

DROUGHT



IN AUSTRALIA

Drought measures announced on 7 November 2019

HELPING FARMERS HELP FARMERS

Making up to 100GL available to secure fodder supplies

- The Government is making up to 100 gigalitre (GL) of water available to farmers at a discounted rate to grow fodder, silage and pasture – securing fodder supplies for the months ahead.
- The Australian and South Australian Governments will enter into an agreement to increase production of water from the Adelaide Desalination Plant, increasing the water available in the Murray Darling Basin. This will be made available to irrigators at a nominal price of \$100 per megalitre.
- Details of application and allocation processes will be released shortly. The water will be provided solely on the condition that it is used to grow fodder and pasture.

Background

For irrigators, while water is currently available on the market, the zero to low water allocations against some water entitlements and high prices for temporary water allocations have left some irrigators in the Murray Darling Basin in the situation where it is not commercially viable for them to purchase water on the market to produce fodder or pasture.

100GL of water will help produce up to 120,000 tonnes of fodder to feed Australia's livestock.

For livestock producers, a reliable and cost effective supply of fodder and pasture is necessary to remain viable. Providing more fodder over the next 12 months will help some farmers to support breeding stock for longer, if the drought continues.

If water is not provided at subsidised prices to grow fodder crops, some farmers may have difficulty finding cheap fodder sources. This could mean that more farmers need to destock their properties, prolonging the recovery time for farm businesses and communities when the drought breaks.

Responsible Minister

Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, the Hon David Littleproud MP

KEEPING KIDS AT SCHOOL

School assistance

- \$10 million is being made available through the Department of Education's Special Circumstances Program to support schools facing financial hardship as a result of ongoing drought conditions.
- Ensuring that schools are financially secure is important to the ongoing delivery of education for students in drought-affected communities.
- Applications will be sought from schools that cater for students from drought-affected areas. Boarding schools with significant proportions of students from affected areas will also be eligible, even if they are not located in a drought area.
- \$5 million is being made available from the Community Child Care Fund to support early learning centres that cater for children, aged from 0 to 5, who attend centres in drought-affected areas.

Background

Communities, families, schools and students are affected by the drought.

Schools are playing their part. Some boarding schools have indicated that fee concessions and discounts for students impacted by the drought are currently as high as \$500,000 per year. Non-government schools also expect to provide continuing fee relief for students from drought affected areas in 2020. This ongoing fee assistance, along with student withdrawals and debtors at record levels, threatens the viability of these schools and the service they provide to families with limited alternatives.

The Government is also playing its part.

This \$10 million in assistance will help ensure the viability of many schools seeking urgent support. This assistance is modelled on the funding provided to support independent and catholic schools and their families after the North Queensland floods in early 2019. The funding will help boarding schools remain financially viable, support students with additional counselling services and assist families from drought-affected areas who are unable to pay the fees for their children. This complements the funding provided through the Assistance for Isolated Children Scheme, which provides up to \$10,838 per student per year in boarding allowances.

\$5 million from the Community Child Care Fund will help assist centres that are experiencing decreased demand and financial pressure due to families from drought-affected areas being unable to pay for child care.

Responsible Minister

Minister for Education, the Hon Dan Tehan MP

SUPPORTING DROUGHT AFFECTED COMMUNITIES

Drought Communities Programme Extension

- \$1 million each for 6 additional Local Government Areas:
 - NSW: Greater Hume, Hilltops, Lockhart, and Upper Lachlan
 - SA: Kangaroo Island and Tatiara
- As a starting point, \$1 million will be available each for the 122 Local Government Areas that have already received funding if support is still needed.
- \$50 million discretionary fund to support additional Local Government Areas impacted by the drought.

Background

The Drought Communities Programme Extension (DCP) supports communities in the most drought-affected regions of Australia.

Funding is available to eligible councils for local infrastructure projects and other drought-relief activities. Project funding is intended to provide short-term support, including by boosting local employment and procurement, and addressing social and community needs.

The DCP is being administered through the Business Grants Hub at the Department of Industry, Innovation and Science.

Examples of projects funded through DCP include:

- The upgrade of infrastructure in Inverell, including renovations to community halls and meeting spaces, solar panels for energy efficiency and town lighting, which provided employment for locals.
- The supply and installation of water dispensing stations, rainwater tanks and water saving devices in the Southern Downs Local Government Areas, which allows the community access to potable water.

Responsible Minister

Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, the Hon David Littleproud MP

Further information

- <http://regional.gov.au/regional/programs/drought-communities.aspx>

BUILDING BETTER REGIONS FUND

Special Drought Round of Building Better Regions Fund

- \$200 million Building Better Regions Fund drought round.

Through the Building Better Regions Fund (BBRF), the Government is supporting projects that provide social and economic benefits to drought-affected communities.

Background

The BBRF supports the Australian Government's commitment to create jobs, drive economic growth and build stronger regional communities into the future.

This includes a further \$200 million for a fourth round of the program targeted at drought-affected communities.

The BBRF provides up to \$10 million per project to local governments or incorporated not-for-profit entities to support community infrastructure investment and other community initiatives. The 2019-20 Budget provided \$200 million for the fourth round of the BBRF – this round will be targeted at supporting Local Governments Areas responding to and recovering from the current drought conditions across much of Australia.

Responsible Ministers

Minister for Infrastructure, Transport and Regional Development, the Hon Michael McCormack MP

Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, the Hon David Littleproud MP

Further information

- <https://www.business.gov.au/assistance/building-better-regions-fund>

ROADS TO RECOVERY

Roads to Recovery supplementary Payment for Local Government Areas in Drought

- \$138.9 million additional Roads to Recovery funding in calendar year 2020 for the 128 Local Government Areas eligible for the Drought Communities Programme Extension.

Background

The Roads to Recovery Program supports local governments to upgrade and maintain Australia's local road network. Under the Program, simple administrative procedures allow Councils to make spending decisions aimed at improving local road infrastructure and road safety outcomes. Funding is paid directly to councils.

Responsible Minister

Minister for Infrastructure, Transport and Regional Development, the Hon Michael McCormack MP

Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, the Hon David Littleproud MP

Further information

- https://investment.infrastructure.gov.au/infrastructure_investment/roads_to_recovery/

SMALL BUSINESS DROUGHT LOANS

Concessional finance for drought affected small businesses that are dependent on agriculture

- The Government will support small businesses with a new concessional loan product of up to \$500,000 including two years interest free, interest only payment for years three to five and interest and principal for years six to ten.
- Loans will be delivered through the Regional Investment Corporation (RIC).

Background

Farm businesses and farm-dependent small businesses are essential to the functioning of rural communities. A large range of small farm-dependant businesses are either directly or indirectly affected by drought. For example, harvesting and shearing contractors, livestock transport providers, stock and station agents and agricultural equipment and repair providers.

Poor conditions have reduced turnover and they do not have access to the types of government assistance currently available to farmers, such as existing concessional loans officered by the RIC and targeted small business income support.

In his advice to the Government, the Coordinator-General for Drought, Major General Stephen Day, advised that during his consultations concerns were consistently raised about the survival of small businesses in drought-affected communities. To maintain their viability, some of these small businesses may need to seek overdrafts or additional cash-flow finance.

Providing small businesses with more generous loan terms, including an interest free period, concessional interest rates and a reasonable re-payment period, the new RIC product will provide practical support to drought-affected small businesses, and assist them in managing through the drought.

Responsible Minister

Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, the Hon David Littleproud MP

Minister for Agriculture, Senator the Hon Bridget McKenzie

Minister for Finance, Senator the Hon Mathias Cormann

Further information

- <https://www.ric.gov.au/>

MORE FAVOURABLE DROUGHT LOANS

Drought loans – 2 years interest free

- The Government will support farmers manage and recover from the drought by amending the loan settings of the existing Drought Loans to provide to two years interest free, interest only payment for years three to five and interest and principal for years six to ten.
- Farmers that have already accessed the Drought Loans will be able to renegotiate the terms to include the two year interest free period.
- Loans will be delivered through the Regional Investment Corporation (RIC).

Background

The current drought has severely impacted cash flow, and many farm businesses are struggling to pay essential operating costs. The current drought conditions are expected to continue, which may further drain the financial resources of farms.

The RIC's current drought loan helps farm businesses fund capital improvements, as well as operating expenses to prepare for, manage through and recovery from drought, including refinancing existing commercial debt at concessional interest rates and terms. In recognition of the significant financial impact of prolonged drought conditions, this loan product will be amended to provide two years interest free, interest only payment for years three to five and interest and principal for years six to ten.

Responsible Minister

Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, the Hon David Littleproud MP

Minister for Agriculture, Senator the Hon Bridget McKenzie

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