. It opened on 7 April 2015 and ran until the end of April 2015 to coincide with the end of the traditional northern wet season. In total 48 questions were posed within the survey; based on their answers redundant questions were not posed. The questions are presented in **Appendix 1**. The survey closed with the contact information for Lifeline and provided a list of contacts for currently available assistance.

Note: as in all surveys of this type where participants self-select, as opposed to being a random sample of the overall population, caution needs to be exercised when interpreting and extrapolating the results as they may not be representative of the overall rural population. For example, those who have sought or applied for assistance may be more motivated to complete a survey of this type and so those who have not been impacted as greatly or those who have not sought assistance may be under-represented. Figures in brackets and related percentages within the text refer to respondents who had answered at each specific question. Respondent comments are included throughout in italics.

In total 138 responses were received to the survey. The bulk of the responses were received by mid-April. Responses were received from 31 Local Government Areas that are currently or previously drought-declared by the state government during the current drought. Shires well represented generally followed areas of extended rainfall deficiency (**See Figure 1**) and included Longreach (n = 13), Maranoa (n = 12), Balonne and Quilpie (n = 11 each), Flinders and Paroo (n = 9 each) and Blackall Tambo and McKinlay (n = 8 each).

All but one of the respondents (n = 135) were running livestock: 96 pc had cattle (totaling about 380,000 head at full capacity), 26 pc sheep mainly for wool (182,000 head at full capacity), 9 pc had goats (5,900 head at full capacity) and 29 pc (n = 32 of 112) also had forage, fibre or grain cropping operations (totaling about 42,800 ha of cultivation). Just over half grew fodder crops only.

Impacts of the drought

Respondents indicated that:

- Livestock:** 85 per cent were running less than 75pc of their long term livestock carrying capacity and 19 pc less than a quarter. Only 4pc were fully stocked (total number = 108). See Figure 2.
- Additional comments provided (n = 77): Almost 60 pc of respondents had increased feeding costs to keep retained livestock alive. Around 13 pc indicated they had increased expenditure to provide water. About a quarter identified depressed markets and compromised quality of sold livestock (e.g. sold at lower weights or condition) as impacting on incomes and capacity to meet costs. About 18 pc identified compromised reproductive rates (e.g. calving 90 pc down to 40 - 70 pc) and together with extensive destocking point towards an extended recovery period to restore enterprise incomes. Some had used feedlots in order to have a product to sell and to lighten numbers. Workloads had increased significantly over an extended period (e.g. early weaning, feeding, checking stock etc.).

Queensland Rainfall Deficiencies 1 May 2012 to 30 April 2015

Distribution Based on Gridded Data
Australian Bureau of Meteorology

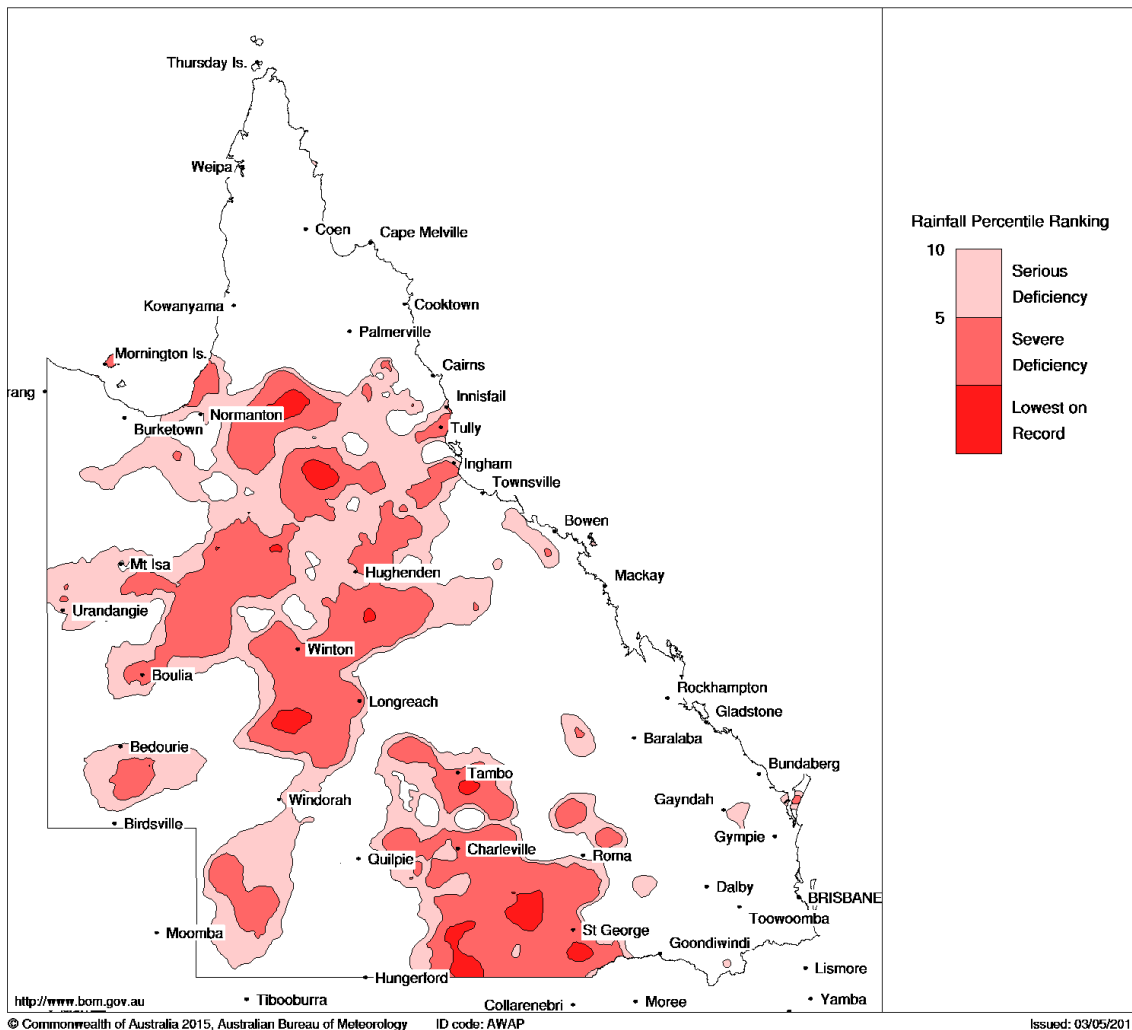


Figure 1. Map of Queensland indicating areas with serious rainfall deficiencies suffered over the past 3 years. Source: Bureau of Meteorology website, accessed 3 May 2015.

- **Cropping:** Of those that grow crops, while 29pc reported normal plantings, 32 pc had up to halved the area they planted, a quarter had a 50 to 75 pc reduction in the area planted and 11 pc had not planted at all. Note: there were only 28 respondents so some caution should be exercised in interpretation. (See Figure 3.)
- Additional comments provided (n = 18): 40 pc reported reduced crop yields due to the drought and lack of follow-up rainfall, with little to no subsoil moisture for the 2015 winter season being an issue for one third of these respondents. Some growers had not had crops since 2012. High electricity prices or lack of overland and watercourse flows has also curtailed opportunities to irrigate for a couple of respondents.

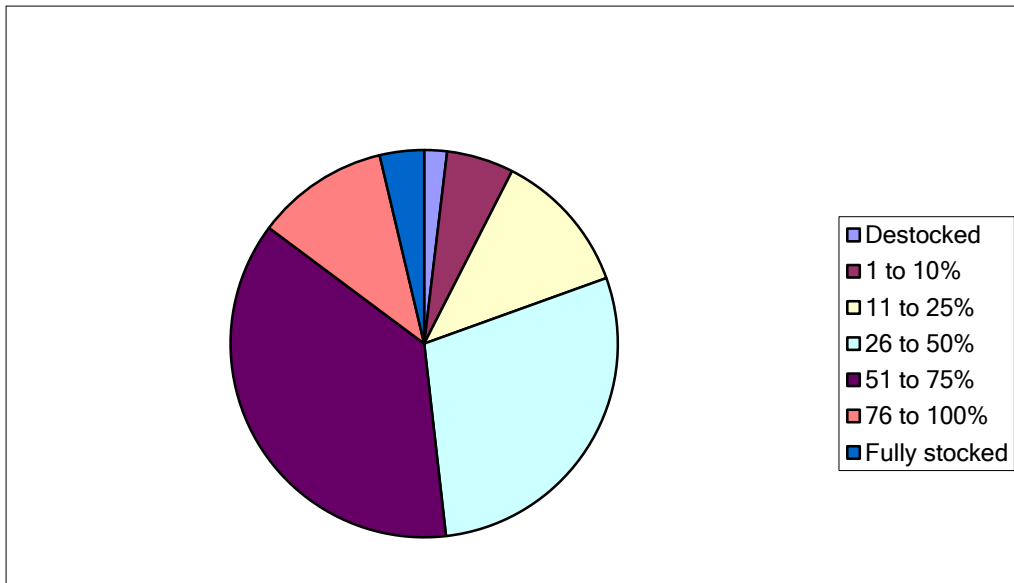


Figure 2. Proportion of respondents in relation to the percentage of long term livestock carrying capacity currently being carried (n = 108).

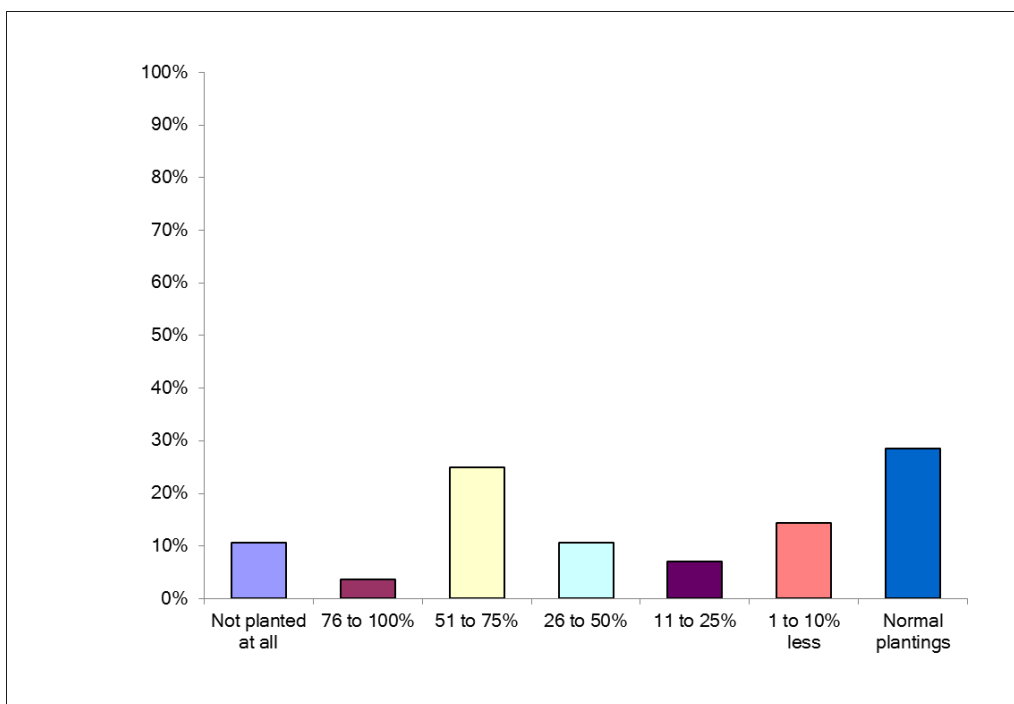


Figure 3. Proportion of respondents in relation to their stated reduction in land currently planted as a result of this drought (n = 28).

- **Water:** of respondents (n = 108) 60 pc had less than half their potential surface water supply and 15 pc had less than 10pc of potential surface supplies. About 22 pc had more than ¾ of their potential surface water supplies. (See Figure 4)
- Comments provided (n = 65): Due to ongoing rainfall deficiencies causing a reduction in runoff or beneficial flooding (40 pc) limited surface water supplies have been a feature of this drought. There is a heavy reliance on groundwater supplies (42 pc) with installing more water infrastructure (23 pc) a key activity undertaken. Financial constraints were identified when addressing water limitations (23 pc, e.g. available funds are being held for restocking after the drought has broken) so the Emergency Water Infrastructure Rebate (EWIR) has been well received (19 pc) and should be continued and extended to include desilting (identified as being undertaken by 11 pc of respondents), agistment enterprises and efficiency improvements for irrigation infrastructure.

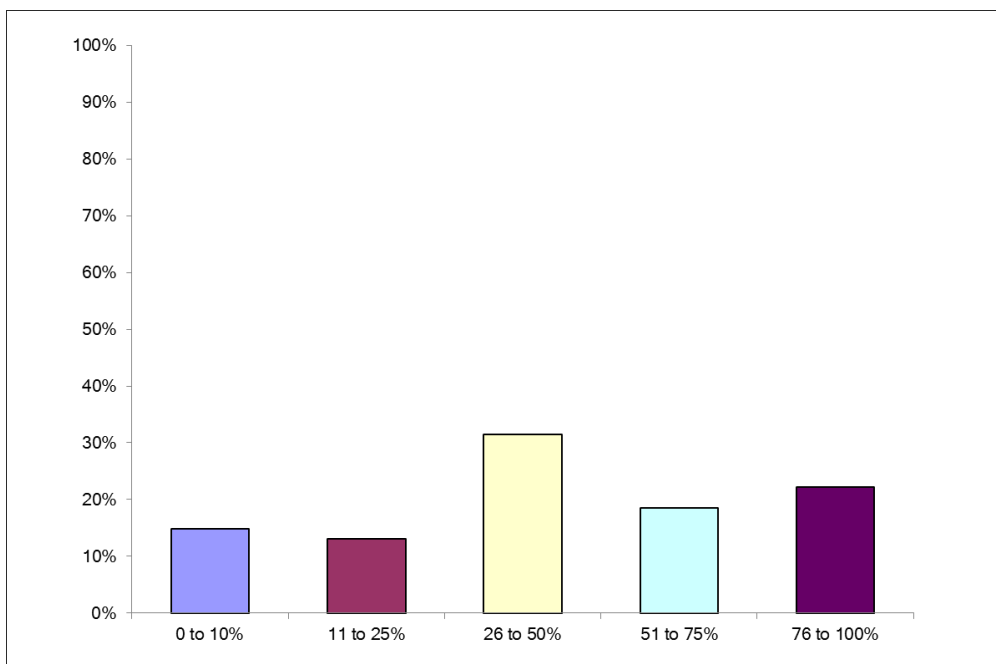


Figure 4. Proportion of respondents in relation to the percentage of current surface water supply (average of all supplies) compared to potential full capacity (n = 108)

- **Financial:** Of those (n = 74) that provided an estimate of the gross annual income from agricultural production from their enterprise when operating at full capacity in a 'normal' or non-drought year, responses ranged from estimates of \$90,000 to \$8 million with a median of \$500,000 (average of \$960,000). In relation to the reduction in gross incomes experienced as a result of the current drought (total n = 93) 6 pc reported no reduction, 49 pc responded that they had experienced up to a halving of their gross income and 17 pc greater than a 75pc reduction. Aligned with this 37 pc of respondents (n = 94) had increased their debt by up to 25 pc, 22 pc had increased their total debt by 26 to 50 pc and 11 pc said that they had more than doubled their debt levels as a direct result of the current drought. (See Figure 5). About a quarter reported no increase in debt carried. Further, 64 pc reported that their total farm (not including forced sales of livestock) and non-farm assets were reduced by 11 to 50 pc and 10 pc indicated that their assets had more than halved as a direct result of the current drought. About 11 pc estimated no reduction in total asset value (total n = 91).
- Additional comments provided (n = 38): Respondents identified poor markets (18pc) and increased costs (16pc) as contributing factors as well as land valuation declines (13 pc, although with few sales it was hard to estimate) impacting on equity and capacity to borrow.

About a quarter highlighted to need for additional support from their bank with some encountering difficulty in securing this support being at or past limits on borrowing. Sale of off-farm assets (16pc), including those intended to fund retirement, is a key consequence of the financial impacts suffered with an extended recovery period identified as likely (13pc).

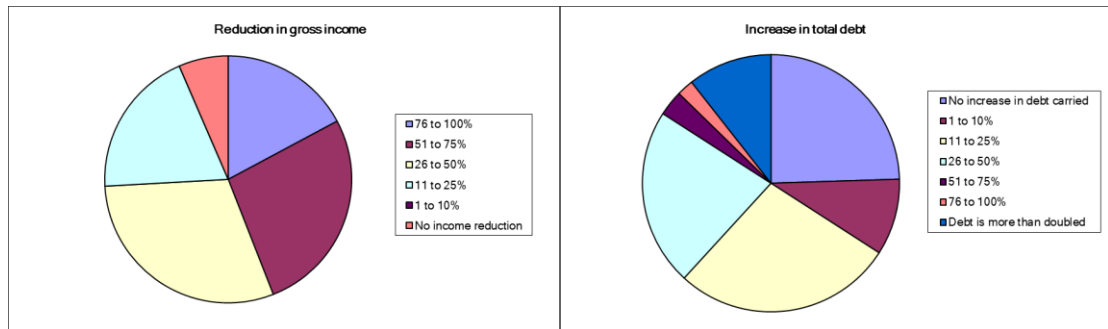


Figure 5. Proportion of respondents in relation to the decrease in gross income (n = 93) and increase in total debt carried (n = 94) reported as a direct result of the current drought

- Comparative impact:** In terms of the relative environmental, financial and personal impacts 46 pc, 65 pc and 59 pc respectively of the respondents (total n = 96) rated this drought worse than previous droughts they had experienced. Less than 8 pc rated this drought as better on these impact factors.
- Additional comments (n = 63): In relation to how the drought has affected people and their businesses, 62 pc identified increased populations of macropods with 22 pc linking those populations to pasture degradation and 44 pc also identified wild dogs as an issue. Past floods also had an impact on 8pc of respondents. Further, 60 pc identified depressed markets (albeit with some recent improvement) with flow on effects from the live export suspension decision, and 10pc raised concerns with access to kill space and processor decisions. In terms of personal impacts 10 pc identified loss or lack of labour resources and the same proportion identified mental stress as a key factor.

'In the past 5 years we have upgraded all our bore watering facilities into a water grid where most of our bores are interconnected. The Emergency Water Infrastructure Rebate Scheme was instrumental to assist funding in this regard. At the end of 2014 all our dams were dry and it was only our united bores that saved us from disaster. While our dams were dry we embarked on a desilting programme. A storm in late December has since given us some reasonable dam supply. Given the importance of surface water, desilting of dry dams should be considered part of the EWIR scheme, and the EWIR should continue with Federal support.' – Respondent from southern Queensland

'Drought has depleted our livestock numbers and increased our debts. If and when seasonal conditions turn to favour, droughted properties, will not have stock to sell or funding to restock. The train crash is still to occur for a lot of us.' – Respondent from southern Queensland

Because of the impact of kangaroos, wild dogs and low cattle prices for the last 15 years our financial situation is the worst I have experienced in more than 50 years I have been on the land. Now with the impact of drought on top of this it has made our position extremely difficult. – Respondent from the South West

'In 2012 we had rebuild after prev drought and running sufficient cattle to service debt (cash flows and management plan established) in normal circumstances and had 2013 been a good year, should have been able to start reducing debt after the build-up phase. We had about 70% equity. By end of 2013, market crash + drop in property market + cattle losses in severe heatwaves = reduction in equity down to about 50% and not enough to raise any more working capital. Most of our off farm

liquid assets were depleted with the previous drought and property infrastructure development.’ – Respondent from the South West

‘The mounting pressure of continued drought has a creeping effect on everything..... financially, physically and mentally. Lives are affected; children see and feel the strain. School fees become mountains. The dreams become jaded and faded. Yes.....wild dogs, kangaroos, and markets are all problematic....but the worst is the continued mental anguish’. – Respondent from Maranoa

‘Poor extremely low yielding crops in 2012 due to flood ramifications. Only returned seed stock for next year’s planting. Crops planted but failed in 2013 No crops planted in 2014. No crops harvested for 3 yrs. No sub soil moisture for winter crops 2015. Rainfall over Easter gave the weeds a fresh burst of energy. Waiting and ready to plant in May 2015 - subject to full moisture profile.’ – Respondent from Southern Queensland

Federal Government Assistance

Income and concessional loans

In relation to Federal Government household income and concessional loans assistance two thirds of respondents (n = 101 total) had not applied for the Farm Household Allowance (FHA) or the concessional loans. When asked why they had not applied for these assistance options these respondents (n = 53) indicated that:

- No need as self-reliant on own reserves or off-farm income sources (30 pc)
- Self-assessed as not eligible under current guidelines (25 pc)
- Application process is too hard or time consuming (21 pc)
- Was assessed as not eligible under current guidelines (19 pc)
- Have too much debt or don’t want more (17 pc) (Note: points to a need for further communications on the loan packages’ refinancing element)
- Refinancing savings insufficient (8 pc) and/or don’t want to risk relationship with bank (6pc) or bank not supportive (6pc); eligible debt issues including already holding disaster loans or loans available only to the operating entity under succession-related partnership business structures. One mentioned a problem with the monthly changes to the BOM eligibility map.

Of those who indicated that they had applied for either income or loans assistance (n = 34) 82 pc had applied for FHA (n = 28), 35 pc for Drought Concessional Loans (n = 12), 9 pc for Farm Finance Loans (n = 3), and 6 pc for Drought Recovery Loans (n = 2).

Feedback on the application process for the FHA (n = 22 of 29, note: relatively small numbers) was:

- The application was onerous (complicated or time consuming, 82 pc) and duplicative or repetitive (23 pc) with 14 pc requiring help at a cost from their accountant. Stressful – ‘we already have full time employment daylight to dark’
- Problems were encountered using the online format due to poor rural internet connections (23 pc)
- Problems were encountered with Centrelink’s IT system (18 pc) with applications successful but payments not received or otherwise delayed for an extended period (18pc, both SW and NW Queensland respondents raised these issues) or requests for further information being received from Centrelink after their response deadlines had passed
- Once received FHA the reporting requirements and other obligations were onerous (23 pc)
- Having to provide identification or other information in person is impractical (14pc), e.g. 450km round trip cited in one case
- Adequate feedback as to the causes of rejection not provided, just ‘not eligible’ (9 pc)

- One respondent found the process easy and received good support from authorities.

'The application process for the Farm Household Allowance is overly complicated and not standardised. Our families have 2 applications in and have been asked for different information for both applications. We do not receive requests for information until after the due date and have consequently been rejected on the interim payment and are still fighting for the Farm Household Allowance. We only know of one family who are receiving this so far and know of a lot of others who have given up or aren't even bothering to apply because it is too hard. Most of the information they requested is doubled up and could easily be obtained through the financial statements provided by the accountant. Centacare do have officers available to help but it is difficult to find time to meet with them during working hours as, like most graziers, day light hours are full.' - Respondent from the Central West

'There seems to be so much information out there on what drought packages, strategies and help is available, however, every time I speak with someone, they didn't know it was available or that they could apply. I am not sure what the answer is there. Even the Dept of Human Services (Centerlink) buses were not used to it maximum when they visited local towns. Most were not visited by people at all, as they didn't want their neighbour to see them enter. Centrelink - they need to have specifically trained people to handle the questions, concerns and applications for FHA.' - Respondent from the Burnett

Feedback on the application process for the concessional loans (n = 12 of 29) was:

- The application was complicated (n = 4) or lengthy (n = 2)
- The application was easier or not difficult (n = 3)
- Bank support or relationship was an issue (n = 3).

'I found the application process not too difficult, it just required to be worked through one question at a time. The saving in interest was well worth the time. The staff at QRAA were extremely helpful.' – Respondent from the South West

'Paperwork needs to be simplified. Very hard trying to take business and relationship with existing banks to go with QRAA for a short period of time and then renegotiate back to our banks. Last drought interest subsidies were so much easier and effective.' – Respondent from the South West

A third of applicants were unsuccessful in all of their applications for income or concessional loan assistance, 64 pc indicated they had received FHA (n = 18 of 28), all applicants received Farm Finance Loans (n = 3), 50 pc received drought concessional Loans (n = 6 of 12) and 50 pc (1 of 2) received recovery loans. Interest savings on the loans were thought to provide some 'breathing space', with up to \$20,000 saved in interest costs for a couple of respondents.

Those receiving FHA are using it to survive on a day to day basis for purchasing groceries, healthcare and other essential items and it has enabled them to do so without having to increase their overdraft further. Ancillary benefits included spending in their local economy, as well as enabling schooling or animal welfare related expenses to be met more easily. About 77 pc of FHA recipients had also used the Rural Financial Counselling Service (RFCS) service, 36 pc the Assistance for Isolated Children Scheme (AIC) and 14 pc social and community support services. Only 3 FHA recipients nominated exit packages as one of their top 3 further assistance measures required (see below).

FHA rejections were nominated as due to off-farm assets (40 pc, note: n = 2, nominated as part of their 'superannuation' or they had elderly parents living in a house in town, etc.), or due to off-farm income (n = 2), late submission of information (even when requests for more information arrived after the stated deadline), or stated that the letters of rejection did not provide real feedback so as to identify a reason.

'FHA- When the new FHA package came out in 2014, there was a thought that we would be eligible and that maybe some of the earnings could go against interest on debt but after looking into it, the bank would have to basically be at a point where they would no longer support you (we weren't there). So we may have got a small amount but the stuffing around was not worth it. Fortunately able to make up for it by gaining more consistent, local based, work off property. DROUGHT CONCESSIONAL LOAN - At our yearly review with bank QRAA drought concessional loan was discussed with bank and we were told straight out that they would not support an application as they would not go 2nd mortgage. In the end, although paying higher interest, we need support (we were urged to) of our bank for our working capital. Our equity level and serviceability had dropped due to drought and markets declined so have to ride it out with the bank we have.' – Respondent from the South West

'Three dry summers and no calves will take a lot of recovery when it does rain. Need sympathetic bank for long term recovery. Need Government policy to treat drought as natural disaster – like a cancer – slow and insidious but as damaging as a cyclone. We have had no Federal Government sympathy/support this drought.' – Respondent from southern Queensland

Other Federal assistance

In relation to other available assistance in the form of Farm Management Deposits (FMD), Rural Financial Counselling Service (RFCS), Assistance for Isolated Children Scheme (AIC), and tax or social/community supports, respondents (n = 54) indicated that they had used them and 46 pc of these had used the RFCS, 39 pc had used FMDs, 33 pc the AIC, 11 pc the tax incentives and 9 pc community services. (See Figure 6)

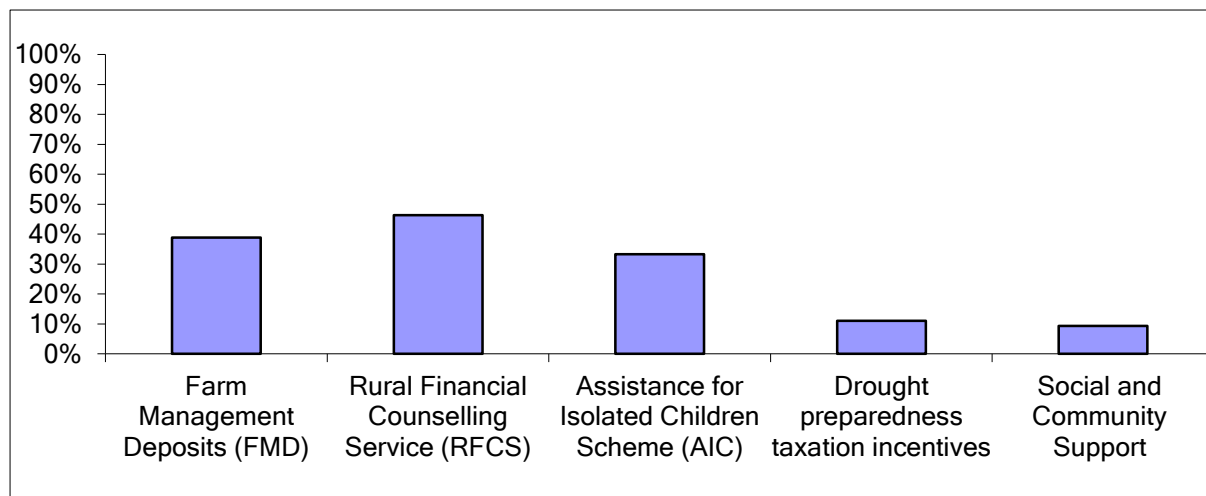


Figure 6. Proportion of respondents indicating they have used other forms of Federal Assistance measures than household allowance or concessional loans (n = 54)

Specific comments provided (n = 47) indicated that:

- RFCS strongly supported (72 pc, n = 18 of 25 users) and have been a real help when applying for assistance like FHA and have offered some home visits. In high demand so service stretched in some areas, e.g. Darling Downs, Western Downs, Ingham, etc. (n = 2).
- FMD is well supported as a risk management tool (38 pc, n = 8 of 21 users), however the deposit cap should be increased and access also provided for companies. Some have not had the cash flow to use FMDs for a number of years (n = 2)
- AIC thought to be excellent and very valuable for rural families (55pc, n = 10 of 18 users) but has not kept pace with rising education costs (e.g. up by \$1000 per child per year, n = 5) and better support is needed for tertiary students (n = 1)

- One thought there was little value in some of the social and community support services being offered (n = 1) but these were identified as important by others (n = 3 of 5 users).

In total 52 pc (n = 72) of all survey respondents had received or previously used some form of assistance from Federal Government programs (dropping to 44 pc if exclude the EWIR top-up).

Suggested improvements to Federal assistance

Specific suggestions for improvements to current measures and further assistance from the Australian Government or final comments (n = 64) included:

- Making assistance more accessible (e.g. easier application processes), farmer friendly and effective (33 pc), e.g. farm relevant FHA asset tests for the 'asset rich, cash poor'
- Interest Rate Subsidies (IRS) should be brought back (23 pc) as for previous droughts as they are simpler and easier to administer, or alternatively current concessional loans improved (13 pc), e.g. should be at a nil net interest or alternatively lower the current rates and extend terms to 10 to 15 years
- The water rebate assistance was excellent and a great way to build future resilience (13 pc) and should include infrastructure improvements such as desilting and capping (8 pc). Going back to just the 50 pc state support has been very difficult for those who pre-committed to expenditure on the understanding the Federal 25 pc top-up would be available. Funding should be continued and backdated to include these successful applications for state funds.
- Drought assistance must be aimed at supporting preparedness efforts (11 pc) including the introduction of affordable insurance schemes (5 pc) and tax incentives
- Assistance should also be provided to Local Government and businesses (11 pc), such as funds to cover rates or significant infrastructure projects, such as exclusion fencing works
- Governments must be proactive in having a clear drought response policy in place rather than sporadic *ad hoc* measures (10 pc)
- Other points included further help for:
 - education costs (6 pc)
 - fixed costs like rates and rents (6 pc)
 - improving industry competitiveness (9 pc)
 - risk management education (5 pc)
 - agistment enterprises
 - supporting tourism
 - a GST exemption for ABN holders in drought declared areas.
 - continuing after a return to better rainfall given compromised reserves.

'Very concerned about 'assistance' measures that could adversely impact on relationship with the bank (e.g. you need the bank to know you apply and fill in the bank account details so they will want to know why if you don't progress with QRAA. Also if QRAA seeks particular types of mortgages it can make it difficult to then change your finance structure or amount with your bank etc. ... seriously wonder whether the interests savings are a false economy given both the (even opportunity) cost of time spent on paperwork but also the risk of ending up in a less favourable relationship with your long term bank.' – Respondent from the South East

'Inadequate & Disgraceful. The 'low-interest' loans still enable the government to MAKE money from drought-stricken farmers.' – Respondent from Central Queensland

'We don't need any more loans. Water and fodder. Wage support to keep staff. Keep our small towns alive, road works, building grants , get the urban population involved in visiting the inland of Australian and let them realise by travelling to small towns helps keep our towns survive.' – Respondent from North Queensland

'Needs to be a set policy in preparation for these times not merely reactive and policy on the run that no-one is sure of. A consistent approach would be welcome. Previous interest subsidies enabled the producer to put all his efforts into making his business work, not only to pay the bank. The cost of desilting dams needs to be included as a cost to be claimed as part of the drought policy. Property owners need to be encouraged to ,drought-proof their property and desilting dams is an important part of this strategy as well as improving water systems.' – Respondent from the South East

'Drought assistance measures should be in place and ready to go when the drought reaches a certain level - not the government still deciding what to do three years into a drought. Drought is a way of life and if we are expected to be prepared for it then so should the government if they want to help the rural people. It is a natural disaster after all.' - Respondent from Southern Queensland

'The Australian government assistance with EWIR was good and assisted us with water situation (once we had sufficient funds together to purchase the equipment before waiting on the rebate to come back in which was taking quite a few months at one stage) - I do not believe the federal government concessional loan products were ever going to help as there was always going to be a reluctance from banks and you needed your bank to support it. Why would a bank hand over 1/2 their debt portfolio that they are earning 7-9% interest on and tick off to say they will take the client back over at the end of 5 years? They lose the money they would earn on the interest plus bank fee income etc. How was that ever going to work? If we would have been successful, we would have saved about \$7000/year..... \$7000 is the cost of a load of liquid molasses based supplement that would last 1 month. Also, some people may have debt locked in on fixed terms and had break fees and the savings on interest did not match the breakage fees as one of our neighbours found out. In the end, you would lose the confidence of your bank and lots of stress and paperwork for little return (unless your debt was around \$1mill). - Respondent from the Central West (from a complementary AgForce Regional Manager's survey)

In previous droughts EC was available and it seemed to work for most people, or at least better than what is available this time around. Due to off farm income, many of the assistance was unavailable to our property, except for about 12 months, but when received it did help as did the health care card and family support payments. We also received discounts on rates etc. Certainly a lot better than what is available now. It is said that Interest Rate Subsidies kept communities alive, proven evidence is to walk into a rural town today as compared to days when the EC Scheme was in place. Our towns are dead, shops are closing one after another.' Respondent from the South West (from a complementary AgForce Regional Manager's survey)

Queensland Government Assistance

In relation to Queensland Government assistance measures 71 pc of respondents (total n = 91) indicated that they had applied for either the Drought Relief Assistance Scheme (DRAS), Emergency Water Infrastructure Rebate (EWIR), electricity charge waivers, transport concessions or the school transport allowance. Of those that specified which scheme they had applied for (n = 65), 72 pc had applied for the EWIR, 60 pc for DRAS freight subsidies, 25 pc for the electricity charge waivers, 11 pc for the TMR concessions and 11 pc for the School transport allowance. (See Figure 7).

Of the 46 respondents who commented on the application process 61 pc thought the process was good and straight-forward and had received good assistance from DAF staff. However 15 pc thought the process was still too complicated or tedious when also dealing with the ongoing demands of drought. One third identified the funds as useful, particularly the EWIR, although 15 pc thought the amounts were too small and 'out of date' and 17 pc identified the delay in payments as an issue during periods of low cash flow when faced with the upfront costs. Similarly 15 pc had problems with finding the upfront co-contribution, particularly for the EWIR, and thought there should be a

mechanism for the government to pay costs up-front, e.g. enable QRAA to be sent the invoice and they pay the supplier direct.

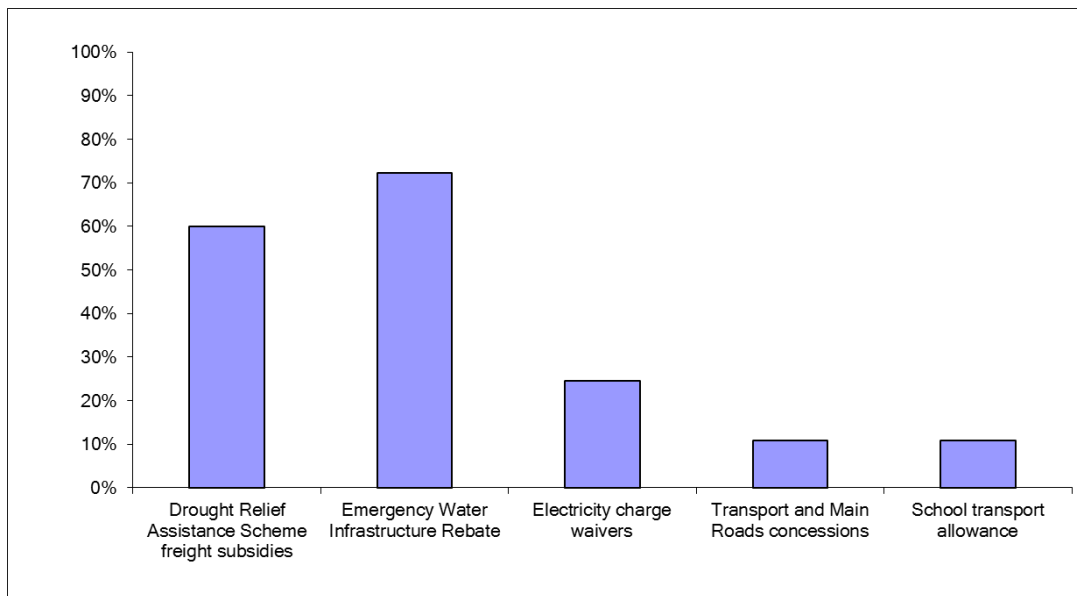


Figure 7. Proportion of respondents who applied for a range of Queensland Government assistance measures where they specified the measure sought (n = 65)

Other issues identified by individuals included:

- getting statutory declarations from suppliers is a problem for meeting DAF cutoffs
- not exceeding 3-month's supply of fodder purchased and on hand is not efficient given the lot sizes that need to be ordered e.g. for molasses
- the freight subsidy scheme should not have a kilometre limit
- Not much if any assistance for grain growers or agistment properties – needs addressing.

For this group of respondents success rates were 74 pc (29 of 39) for DRAS freight subsidies, 92 pc (43 of 47) for the EWIR, 94 pc (15 of 16) for the electricity charge waivers, 100 pc for the TMR concessions and 83 pc (5 of 6) for the School transport allowance. DRAS freight subsidies were generally seen as a small (e.g. 10 to 25 pc of total cost) consolation towards meeting the costs of feeding livestock. EWIR was seen as valuable in keeping stock alive during hot weather where surface waters were failing and for better utilising available pasture in short and long term, resulting in better resilience.

'This scheme [EWIR] was very helpful for us to get water to feed and maintain cattle on the property which we would otherwise have had to sell. It was easy to access and we had great assistance throughout the process from the local DERM/DEEDI facilitators.' – Respondent from North West Queensland

'Emergency water infrastructure rebate application successful however was not able to raise the cashflow without going into more debt to get the money up front to pay for the purchase of the materials so have not been able to proceed and really needed it.... In flood disaster rebate you could send your invoices in to have the bill paid and then you just had to pay whatever the balance was. This method would have helped up get water to our stock.' – Respondent from South West Queensland

'We believe the Emergency Water Infrastructure Rebate was an incredibly proactive initiative. This assistance enabled us to spread waters and better utilise available feed. This work greatly improved our infrastructure to assist in future dry years' – Respondent from South West Queensland

'The fixed charge on our irrigation pumps have been waived which amount to approx. \$10,000/yr. This has been a considerable help. However it is only by chance that we are on this scheme or tariff. The EWIR is great. We did a \$45k project and got \$30k back.' - Respondent from the Burnett

Of those that hadn't applied (n = 17) the reasons given were 9 considered themselves ineligible, mainly because they offer agistment or had otherwise introduced stock, 4 considered the assistance not yet applicable to their circumstances, 3 thought the process too onerous and 1 said they didn't realise the assistance was available.

36 respondents indicated that they had received other forms of state assistance including:

- 53 pc of these had received information and assistance via Long Paddock, Future Beef, or the DAF drought mobile office
- 31 pc had received land rent relief
- 20 pc had received Mental health support workshops from Queensland Health (e.g. UnitingCare Community, RFDS)
- 17 pc had taken part in Community Support programs
- One identified receiving the Living Away From Home Allowance
- None of the 36 had received any Legal Aid assistance.

In total 52 pc (n = 71) of all respondents had received some assistance from Queensland state government programs. Combined with those who indicated that they had used some form of federal assistance in total 62 pc of respondents had received some form of help from government, including non-monetary and social supports.

Improvements to state government assistance

In addition to the above findings, there were a number of further improvements suggested by respondents (n = 28) and in general terms these included: delivery of greater or 'real' financial assistance (n = 6); further simplification of application forms and extension to off-farm businesses in the local community (n = 5 each); increased rates and land rents assistance (e.g. rent moratorium or forgiveness, n = 7); and public recognition of the role of agriculture and the impacts of the current drought (n = 3). There was also interest in providing relevant climate risk management skills and ensuring that assistance continues into the drought recovery period.

Specific further improvements for DRAS included:

- Increase the current caps and index them to inflation
- Provide subsidies in a way that encourages preparation while fodder is cheaper and for destocking country to avoid degradation (note: this destocking help was included in past DRAS programs but was removed due to problems in implementation)
- Eligibility should be per property not per PIC due to PIC amalgamations
- The DAF drought bus should go to Winton.

Suggested further improvements for EWIR included:

- Better proactive communication of Federal funding changes needed as people were caught out in the recent ending of the 25 pc top-up and a renewal of that federal funding is required
- Extension to include desilting and infrastructure improvement is strongly supported.

Suggested improvements for Transport concessions included:

- Need to automate registration cost assistance for drought-affected producers so don't need to attend an office in person and so aren't unnecessarily charged fees for the shorter renewal period that is included in the concession or for a 'late' payment where fees waived
- Streamlining applications for extensions to roadworthy certificates
- Needs better publicising.

Suggested improvements for Community support programs included:

- work with local deliverers to avoid duplication and invest in local skills and leadership programs that strengthen communities and give skills enabling better coping with change
- on ground mental health support needed
- Implement a voucher system to be used locally rather than via direct funds
- Provide part-time carers or nannies to enable people to have a break from the drought and to reduce mental stress

Suggested improvements for Electricity Charge waivers

- Make application process easier
- Better publicity of availability.

Further Priority Assistance measures

When asked to identify the top 3 further assistance measures not previously covered (under existing federal or state assistance) that would help producers and their enterprise deal with drought in the short term the following responses were received (n = 78, Figure 8):

- Facilitated macropod (kangaroo) control53 pc
- Farm business drought grants51 pc
- Farm labour wage assistance 46 pc
- Assistance for school education expenses 31 pc
- Grants or loans for local non-farm businesses 28 pc
- Access to health services, including emotional health 14 pc
- Exit packages (mentoring, retraining, etc.) 13 pc
- More pregnancy testing services for live export 9 pc
- No further assistance needed 4 pc
- No further assistance should be given 0 pc.

The majority of these identified measures go to alleviating the financial impacts of this drought, rated as worse than any previously experienced by more than half of respondents, including for rural contractors and in local communities to sustain services once the drought is over. Linked to assisting local communities and economies was the idea of putting funding into erecting exclusion fencing for predators and macropods. The responses on macropods points to the need to better manage grazing pressure on drought-affected land to minimise environmental and animal welfare impacts, maximise feed available to livestock and enable a faster recovery period post drought. The diversity of preferences for further assistance indicates a range of additional responses to the drought will likely be required. Further advocacy efforts on these identified areas of priority are indicated.

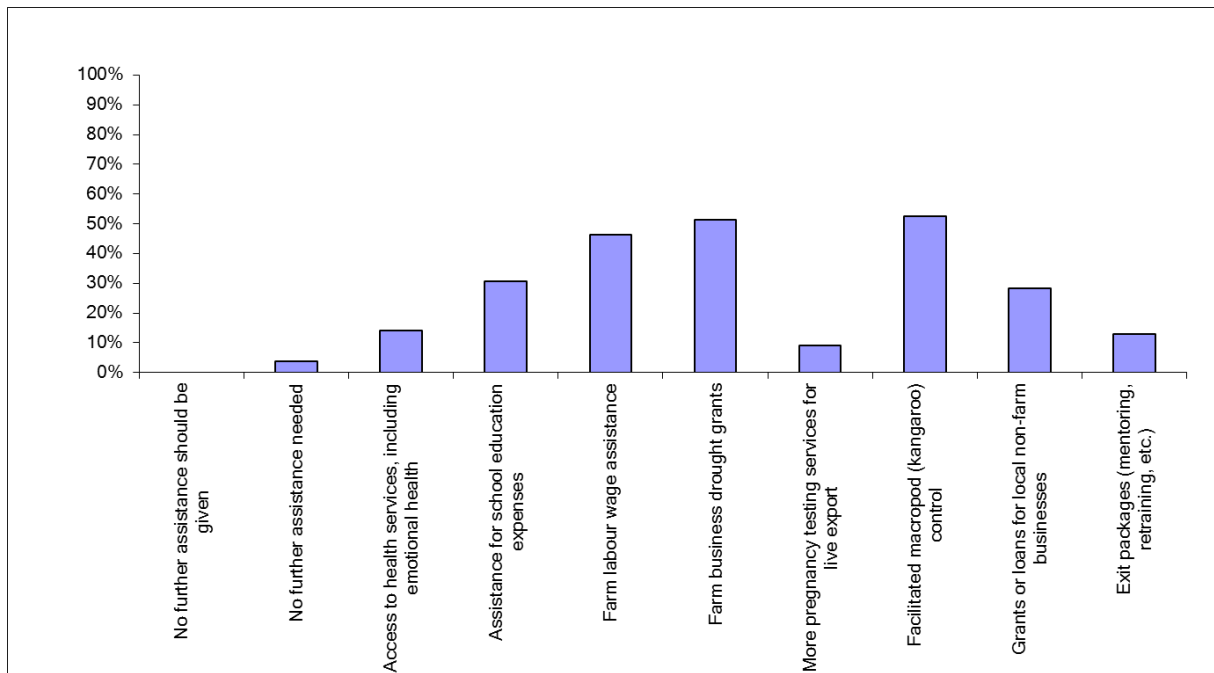


Figure 8. Respondent identified priority Top 3 further assistance measures to deal with the drought in the short term (n = 78)

Communications

About 80 pc of respondents (total n = 84) indicated that they felt confident that they knew what drought assistance was currently available and how to find out more information about their options. Of those that weren't confident suggested improvements (n = 16) included:

- Communications from Departments and QRAA needs to be consistent
- Simplify the packages and reduce exclusions, with wording that farmers can relate to
- Posted if requested or emailed to property owners
- use accountants to help convey what clients are eligible for
- one on one access to information within a reasonable distance e.g. 100kms
- *'Local meetings are great as they explain all about the strategies and how to apply'.*

Final suggestions or comments:

When asked if the respondents had any final suggestions or comments relating to the drought, assistance available or needed and the survey the following points were raised:

- Although we have a variable climate government, industry and individuals continue to fail to have a strategic plan in place to deal with this fact
- Need more financial services and long term investment in programs that lift financial literacy
- Drought must be declared a natural disaster
- Recognition of the effect on small non-farm businesses (including contractors), councils, schools and services is very important.
- Regional infrastructure programs are needed to keep small economies functioning e.g. installing predator and macropod exclusion fencing
- Reintroduce the Rainman program and provide more weather stations
- More 'one on one' Dept. of Agriculture and Fisheries extension services
- There is no provision for cropping assistance, e.g. fertilizers, fuel, lease payments, etc. and off farm business seem to disqualify you for any assistance - Government drought insurance or something similar would be a good start.

- New entrants need grants not loans to facilitate succession.

'The city folk are to be thanked for their support and compassion in donating to those in drought affected areas. The situation is as bad as it ever was in a lot of areas in the South, Central and North West with many people hanging out for unseasonal rain which will only be a band aid unless general falls in excess of 80 mls are received. Added help over and above present assistance will be needed if early winter rain does not fall. A lot of people are running out of cash flow and hope so a close watch on the situation is needed.' – Respondent from the Central West

'This region is on the verge of economic collapse. With the extra challenges of wild dogs decimating sheep numbers and therefore a much downsized shearing industry, the collapse of roo harvesting industry, explosion in roo numbers, reduction in government jobs etc etc. I have never seen this CW area in so much trouble. The region needs some sort of significant economic stimulus. There are many ways this could be done, put some priority funding into exclusion fence projects, bit of environment project money, some decent drought support measures, extra roads & infrastructure funding etc.' - Respondent from the Central West

'Assistance on education costs would also greatly help next gen farmers who are finding their feet in these tougher years'. - Respondent from the North West

'The nature of our industry is good times and bad times, wet years and dry years. There is not enough emphasis on drought preparation in our industry. In the good years, producers tend to increase their numbers rather than taking a conservative position, knowing dry years could be just around the corner. Long term rainfall records indicate some areas of Queensland, particularly the west are prone to 3-4 year dry spells. This is not a new phenomena and property prices compared to safer areas, reflect that. Whilst this wet season has been disappointing in our region, most properties received 18 - 20ml rain last year. This provided an option to reduce numbers, esp. with the increased prices to Live Export. The Bureau has been predicting a dry wet season for many months now and graziers who acted on this advice will be relieved they did so. There needs to be more education on stocking rates to account for good and dry years. Not sure how this can be achieved when a portion of producers do not want to change. Should they then be entitled to massive handouts from the tax payer?' – Respondent from North Queensland

Conclusions

The impacts of this drought are very serious and exceed the financial and personal impacts of previous droughts for more than half of the survey respondents. Overall 62 pc of respondents had received or used either some state or federal government assistance, including non-monetary and social supports. Federal assistance was generally viewed as being more difficult to access and of much less help than that offered in previous droughts. Extension of the EWIR top-up program was supported. Queensland government assistance was generally seen as easier to access and more useful although caps on assistance needed to be raised in line with increasing costs, and payments made up-front. A number of other improvements were identified. Further short term priority assistance measures focussed on delivering greater financial and targeted environmental relief and extended to support local communities and economies. Further advocacy efforts to government are indicated.

Appendix 1. Survey Questions (* - indicates questions where 'skip logic' was applied).

Business characterisation

1. Are you currently drought declared - either individually or on a shire basis? (Yes/No/Unsure)
2. What shire is your enterprise located in? If more than one shire, please select all those applicable. (40 shire list presented based on past or current drought declarations plus 'other - please specify' option)
- * 3. Do you run livestock in your enterprise? (Beef, Sheep, goats, etc). (Yes/No)
4. What is the long term carrying capacity (number of head in total able to be carried sustainably) of your enterprise? (Enter numbers under Cattle, Sheep mainly for wool, Sheep mainly for meat and Goats headings)

Drought impacts

5. What percentage of your long term carrying capacity are you currently running? (Select one: Destocked; 1 to 10%; 11 to 25%; 26 to 50%; 51 to 75%; 76 to 100%; Fully stocked)
6. Do you have any brief comments on how the drought has impacted on your livestock operations? e.g. expenditure on fodder to date, etc. (Open ended text box)
- * 7. Do you also grow grain, fibre or fodder crops in your enterprise? (Yes/No)
8. What crops do you grow? (Tick one option: Grain or fibre crops only; Fodder crops only; Grain, fibre and fodder crops)
9. What area (in hectares) of cultivation land do you have within your enterprise? (Enter area)
10. What reduction in land currently planted have you experienced as a result of this drought? (Select one: Not planted at all; 76 to 100%; 51 to 75%; 26 to 50%; 11 to 25%; 1 to 10% less; Normal plantings)
11. Do you have any brief comments on how the drought has impacted on your cropping operations? (Open ended text box)
12. What percentage of your surface water supply (as an average of all dams, creeks, etc.) do you currently have compared to potential full capacity? (Select one: 0 to 10%; 11 to 25%; 26 to 50%; 51 to 75%; 76 to 100%)
13. Do you have any additional comments on your water supplies? e.g. groundwater or scheme supply issues (Open ended text box)
14. Please provide an estimate of the gross annual income from agricultural production from your enterprise (\$) when it is operating at full capacity in a 'normal' or non-drought year: (Enter number)
15. What reduction in gross income have you experienced as a result of this current drought? (Select one: 76 to 100%; 51 to 75%; 26 to 50%; 11 to 25%; 1 to 10%; No income reduction)
16. What increase in the total debt carried by your enterprise has been experienced as a direct result of the current drought? (Select one: No increase in debt carried; 1 to 10%; 11 to 25%; 26 to 50%; 51 to 75%; 76 to 100%; Debt is more than doubled)

17. What reduction in the total value of farm (not including forced sales of livestock) and non-farm assets have you experienced as a direct result of the current drought? (Select one: 76 to 100%; 51 to 75%; 26 to 50%; 11 to 25%; 1 to 10%; No reduction in value of assets)

18. Do you have any additional comments? e.g. additional debt incurred, duration of income reduction, type of assets sold, etc. (Open ended text box)

19. In terms of environmental impact on your land do you think this drought is: (Select one: Worse than previous droughts; Similar to previous droughts; Better than previous droughts)

20. In terms of financial impact on your business do you think this drought is: (Select one: Worse than previous droughts; Similar to previous droughts; Better than previous droughts)

21. In terms of personal impact on you and your family do you think this drought is: (Select one: Worse than previous droughts; Similar to previous droughts; Better than previous droughts)

22. Do you have any additional comments on how this drought has affected your enterprise? (e.g. kangaroos, wild dogs, market conditions, other natural disasters, etc.) (open ended text box)

Commonwealth Drought assistance

* 23. Have you applied for any of the following Australian Government assistance measures? Farm Household Allowance, Farm Finance Concessional Loans Scheme, Drought Concessional Loans Scheme, Drought Recovery Concessional Loans Scheme (Yes/No)

24. Please briefly describe why have you not applied for these drought assistance measures? (open ended text box)

* 25. Please indicate which Australian Government assistance measures you applied for: (Select as many as applicable: Farm Household Allowance; Farm Finance Concessional Loans Scheme; Drought Concessional Loans Scheme; Drought Recovery Concessional Loans Scheme)

26. Please comment on the application process for each scheme applied for and any improvements that you could suggest in applying for each scheme: (open ended text box)

* 27. Please indicate which assistance measures you received: (Select as many as applicable: Unsuccessful in all applications; Farm Household Allowance; Farm Finance Concessional Loans Scheme; Drought Concessional Loans Scheme; Drought Recovery Concessional Loans Scheme)

28. If unsuccessful, what was the reason(s) given for each of the Schemes you applied for? (open ended text box)

29. If successful, briefly describe how the assistance will be of benefit to you and your business: (open ended text box)

30. Please indicate if you have also used any of the following Australian Government ongoing industry assistance measures: (Select as many as applicable: Farm Management Deposits (FMD); Rural Financial Counselling Service (RFCS); Assistance for Isolated Children Scheme (AIC); Drought preparedness taxation incentives; Social and Community Support (e.g. Centacare, Suncare, Anglicare services, etc.); Other (please specify).

31. Please briefly comment on your experience with the measure(s) used? (open ended text box)

32. Please briefly describe how any of the current Australian government assistance measures listed previously could be improved and what further assistance could be provided by the Australian Government: (open ended text box)

33. Do you have any other final comments in relation to Australian Government drought assistance? (open ended text box)

State Drought Assistance

* 34. Have you applied for any of the following Queensland Government assistance measures? Drought Relief Assistance Scheme (fodder and water freight subsidies), Emergency Water Infrastructure Rebate, Electricity charge waivers, Transport concessions (vehicle inspection fee waivers, drought road train permits, vehicle height limits, etc.), School transport allowance. (Yes/No)

35. Please briefly describe why have you not applied for these drought assistance measures: (open ended text box)

* 36. Please indicate which assistance measures you applied for: (Select as many as applicable: Drought Relief Assistance Scheme freight subsidies; Emergency Water Infrastructure Rebate; Electricity charge waivers; Transport and Main Roads concessions; School transport allowance; Other (please specify))

37. Please comment on the application process for each scheme you applied for and any improvements that you could suggest for applying for each scheme: (open ended text box)

* 38. Please indicate which assistance measures you received: (select as many as applicable: Unsuccessful in all applications; Drought Relief Assistance Scheme (DRAS); Emergency Water Infrastructure Rebate; Electricity charge waivers; Transport and Main Roads concessions; School transport allowance)

39. If unsuccessful, what were the reason(s) given for rejection of your application in each of the Schemes you unsuccessfully applied for? (open ended text box)

40. Where application(s) were successful, briefly describe how the assistance will be of benefit to you and your business? (open ended text box)

41. Please indicate if you have also used or received any of the following other Queensland Government assistance measures: (select as many as applicable: Information and assistance via Long Paddock, Future Beef, or the DAF drought mobile office; Mental health support workshops from Queensland Health (e.g. UnitingCare Community, RFDS); Community Support programs; Legal Aid assistance ;Land rent relief; Other (please specify))

42. How could any of the current state assistance measures previously covered in this survey be improved and what further assistance could be provided by the Queensland Government? (open ended text box)

43. Do you have any other final comments in relation to current Queensland Government drought assistance? (open ended text box)

Further assistance

* 44. Would you please identify your top 3 further assistance measures not previously covered that would assist you and your enterprise deal with drought in the short term: (Select 3 options: No further assistance should be given; No further assistance needed; Access to health services, including emotional health; Assistance for school education expenses; Farm labour wage assistance; Farm business drought grants; More pregnancy testing services for live export; Facilitated macropod (kangaroo) control; Grants or loans for local non-farm businesses; Exit packages (mentoring, retraining, etc.); Other (please specify))

Access to information

45. Do you feel confident that you know what drought assistance is currently available and how to find out more information about your options? (Yes/No)

46. If not, what information do you feel is lacking and how would you like to receive it? (open ended text box)

Closing

47. Do you have any final comments about the drought, available or needed assistance measures or this survey? (open ended text box)

48. Please insert your name and contact details below if you are happy for AgForce to contact you regarding your response. Your personal details or identifiable responses will not be released publically.