



SOUTH AUSTRALIAN
CENTRE FOR ECONOMIC STUDIES



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Comparison of Farmers in Exceptional Circumstances Declared Areas and Farmers in the Farm Help Program

Final Report

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Executive Summary

A major focus of this study is to profile farmers in receipt of the Exceptional Circumstances Relief Payment (ECRP) and to compare and contrast this group of farmers and farm families with those farmers who have accessed the Farm Help program. A second and separate study on those farmers receiving Exceptional Circumstances Interest Rate Subsidy is also being undertaken.¹ The objectives of the study were to :

- understand “what works” for Farm Help participants and whether similar strategies and actions would be helpful for ECRP recipients;
- determine what source of contacts, advice, training and assistance could best assist ECRP farmers experiencing drought conditions and more variable climate in prospect including drought management and preparedness;
- assess the value of current assistance to ECRP farmers and explore what tools could be used to better service the needs of ECRP recipients, including the value of farmers place on Rural Service Officers (RSOs) and Rural Financial Counsellors (RFCs); and
- assess current interventions and future options to assist planning for the future (e.g., pathways plan, financial tools, etc.).

Background comparisons

The ABARE National Farmer’s Survey provides useful insights into the characteristics of Farm Help clients when compared to non-users. Farm Help clients were characterised as:

- having less cash income, zero off-farm income and net investments, while very few had off-farm income from wages;
- being active in participation in training, membership of agricultural productivity groups, seeking to improve the technical efficiency of their farm including monitoring performance against others and through a written business plan.

After participation in the Farm Help program most had prepared a Pathway Plan, they had improved their financial position and 35 per cent of participants had increased reliance on off-farm income.

In contrast, ECRP recipients compared with non-users were not discernibly different; on measures of farm cash income and off-farm income and assets, ECRP recipients rate lower than non-users but this may reflect eligibility through the income and assets test. ECRP recipients had a written business plan (ECRP: 30 per cent, Farm Help 39 per cent) and three quarters had drought management strategies.

Overall, it is reasonable to conclude from the ABARE National Survey that, in general, most ECRP recipients (by demographic profile, length of farming) are not dissimilar from Farm Help participants. However, they do differ in terms of farm size, where Farm Help participants tend to operate smaller farms. The important implication of this is that ECRP farmers are also likely to benefit from:

- assessment of farm viability;
- development of a business/Pathway Plan to map out adjustment strategies; and

¹ Due to be completed in April 2008.

- access to advice and training, including skills recognition and training to help earn off-farm income where feasible.

Comparison of ECRP Farmers with Farm Help Clients: 2007 Survey

The following characteristics are documented in this report:

Demographic, Farm Activity

- age profile is very similar with 57 per cent of ECRP farmers aged between 40-59 (52 per cent for Farm Help);
- fewer single ECRP family units supported by the farm (68 per cent, Farm Help 79 per cent);
- farm size varies with Farm Help clients tending to operate smaller farms

	Farm Help (per cent)	ECRP (per cent)
Farms < 100 hectares	45	12
Farms < 200 hectares	65	20

- the type and size of farm is likely to influence risk management options, as the larger farm is able to reduce livestock, reduce areas under cropping or water use;
- length of farming was similar: 85 per cent of Farm Help recipients had 10 or more years farming experience compared to 76 per cent of ECRP recipients;
- sole ownership and family partnership are the dominant forms of ownership and both groups are similar in this regard;
- farming activities - sheep/wool, beef cattle, grain crops sheep/meat and dairy - were the principal activities for both groups.

Courses and Training

- 78 per cent of ECRP recipients had not undertaken any courses/training while on ECRP. Access to the Professional Advice and Planning Grants announced under the Commonwealth's drought assistance package may help to encourage farmers to consider training where it is relevant to improving farm risk management strategies. ECRP farmers and those eligible for interest rate subsidies may benefit from training and financial advice to improve risk and drought management strategies as has been the experience of Farm Help participants²;
- those ECRP farmers who had participated in training or education courses found them "very helpful".

Business Management and Climate Change

- significant numbers of farmers are investing time and resources in drought proofing their farms, implementing improvements to land management, irrigation and cropping. They are assisted in this through the Australian Government's irrigator management grant, advice from RFCs and Department of Primary Industries (DPI) specialist advisors;

² Farmers generally report that sufficient training courses are available. Farm Help participants report favourably about the training they have undertaken following the Pathways Plan. The Centre was asked whether it "was time or money hindering take up." On balance, time is important, but the most important factor is understanding the benefits and relevance of training.

- some 54 per cent of ECRP recipients had a written business plan; the researchers have previously noted that the financial position of farmers exiting the Farm Help program had improved, a component of which was updating their business plan. The severity of the drought had increased uncertainty even for those farmers with drought contingency plans;
- there was an acknowledgement of climate change and the need to strengthen drought management plans;
- 59 per cent of ECRP farmers had not had a financial assessment of their farm in the last 2 years. The fact of the declaration of an EC area and subsequent contact with Centrelink could be made to act as a “trigger” to follow the Farm Help advisory process for ECRP farm families.

Sources of Professional Advice

- only 12 per cent of farmers at the time of the survey had accessed the EC Professional Advice and Planning Grant; however RFCs, counsellors, DPI, productivity groups and health services were actively utilised. Financial advice had also been actively sought from accountants, bank managers as well as technical advice on options and strategies available to each farmer;
- Centrelink Rural Service Officers (RSOs) were rarely mentioned but when they were the response from farmers was extremely positive. Rural Financial Counsellors and others had helped farmers with the EC application process (for which they were appreciative) and the RSOs were “professional, supportive and knowledgeable”. Centrelink was also noted as supporting farm families - on access to health services, counselling, emergency services.

Financial Assessment

- 73 per cent of Farm Help recipients derive less than \$30,000 income from the farm and the comparable figure was 53 per cent for ECRP recipients;
- some farmers, following higher prices for milk, fruit, grain fodder and water, may experience smaller declines in income than other drought affected farmers;
- approximately 40 per cent of farmers were optimistic that 2008 would see an increase in farm incomes, 29 per cent expected it to be unchanged. Tasmanian farmers were the most pessimistic;
- 72 per cent of ECRP farmers had a debt to asset ratio of less than 0.5. Some 20 per cent had a debt to assets ratio approaching 1.0;
- 45 per cent of farm families surveyed were earning off-farm income, with 80 per cent of this group earning less than \$20,000;³
- only 16 per cent of farmers had saved income in the FMD scheme and almost all had exhausted previous savings or were drawing them down in the current period of drought;
- while 58 farmers (22 per cent) stated they had given some consideration to exiting farming almost all were “reluctant to sell”.

³ To earn more than this may exclude farm families from eligibility for ECRP.

Issues for Consideration

A form of mutual obligation could be considered for farmers in receipt of ECRP building on a farm financial assessment to then include the development of a Pathways Plan and access to professional advice and planning grants. That is to say, a farmer would receive income or welfare assistance and in return be supported to assess the financial strength of their farm and how they could improve total farm operations. The objective would be to assist farmers to better prepare for climate change and to implement strategies to improve on farm productivity.

Improving risk management practices, developing skills and strategies to earn off-farm income and exploring options to improve the technical efficiency of their farm would be valuable to many ECRP farm families. These and other activities undertaken by Farm Help clients, through the Pathways Plan, have assisted Farm Help participants to improve their long-term financial situation.

ECRP farmers agreed that assistance should not be provided and/or to compensate those farmers who do not prepare for drought, but that assistance should be conditional on technical improvements and sound risk management strategies. Low interest loans were preferred to one-off grants.⁴

Ultimately farmers seek assistance in a form that reinforces self reliance and that enables or supports farmers to implement technical efficiencies and productivity improvements on the farm.

The researchers are aware of the objectives of Farm Help (i.e., helping to improve the financial situation of the farm family while supporting the farmer to make changes) and the rationale for ECRP. Notwithstanding, our survey of ECRP farmers shows they are clearly seeking ideas, innovations, assistance in farm management practices, whether this has to do with water management, new irrigation systems, on-farm productivity improvements, stock containment and protection of vegetation, new types of pasture crops and seeds, etc. This is why we encourage DAFF to consider some form of “mutual obligation” while in receipt of ECRP. Support for farmers to explore, through advice and planning, new ideas and innovations in response to drought and climate change is what farmers are seeking. Monitoring the take-up by ECRP farmers of the professional advice and planning grants would provide insights in the benefits of such a proposal.

The researchers note that 59 per cent of farmers on ECRP had not had a financial assessment of their farm in the last two years and that, perhaps indicates the benefit of doing so. The action of undertaking such an assessment and then consideration of what actions to take, we believe, can be the impetus to further on-farm productivity, improvements and changes.

This is why the researchers suggest that the declaration of an EC area itself could provide a “trigger” to initiate a process similar to the Farm Help viability assessment, a Pathways Plan working with Centrelink and the advisory process. Early intervention upon the declaration of an EC area is preferred.

⁴ One off grants is a reference to several state government financial supports in the current drought. The point made here by farmers is that low interest loans should be available to all farmers if such schemes are devised, and not just farmers who may not have undertaken steps to prepare for the drought.

1. Background

In this study we consider only those farmers in receipt of the Exceptional Circumstances Relief Payment.

1.1 Terms of Reference

The SA Centre for Economic Studies (the Centre) was commissioned by the Department of Agriculture, Fisheries and Forestry to extend the Farm Help Longitudinal study by undertaking a comparative analysis of ECRP recipients across four types of EC declared areas (see below) and those farmers who had exited the Farm Help Program.

Clients of the Farm Help Program include those who received income support and a much smaller group of farmers who chose to exit farming and received a re-establishment grant.

The Centre undertook the following:

- Designed and conducted a telephone survey to:
 - compare and contrast Farm Help client profiles with ECRP client profiles, including examining financials and net worth, types of advice and training used, sources of advice, business management and planning, and risk management including drought management and preparedness;
 - ascertain the types of advice, training and planning needs that would be useful in the current climatic conditions;
 - analyse the value that farmers place on Centrelink Rural Service Officers (RSOs) or Rural Financial Counsellors (RFCs) as a first point of call to discuss options and whether there is a need for a pathways plan which sets goals and assists in planning for the future; and
 - investigate how future tools for ECRP recipients might work including a financial diagnostic.
- A telephone survey to approximately 400 ECRP recipients across four types of EC declared areas (long term, recently declared, irrigated areas and Tasmania). The survey was designed to address the following key areas:
 - information on the farmer, their farm and main farming activity;
 - courses and training undertaken, including the value of training activities;
 - business management strategies and responses to variable climate;
 - principal sources of professional advice and the value of the advice received; and
 - financial situation of farmers including use of FMD and earning off farm income.
- Analyse the data gathered from the surveys and report on
 - the types of clients receiving ECRP, including any patterns in financial situations, types of advice and training used, sources of advice, business management and planning, and risk management;
 - the value of using RSOs or RFCs as a first point of call for ECRP recipients; and

- tools that the department can use to better service the needs of ECRP recipients, including advice on the types of advice, training and planning needs that will be useful in the current climate and for future planning.

A telephone interview was developed around the key issues for ECRP recipients, and also to include questions that enabled comparison with Farm Help clients. A copy of the interview schedule is shown at Appendix A. Shown at Appendix B is a summary of the drought assistance package announced by the Commonwealth on the 25th September, 2007. The package contained a range of new measures such as access to Professional Advice and Planning Grants, assistance for irrigators and changes to the asset limit to assist those farmers in EC declared areas contemplating leaving the farm. The timing of this announcement and the SACES telephone interview (conducted in late November and December) meant that some farmers may not yet have had the opportunity to access some components of the package.

1.2 Overview of the Programs: Exceptional Circumstances and Farm Help

Exceptional Circumstances Relief Payment (ECRP) is designed to assist farmers who face particular circumstances, such as drought, where the situation is beyond the scope of normal risk management practices. More formally, Exceptional Circumstances “are *rare and severe events*’ that are outside those that a farmer could normally be expected to manage using responsible farm management strategies. Specifically, they are events that occur on average once every 20 to 25 years and have an impact on income of farm businesses in a single region or industry for a prolonged period (e.g. greater than 12 months)”.⁵

The Australian Government approves expenditure on each Exceptional Circumstances (EC) event separately, therefore, the forms and duration of support may vary for different EC events. The ECRP is available to eligible producers and small business operators for the duration of the EC declaration. Assistance is generally provided in two forms, with business support and income support available for eligible farm businesses, small businesses and their families. The forms of assistance provided under the Exceptional Circumstances program are considered below:

- EC relief payment (100 per cent Commonwealth funded); and
- EC interest rate subsidies (90 per cent Commonwealth funded, 10 per cent State funded).

1.2.1 EC Relief Payment: income support

Welfare or income support is provided as the Exceptional Circumstances Relief Payment (ECRP). The ECRP is paid at the same rate as the Newstart Allowance and is subject to income and off-farm assets tests. It helps eligible farm families and small business operators meet day to day living expenses. In addition, ECRP recipients and their families may be eligible for a Health Care Card and may also receive concessions under the Youth Allowance and Austudy means test for dependent children.

⁵ Exceptional Circumstances Assistance Information Handbook, p. 5, July 2007, updated in February 2008.

Eligibility criteria

Farmers must demonstrate that under normal circumstances they are farmers; contribute a significant part of their labour and capital to the farm enterprise; derive a significant part of their income from the farm enterprise; are Australian residents; and are in Australia.

To be eligible for ECRP, farmers need to obtain an EC Certificate from Centrelink. Centrelink automatically assesses a farmer's eligibility for an EC Certificate when assessing a farmer's claim for ECRP.

Eligibility criteria for small business operators

Since November 2006, eligible agriculture dependent small business operators have been able to apply for EC income support. In September 2007, the criteria for small business applicants were expanded to include other types of small business operators.

Small business operators must demonstrate that under normal circumstances they meet the definition of a 'small business operator', that is, they are a person who (amongst other things):

- has a right or interest in the small business;
- contributes significant labour and capital to the small business; and
- gains a significant part of their income from the small business.

Criteria for agriculture dependent small business operators

Agriculture dependent small businesses based either inside or outside of EC declared areas may be eligible for income support. Applicants must demonstrate that they (amongst other things):

- derive at least 70 per cent of their income from the provision of goods and services for farming activities in EC declared areas;
- have experienced a significant downturn in total business turnover as a result of the drought;
- employ up to 100 full time equivalent staff;
- have a current Australian Business Number (ABN) and carry out commercial activities; and
- be an Australian resident or have permission to stay permanently in Australia.

Income and assets tests apply but assets essential to the running of the small business are not included.

Criteria for other small business operators

On 25 September 2007, the eligibility criteria for small businesses were expanded to include other small business operators. Applicants must demonstrate that (amongst other things):

- their business is located in a town that is substantially reliant on farm incomes, has a population of 10,000 or less and is located in an EC declared area;
- their business is dependent on income from farmers, farm workers and their families;
- they have experienced a significant downturn in total business turnover as a result of the drought;
- they employ up to 100 full time equivalent staff; and
- they have a current Australian Business Number (ABN) and carry out commercial activities.

Income and assets tests apply but assets essential to the running of the small business are not included.

The EC relief payment is **not automatic** upon the declaration of an area. A person cannot receive ECRP and other income support payments at the same time (e.g. Farm Help). Centrelink applies an income and assets test similar to the NewStart Allowance income test and assets test, but there are some exclusions. These include:

- assets that are considered to be essential to business;
- bona fide life insurance and superannuation policies;
- proceeds from the forced sale of livestock (provided that these are invested in approved deposits for the required length of time); and
- up to \$10,000 in off-farm or non-business wages and salaries (until 30 June 2008).⁶

Farmer's and small business operator's income and assets details are reviewed every six months.

1.2.2 EC Interest Rate Subsidies: business support

Business support is provided through Exceptional Circumstances Interest Rate Subsidies (ECIRS). This assistance is for eligible farm business owners and small business operators considered profitable in the long-term, but who due to exceptional circumstances, are experiencing financial difficulties and in need of ECIRS assistance to achieve long-term profitability. ECIRS assistance is available to eligible farmers for the duration of the EC declaration covering their farming business.

Receipt of ECIRS is **not automatic** on the EC declaration of an area. The actual period from which applicants can receive ECIRS and the level of support they receive are determined on an individual basis by the State and Territory Rural Adjustment Authorities (RAAs) that administer ECIRS. Entitlements are calculated in terms of the Australian Government policy guidelines issued for each event.

State/territory-based RAAs must be satisfied that the applicant's farming or business enterprise is in financial difficulty due to the EC event, and that it has prospects of long-term profitability and sustainability. The RAAs also require that other eligibility requirements, are met (e.g., assets test).

Eligibility criteria

Farmers must demonstrate that under normal circumstances they contribute at least 75 per cent of their labour to the farm enterprise, derive at least 50 per cent of their income from farming and have been farmers for at least two years.

Eligibility criteria for small business operators

Since November 2006, eligible agriculture dependent small business operators have been able to apply for EC assistance. In September 2007, the criteria for small business applicants were expanded to include other types of small business operators.

⁶ The Commonwealth drought assistance package increased the off-farm income exemption from \$10,000 to \$20,000

Small business operators must demonstrate that:

- they have a right or interest in the small business;
- under normal circumstances, they contribute at least 75 per cent of their labour to the small business and derive at least 50 per cent of their income from the small business; and
- they have been operating the small business for at least 2 years.

Criteria for agriculture dependent small business operators

Agriculture dependent small businesses based either inside or outside of EC declared areas may be eligible for interest rate subsidies. Applicants must demonstrate that they (amongst other things):

- derive at least 70 per cent of their income from the provision of goods and services for farming activities in EC declared areas;
- the small business is in financial difficulty due to an EC event;
- employ up to 100 full time equivalent staff;
- have a current Australian Business Number (ABN) and carry out commercial activities;
- they have disposed of non-essential business assets;
- they have disposed of non-business assets, such that the net value of non-business assets is not in excess \$750,000 (for the period 25 September 2007 to 30 September 2008, inclusive of the 28 day grace period, or the closure of their relevant EC declaration, whichever ever occurs first). *NB: Outside the period 25 September 2007 to 30 September 2008, the value of non-business assets is not to exceed double the Newstart Allowance Assets test for homeowners (partnered). Assets held in bona fide insurance and superannuation funds are exempt from the non-business assets test.*

Criteria for other small business operators

On 25 September 2007, the eligibility criteria for small businesses were expanded to include other small business operators. Applicants must demonstrate that they (amongst other things):

- have a business located in a town that is substantially reliant on farm incomes, has a population of 10,000 or less and is located in an EC declared area;
- have experienced a significant downturn in total business turnover as a result of the drought;
- have a business that is dependent on income from farmers, farm workers and their families;
- employ up to 100 full time equivalent staff;
- have a current Australian Business Number (ABN) and carry out commercial activities;
- they have disposed of non-essential business assets;
- they have disposed of non-business assets, such that the net value of non-business assets is not in excess \$750,000 (for the period 25 September 2007 to 30 September 2008, inclusive of the 28 day grace period, or the closure of their relevant EC declaration, whichever ever occurs first). *NB: Outside the period 25 September 2007 to 30 September 2008, the value of non-business assets is not to exceed double the Newstart Allowance Assets test for homeowners (partnered). Assets held in bona fide insurance and superannuation funds are exempt from the non-business assets test.*

Amount of interest rate subsidies

The maximum interest rate subsidy level payable to farmers and small business operators in their first year of EC-declaration is 50 per cent, and up to 80 per cent in the second and subsequent years. The maximum interest rate subsidy payable under the guidelines is \$100,000 in any 12 month period, with a cumulative maximum of \$500,000 over five years.

1.2.3 Farm Help Program

Section 6(2) of the *Farm Household Support Act 1992* (amended in 2004) specifies:

The object of farm help income support is to provide short term financial assistance to farmers who:

- (a) are experiencing difficulty in meeting living expenses; and*
- (b) are unlikely to obtain a loan from a finance institution;*

while they take action to improve their long term financial situation by improving the financial performance of their farm enterprise, finding alternative sources of income or re-establishing themselves outside farming.

The overarching intention of the Farm Help program is to promote *adjustment* by farmers - to ensure that they take action to improve their long-term financial situation either by improving the financial performance of their farm enterprise, finding alternative sources of income or re-establishing outside farming.⁷ The orientation of the program is thus adjustment; the program is not intended to primarily provide welfare support although it includes some elements of welfare support during the adjustment period.

The following forms of assistance are currently available to eligible farmers through the Farm Help program:

- Income support (subject to income and non-farm assets tests) at the same rate as the NewStart Allowance for up to 12 months, to allow farmers time to explore options and to make decisions about their future. Income support is not subject to the usual NewStart Allowance activity test.
- An Advice and Training Grant up to the value of \$5,500 (including GST) per farm family for families joining Farm Help for the first time. Those re-entering the program can access a grant of up to \$2,500 (including GST). Up to \$750 of the Advice and Training Grant may be used to purchase computer software.
- A Re-establishment Grant up to the value of \$75,000 for farmers who have taken a decision to leave the farm is available on the sale of the farm if the farmer applies for the grant before selling the farm; and sells the farm enterprise within 12 months of applying for the grant, or if the farmer is receiving FHIS, within one year of receiving his or her final income support payment. The Re-establishment Grant is subject to an assets test. The amount of income support received while on Farm Help is deducted from the value of the grant.

The maximum amount currently available to a farming family from the Farm Help program is \$80,500. Before receiving income support or a Re-establishment Grant, farmers must participate in an initial advice session (which is funded under the Advice and Training Grant). This initial advice session must include a professional assessment of the financial viability of their farm's situation by a prescribed adviser. Farmers must also develop a Pathways Plan

⁷

The Parliament of the Commonwealth of Australia, House of Representatives (2004), *Farm Household Support Amendment Bill 2004, Explanatory Memorandum*, p. 6.

with their Centrelink Rural Services Officer in accordance with the farmer's long-term goals that sets out the actions the farmer intends taking to improve the financial position of their farm business, earn off-farm income or re-establish off the farm. Some farmers meet certain hardship provisions and so are able to obtain access to income support prior to the initial advice session and preparation of their Pathways Plans. Under these circumstances, the Pathways Plans must be prepared within three months of accessing income support.

Advice and Training Grant activities form the centrepiece of Pathways Planning. Development of, and acting on the Pathways Plan is in accordance with the concept of mutual obligation. Farmers are required to take actions with the assistance of Farm Help to improve their financial circumstances. It is now required that Pathways Plans be reviewed on a quarterly basis.

Thus the focus of the Farm Help program since its inception as the new Farm Re-establishment Scheme in 1997 has changed from a program, the primary focus of which was intended to assist farmers exit farming to one where support is provided to farmers during the time where they make their decision as to whether to attempt to implement changes to improve the long-term viability of the farm, whether to pursue off-farm income or whether to exit farming. The program now has a lesser focus on Farm Help assistance as welfare and a much stronger focus on adjustment and mutual obligation on the part of farmers to actively participate in adjustment designed to bring about a strengthening of the long-term financial circumstances of themselves and their families.

1.3 ABARE National Farmer Survey 2006: Farm Help

The National Farmers Survey undertaken by ABARE provides comparative information about farm families accessing both programs, although the survey sample for Farm Help clients was relatively small (2 per cent). Notwithstanding, ABARE report that Farm Help "users operate farms that are generally smaller and have significantly lower market value than those of non-users"⁸ and that the majority of Farm Help users tend not to have off-farm income or off-farm investments. Access to off-farm income can be a valuable element in any risk management strategy and thus the lack of off-farm income can impact on the viability of farmers accessing Farm Help.

ABARE also report that "farmers receiving assistance through the Farm Help program are more aware of FMDs, the services of Rural Financial Counsellors, Exceptional Circumstances, the Industries Partnership Program, and the Sugar Industry Reform Package (SIRP) than non-users. They also accessed assistance through the RFCs, ECIRS and the SIRP in larger proportions than non-users."⁹

Other characteristics of Farm Help users reported in the 2006 survey (which covered the financial year 2005-06) compared to non-users (non-user comparative figures shown in brackets) include the following:

- 73 per cent had a cash income of less than \$30,000 (44 per cent)
- 63 per cent of operators and spouse had zero off-farm income (37 per cent)
- 68 per cent operators and spouse had zero off-farm net investment (38 per cent)
- 39 per cent had a written business plan (25 per cent)

⁸ ABARE National Farmers Survey 2006 p. 46.

⁹ ABARE National Farmers Survey 2006 p. 47.

- 83 per cent had strategies to deal with serious drought (77 per cent)
- 35 per cent considered they had scope to increase productivity (28 per cent)
- 60 per cent compared farm performance against others (47 per cent)
- 16 per cent had off-farm income from wages (46 per cent)
- 35 per cent had scope for diversification as a risk management strategy (27 per cent)
- 63 per cent had participated in training in the last two years (45 per cent)
- 48 per cent belonged to a production group (28 per cent).

In summary, Farm Help clients earned lower cash income from farming than non-users, derived less income from off-farm wages and net investments and were active in trying to improve farm productivity. As a result of participation in the Farm Help program more farmers had a written business plan, had participated in training and belonged to a local agricultural production group.

Farm Help encourages farmers to develop a written business plan, through the Pathways Plan, it provides financial assistance to access advice and support for training. While the sample is small, ABARE summarise that it appears that Farm Help clients have taken advantage of the various components of the Farm Help program.

The Centre is now into the fourth year of a longitudinal study of Farm Help and the most recent report (November 2007) stated the following:

- farmers are utilising elements of the program to continue to improve viability of their farm and financial situation;
- over one-third of the survey group who had prepared a Pathways Plan had improved their financial position (although drought had worsened the situation for another one-third);
- participants had undertaken training and skills development so that 35 per cent of past participants exiting the program between March 2002 and July 2006 had increased reliance on off-farm income; and
- after the program farmers had sought and paid for professional advice (35 per cent), had undertaken study or training (20 per cent), and updated their business plan (25 per cent)

The Centre's conclusion is that the Farm Help program has been successful in assisting farmers to implement strategies and to take actions to improve their long-term financial situation and that farmers continue to utilise elements of the program following exit from the program. That is to say, they regularly update business plans and continue with a more formal planning approach in operating their farm.

1.4 ABARE National Farmers Survey 2006: Exceptional Circumstances Relief Payment

ABARE in the National Farmers Survey profile Exceptional Circumstances assistance recipients (as at 2005-06) and also profile separately EC relief payment recipients and EC interest rate subsidy recipients. At that time many farmers were experiencing drought conditions, a situation that continued to worsen for many through to end 2006 and into 2007. At the time of the national survey policy makers were reviewing the extent to which EC

assistance was effectively targeted at viable farmers, including that farmers had taken steps to prepare for drought conditions and that they had risk management strategies in place.

Responses from farmers who were in receipt of EC assistance reveal the following (comparative figures for those farmers who did not receive EC assistance shown in brackets):

- there were no real differences in terms of the profiles of EC and non-EC farmers;
- the majority of farmers indicated they would recover from the drought as it then was;
- 78 percent of farmers had drought management strategies, but more broadacre cereal and livestock farmers had strategies than did the more intensive industries (vegetables, fruit, wine grapes, dairy);
- estimated farm cash income was lower for EC users, estimated operator and spouse off-farm income was lower as was income from off-farm net investments and the three combined impact on risk management strategies; and
- more EC farmers (30 per cent) had a written business plan (23 per cent) and strategies to deal with serious drought, while EC farmers were more aware of assistance measures such as RFCs, Farm Help, FarmBis and structural adjustment programs.

The continuation of the drought into 2007 and the more extensive coverage of the drought impacted on even more farmers including dairy farmers, broadacre cropping and grain and horticulture and viticulture farmers, especially those who were heavily dependent on irrigation. Data from State Rural Adjustment Authorities (RAAs) and water authorities indicate that those on ECRP (and EC interest rate subsidy) tended to be the smaller farmer as measured by farm size and by water entitlements (e.g., in Victoria 62 per cent of farmers receiving a water rebate to compensate for reduced water allocations historically held entitlements of 15 megalitres or less).

The more intensive industries such as fruit, wine grapes, dairy and vegetables have been increasingly exposed as the drought worsened into 2007 and 2008, whereas they have not been as exposed to severe drought in previous years.

2. Survey Analysis and ECRP Recipients

In this section we follow the Terms of Reference and discuss the results of the survey of ECRP recipients across four types of EC declared areas, including profiling the farmer and the farm, business and risk management strategies adopted by this group of farmers, their financial situation and other information relevant to profile EC relief payment recipients.

We first consider all survey respondents and then consider separately the four EC groups.

This section provides comparisons where it is relevant to do so and includes consideration of strategies, tools, assistance and program requirements that the Department can use to better service the needs of ECRP recipients (e.g., assistance with advice and planning, should ECRP recipients prepare a Pathways Plan, what type of assistance/advice/training would be most beneficial, etc.).

In the discussion that follows it is important to recall that the Farm Help client group and the ECRP client group may differ for several reasons and that differences in the take-up of assistance such as professional advice and training may also differ. For example, Farm Help clients must complete a financial assessment of their farm to maintain eligibility for income support. They must also develop a Pathways Plan and through this exercise, maintain contact with Centrelink rural service officers. ECRP recipients are under no such obligation. Further, state governments have responded to the severity of the drought and implemented their own drought assistance packages, so that ECRP farmers have available a greater array of assistance measures, including group support, DPI advisory services, water and council rebates, health counsellors and extended community and emergency services.

This section follows the sequence of headings and questions in the telephone survey:

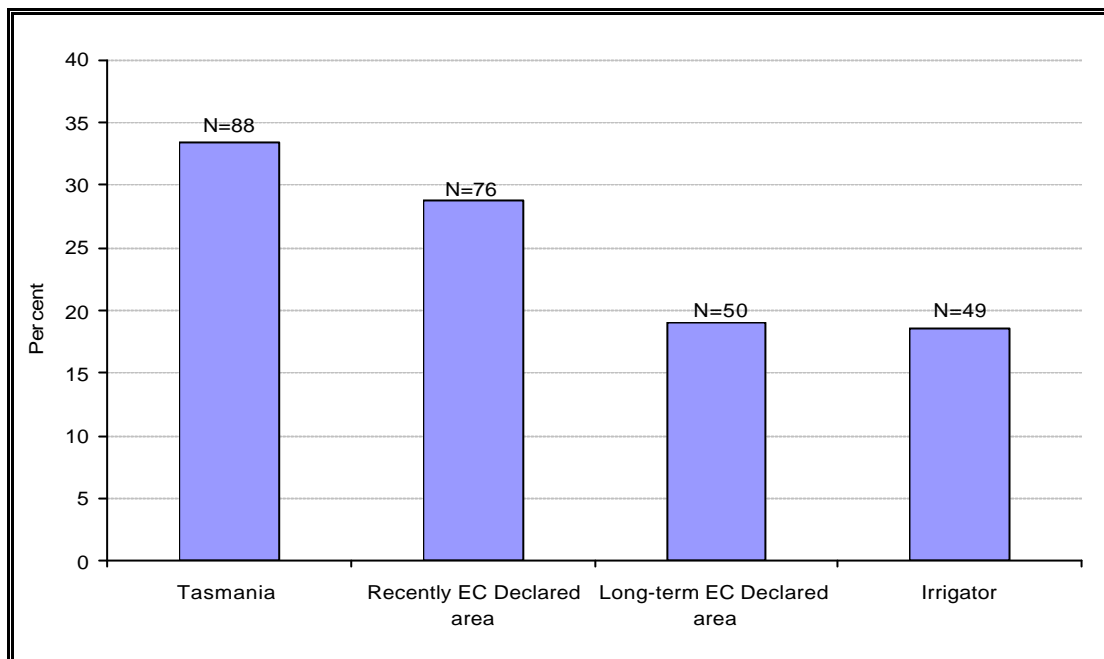
- 2.1 Summary of ECRP survey response rate;
- 2.2 Farmers and the Farm;
- 2.3 Courses and Training;
- 2.4 Business Management and Climate Change;
- 2.5 Sources of Professional Advice;
- 2.6 Financial Assessment; and
- 2.7 Future Considerations.

2.1 ECRP Client Group

The survey achieved a very good response rate of 66 per cent overall. The cooperation of farmers was excellent with many respondents willing to talk and discuss their situation with the interviewer at length.¹⁰ Figure 2.1 illustrates the breakdown of the 263 respondents by the four categories under study. Approximately 100 contacts were provided for each group, but not all were able to be contacted or wished to participate so actual numbers rather than response rates are shown in Figure 2.1 for each of the four categories.

¹⁰ In many cases the survey was a therapeutic exercise for the farmer who clearly appreciated the interest of the interviewer and that government was seeking further ways to assist drought affected farmers and their communities.

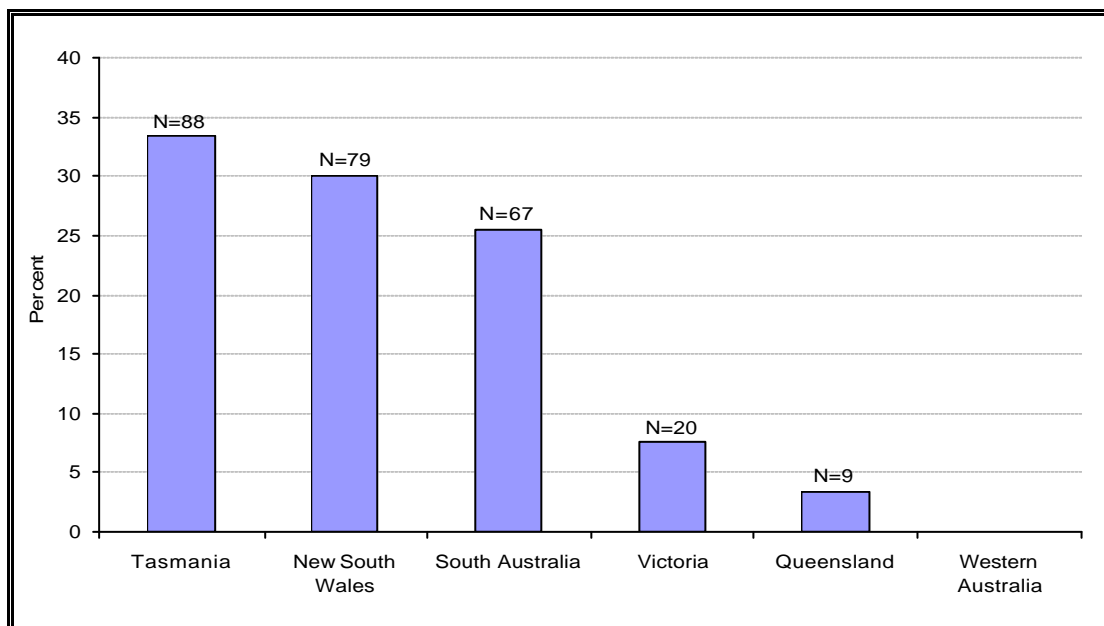
Figure 2.1
Response Profile by Area: EC Group



Source: ECRP Survey 2007, SACES. N=263.

Tasmania was one of the four designated groups so it is unsurprising the highest number came from that State as shown in Figure 2.2. All States except Western Australia were included in the contact lists provided to the Centre; the lists were assembled by the Department from randomly selected EC areas, but selected to cover the four EC categories to be surveyed.

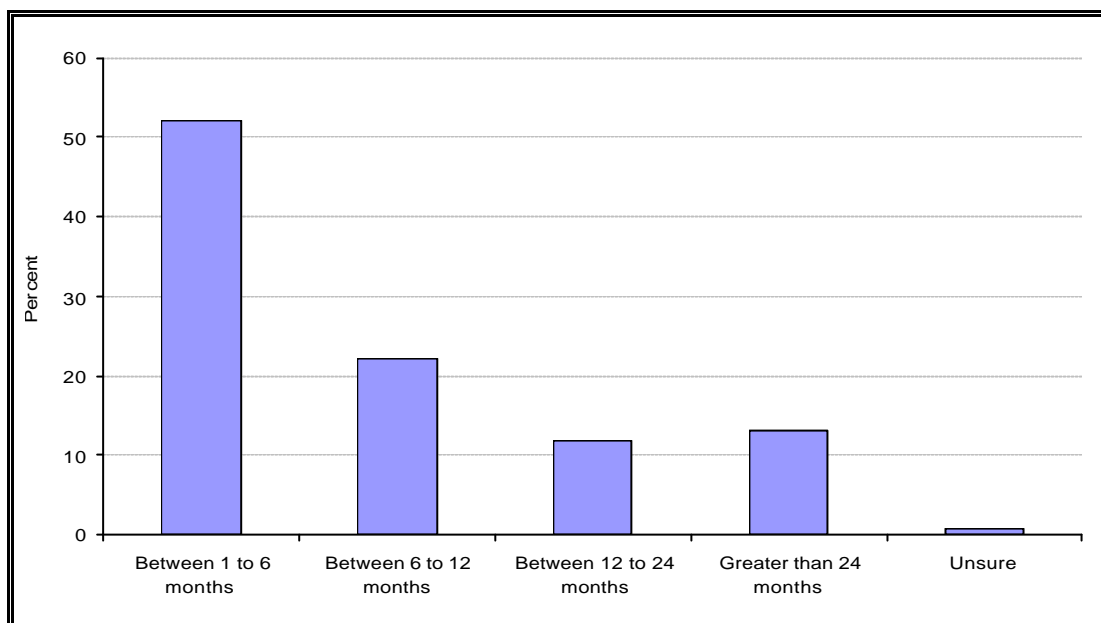
Figure 2.2
Respondent Profile by State



Source: ECRP Survey 2007, SACES. N=263.

The length of time respondents have been receiving EC relief payment assistance is shown in Figure 2.3 and the actual number and percentage breakdown in Table 2.1. Just over one half had been in receipt of relief payment for 6 months or less so effectively they were in “recently declared EC areas” and 25 per cent had received ECRP for more than 12 months.

Figure 2.3
Duration of Assistance



Source: ECRP Survey 2007, SACES. N=263.

Table 2.1
Duration of Assistance

	Responses	
	Number	Per cent
Between 1 to 6 months	137	52.1
Between 6 to 12 months	58	22.1
Between 12 to 24 months	31	11.8
Greater than 24 months	35	13.3
Unsure	2	0.8
Total	263	100.0

Source: ECRP Survey 2007, SACES. N=263.

2.2 Farmer and the Farm

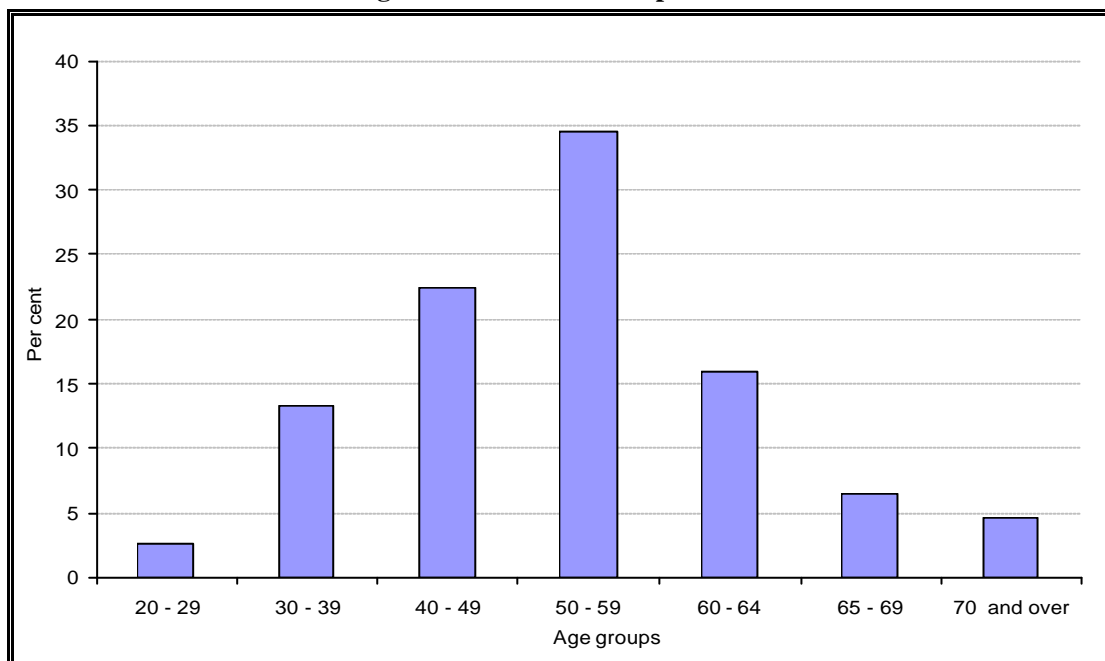
The age profile of ECRP recipients set out in Table 2.2 is very similar to that of farmers accessing Farm Help as illustrated in Figure 2.4 and Figure 2.5, with 57 per cent of ECRP recipients aged between 40-59 years (52 per cent for Farm Help over the ten years 1997-2007). There were no significant differences in the age profile of farmers across the four categories of ECRP recipients. ECRP has 27 per cent of farmers aged 60 years and over and relative to Farm Help 21 per cent. This group of older farmers experiencing drought and hard times may be amenable to retirement/succession planning/re-establishment assistance, although as shown in Figure 2.6 two thirds of those aged over 60 years do not have retirement or succession plans in place. The impact of the drought may act to bring forward such considerations.

Table 2.2
Age Profile of Respondents

	Responses	
	Number	Per cent
Less than 20 years	0	0.0
20 to 29 years	7	2.7
30 to 39 years	35	13.3
40 to 49 years	59	22.4
50 to 59 years	91	34.6
60 to 64 years	42	16.0
65 to 69 years	17	6.5
70 year and over	12	4.6
Total	263	100.0

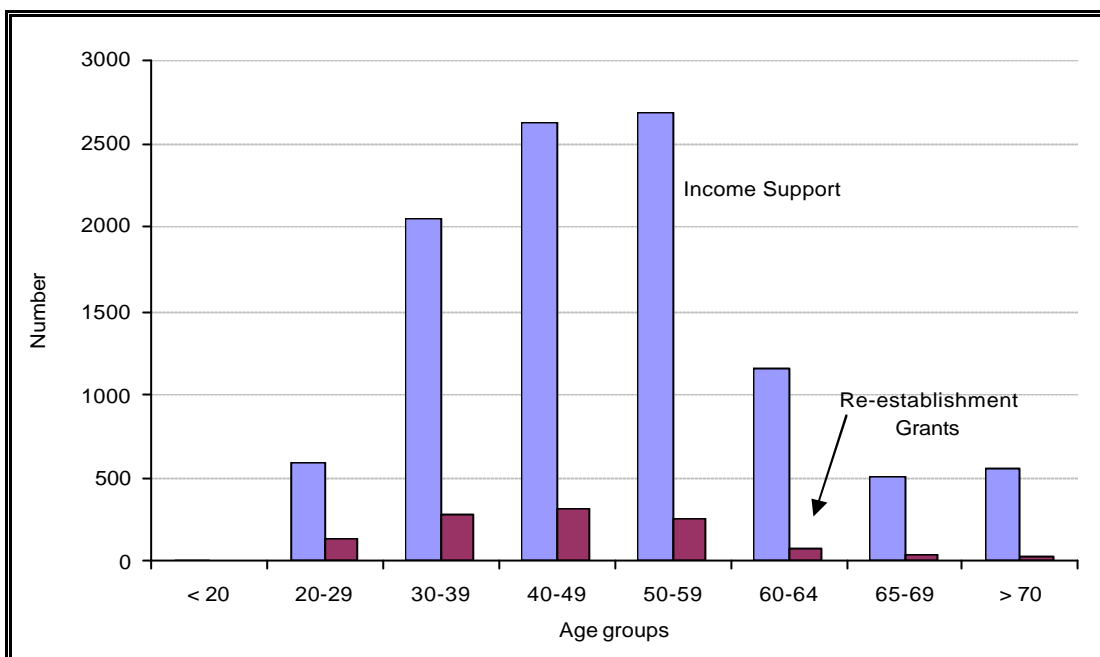
Source: ECRP Survey 2007, SACES. N=263.

Figure 2.4
Age Profile of ECRP Respondents



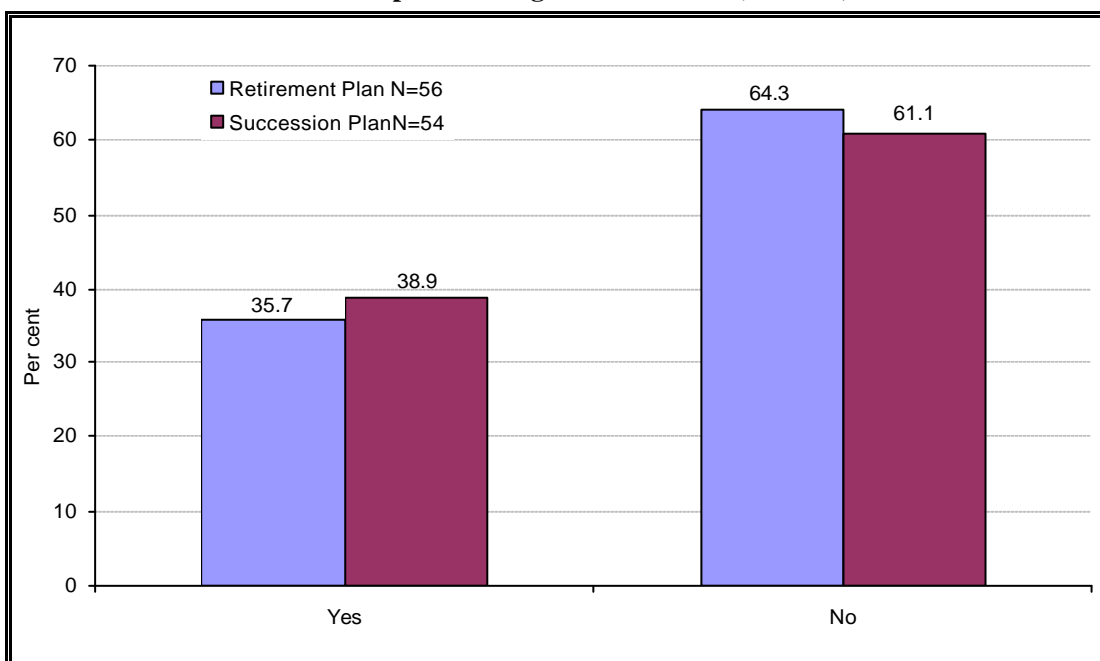
Source: ECRP Survey 2007, SACES. N=263.

Figure 2.5
Age of Farm Help Clients: Cumulative totals December 1997 – June 2007



Source: Centrelink, *Monthly Management Information Reports on the Farm Help – Supporting Families Through Change Program, Exceptional Circumstances Relief Payment and Dairy Type Grants*, June 2006.

Figure 2.6
ECRP Respondents Aged 60 and Over (Per cent)



Source: ECRP Survey 2007, SACES.

The proportion of farmers in the four target groups with a retirement and or succession plan is shown in Table 2.3.

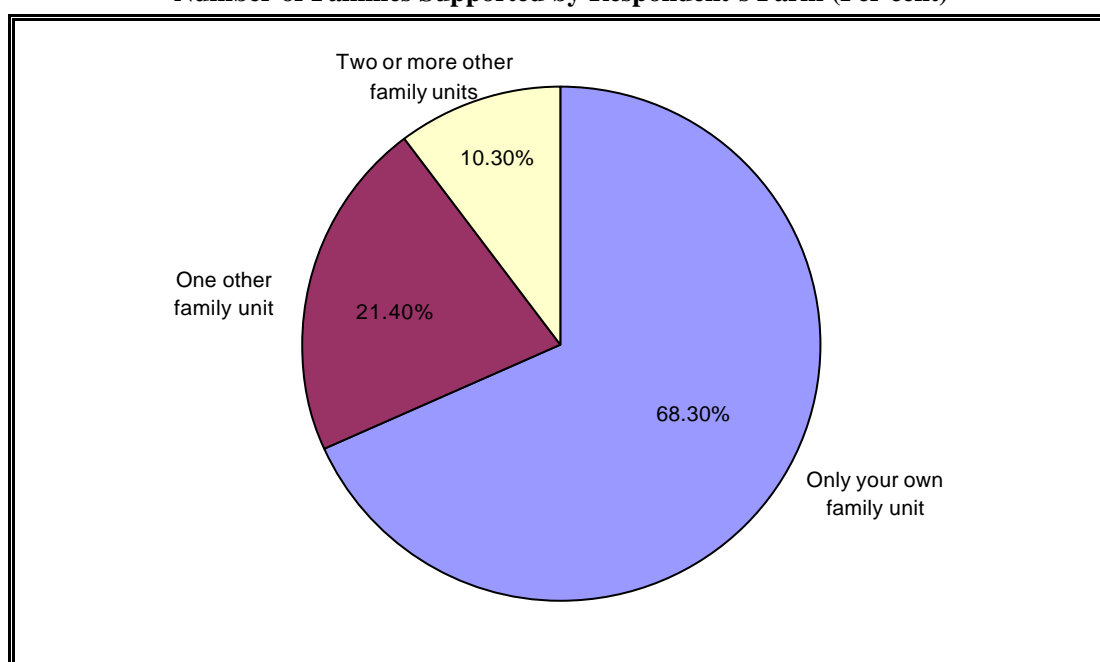
Table 2.3
Retirement and Succession Plans by Target Group

	Retirement Plan (Per cent)	Succession Plan (Per cent)
Long-term EC Declared (N=13; 15)	30.8	53.3
Recently Declared EC area (N=12;12)	41.7	33.3
Irrigator (N=12,14)	41.7	42.9
Tasmania (N=19;13)	31.6	23.1

Source: ECRP Survey 2007, SACES. N=56 and N=54.

Close to one-third of EC relief payment farm units had more than one family unit supported by the farm (Figure 2.7) and this is an important finding as it illustrates the breadth and depth of the impact of the drought, the effect on more than one family unit in lost income and that social sustainability, health and well being of communities is much more than the single family unit. Members of families are faced with multiple transitions and adjustments, including access to training, skills development, need to earn off-farm income and personal/family supports.

Figure 2.7
Number of Families Supported by Respondent's Farm (Per cent)



Source: ECRP Survey 2007, SACES. N=262.

There were more single family units (79 per cent) and fewer other family units (21 per cent) under the Farm Help program, in the 2006-07 survey.

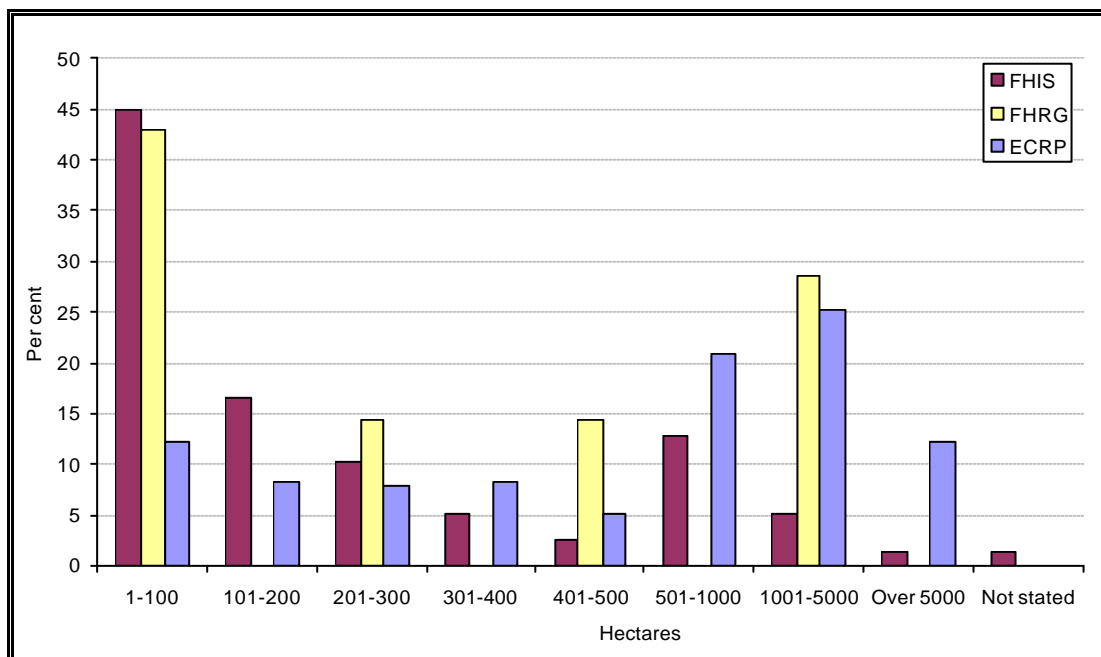
Figure 2.8 for Farm Help and for ECRP (Table 2.4 shows ECRP recipients only) illustrates the difference between Farm Help and EC clients by farm size. Some 45 per cent of Farm Help clients in 2006-07 operated farms of less than 100 hectares and 65 per cent of farms were less than 200 hectares - the respective percentages are 12 and 20 per cent for EC relief payment farmers. This is largely because EC is available (subject to meeting eligibility criteria) to all farmers in a declared area and specifically the drought has affected a diversity of farming activities including dairy, horticulture, broad acre livestock and grain farmers. The size of the farm may also influence risk management strategies where larger farms are able to reduce livestock, reduce areas under cropping and minimise water use by reducing the area under cultivation.

Table 2.4
Size of Farm: ECRP Recipients

	Responses	
	Number	Per cent
1 to 100 hectares	31	12.2
101 to 200 hectares	21	8.3
201 to 300 hectares	20	7.9
301 to 400 hectares	21	8.3
401 to 500 hectares	13	5.1
501 to 1000 hectares	53	20.9
1001 to 5000 hectares	64	25.2
5001 or more hectares	31	12.2
Total	254	100.0

Source: ECRP Survey 2007, SACES. N=254.

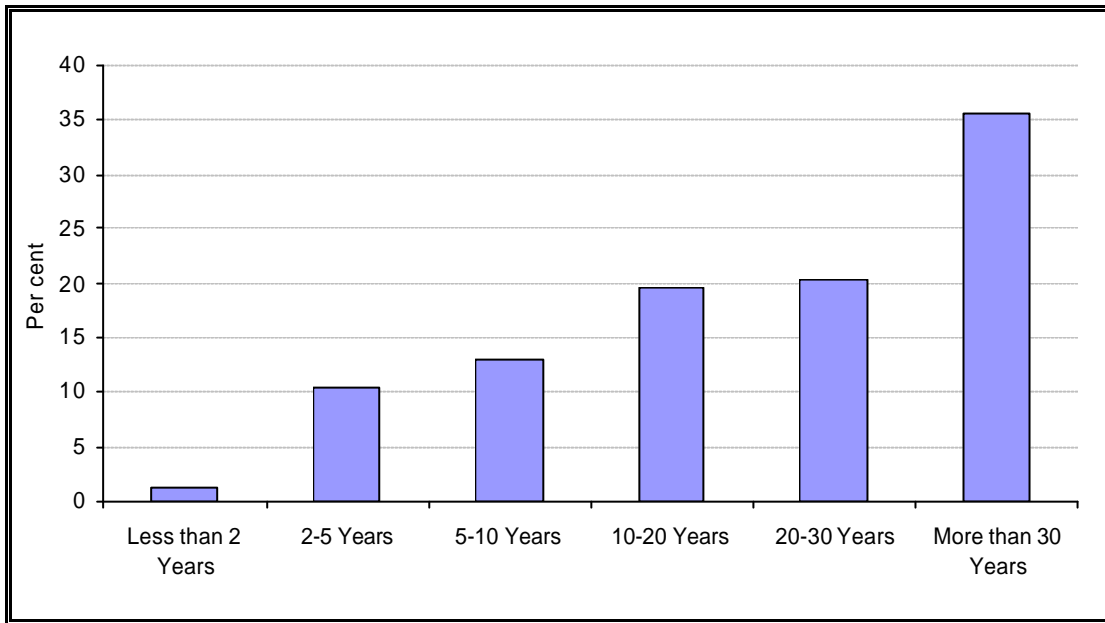
Figure 2.8
Size of Farm: Income Support, Re-establishment Grant and ECRP Recipients



Source: ECRP Survey 2007, SACES. N=254.

Farmers in the Farm Help program and those receiving EC relief payments have a long attachment to the land with 85 per cent of Farm Help clients having 10 or more years farming experience and 76 per cent of EC relief payment clients (see Figures 2.9 and 2.10). Table 2.5 provides the numeric data for EC farmers. Clearly both sets of farmers are highly experienced, although that does not necessarily imply that changes and improvements to farm management, production techniques and adjustment to variable climate cannot still be undertaken. Indeed, participation in the Farm Help program indicates the need for adjustment (and benefit for many farmers) to improve the viability of farms despite the long years of farming.

Figure 2.9
Time Worked on Current Farm: ECRP



Source: ECRP Survey 2007, SACES. N=261.

Figure 2.10
Farming Experience: Farm Help
February 2006 – July 2007 Exit survey data

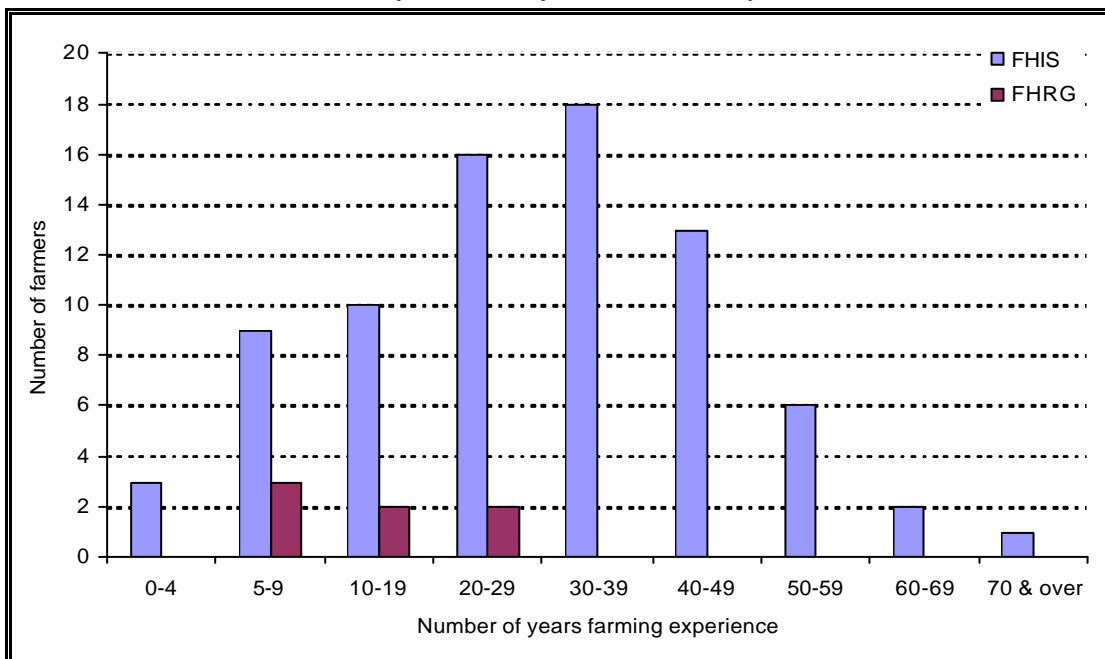


Table 2.5
Time Worked on Current Farm: ECRP

	Responses	
	Number	Per cent
Less than 2 Years	3	1.1
2-5 Years	27	10.3
5-10 Years	34	13.0
10-20 Years	51	19.5
20-30 Years	53	20.3
More than 30 Years	93	35.6

Source: ECRP Survey 2007, SACES. N=261.

Table 2.6 for ECRP farmers and Table 2.7 for Farm Help in the most recent survey period show that sole ownership and family partnership are the dominant forms of ownership and that the two groups are quite similar in this regard. The significance of this is that ownership structures may influence the risk management strategies put in place and the preparedness of the farmer to implement change management strategies. Group forms of ownership or leasing arrangements and share-farming may require the agreement of numerous stakeholders to implement changes or adopt new practices.

Table 2.6
Form of Ownership: ECRP

	Responses	
	Number	Per cent
Sole owner	64	24.4
Partnership - family	156	59.5
Partnership - other	2	0.8
Trust	23	8.8
Private company	9	3.4
Leasing the farm	4	1.5
Sharefarming arrangement	2	0.8
Other	2	0.8

Source: ECRP Survey 2007, SACES. N=262.

Table 2.7
Ownership of Farm: Farm Help
February 2006 – July 2007 Exit survey data

Ownership structure	Income Support		Re-establishment Grant		Total	
	Number	Per cent	Number	Per cent	Number	Per cent
Sole owner	22	28.2	0	0.0	22	25.9
Partnership - family	42	53.8	2	28.6	44	51.8
Partnership – other	4	5.1	0	0.0	4	4.7
Trust	5	6.4	0	0.0	5	5.9
Private company	1	1.3	0	0.0	1	1.2
Leasing	3	3.8	3	42.9	6	7.1
Share-farming	0	0.0	2	28.6	2	2.4
Other	0	0.0	0	0.0	0	0.0
Not stated	1	1.3	0	0.0	1	1.2
Total	78	100.0¹	7	100.0¹	85	100.0¹

Note: ¹ Totals do not add exactly to 100.0 due to rounding.

Table 2.8 for 262 ECRP recipients shows the first ranked and then other farming activities undertaken on each farm and that sheep-wool, beef cattle, grain crops, sheep-meat and dairy cattle were the five principal 1st ranked farming activities.

For Farm Help, in the most recent period (February 2006 to July 2007) beef cattle, fruit growers, grain cropping and dairy cattle were the principal activities. For both groups it is clear that drought was the principal reason for being on assistance; however, Farm Help clients cite many other reasons for seeking assistance including falling commodity prices, lack of finance to develop the farm, loss of markets, rising costs and personal circumstances. Flexibility within the Farm Help program allows for a personalised response whereby a farm viability assessment and then an “action strategy” through the Pathways Plan are important tools to assist the farmers, either to investigate options to improve the farm or take a decision to leave farming. Many Farm Help farmers have benefited from a farm viability assessment, professional advice and training, and because ECRP farmers have similar farm operations and demographics it is likely that they too could benefit from this type of process..

Table 2.8
Main Activities Undertaken on the Farm

	Ranked 1	Ranked 2	Ranked 3	Total
Aquaculture	0	0	0	0
Beekeeper	1	0	0	1
Cattle - beef	47	40	30	117
Cattle - dairy	28	0	1	29
Cotton	0	0	0	0
Crop - grains	43	23	23	89
Crops - other	18	12	8	38
Flowers	0	1	1	2
Fruit	0	4	4	8
Nursery	1	0	0	1
Other livestock	2	2	3	7
Pigs	2	1	0	3
Poultry - eggs	0		1	1
Poultry - meat	0	1	2	3
Sheep - meat	35	80	19	134
Sheep - wool	63	37	15	115
Sugarcane	0	0	0	0
Vegetables	4	4	4	12
Other	18	9	8	35

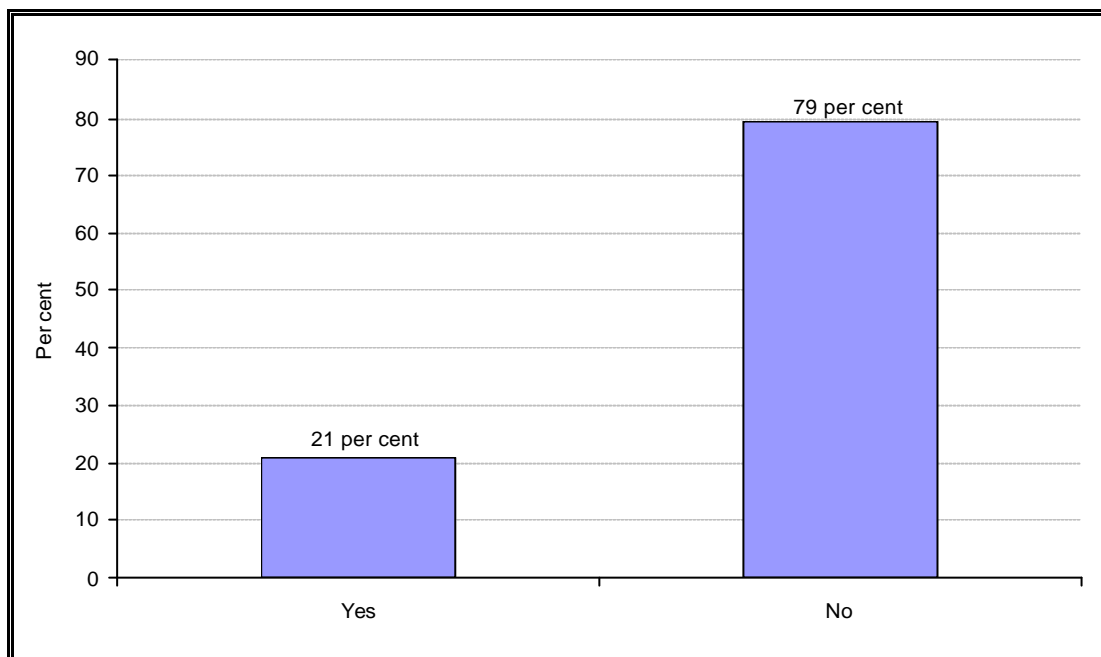
Source: ECRP Survey 2007, SACES. N=262.

2.3 Courses and Training

The majority (206 out of 263) of EC relief payment clients had not undertaken any courses/training (recall that 25 per cent had been on ECRP for a period greater than 12 months). While 52 per cent of our sample had been on ECRP for less than 6 months, this is in contrast with the Farm Help program where a financial assessment is required at the start of the program, followed by the development of an action plan (Pathways Plan) and financial assistance to access advice and training. Farm Help clients access business management, financial planning and production management advice, all essential to improve risk management strategies. Farm Help clients are increasingly participating in training opportunities.

Whether ECRP recipients should be encouraged to do the same, warrants serious consideration (e.g., to improve risk management practices, develop skills and strategies to facilitate earning off-farm income). The drought assistance package announced in September 2007 provided immediate access to professional advice and planning grants for farmers in EC declared areas. This should be monitored to assess the take-up of grants.¹¹

Figure 2.11
Undertaken any Courses/Training



Source: ECRP Survey 2007, SACES. N=260.

Only 54 farmers (21 per cent) on ECRP had undertaken courses or some form of training (Table 2.9, Figure 2.12). While not strictly comparable with Farm Help clients in the recent report (Fourth Wave: Longitudinal Study) the Centre noted that over 1,038 Farm Help clients had undertaken training in the past year and that this “represented a 70 per cent increase on the cumulative total in June 2006 indicating an increased take-up of the training opportunities available to farmers through Farm Help”.¹² Farm Help clients had also completed a farm viability/financial assessment (4,041 farmers to June 2007) and this combination of a farm viability assessment, participation in training and the development of a Pathways Plan has assisted farmers to improve their long term financial situation. It is likely that EC relief payment farmers and those eligible for interest rate subsidies would benefit from assistance to improve risk management strategies.

¹¹ The researchers were informed that as at January 2008 some 5,000 farmers have accessed the advice and planning grants.

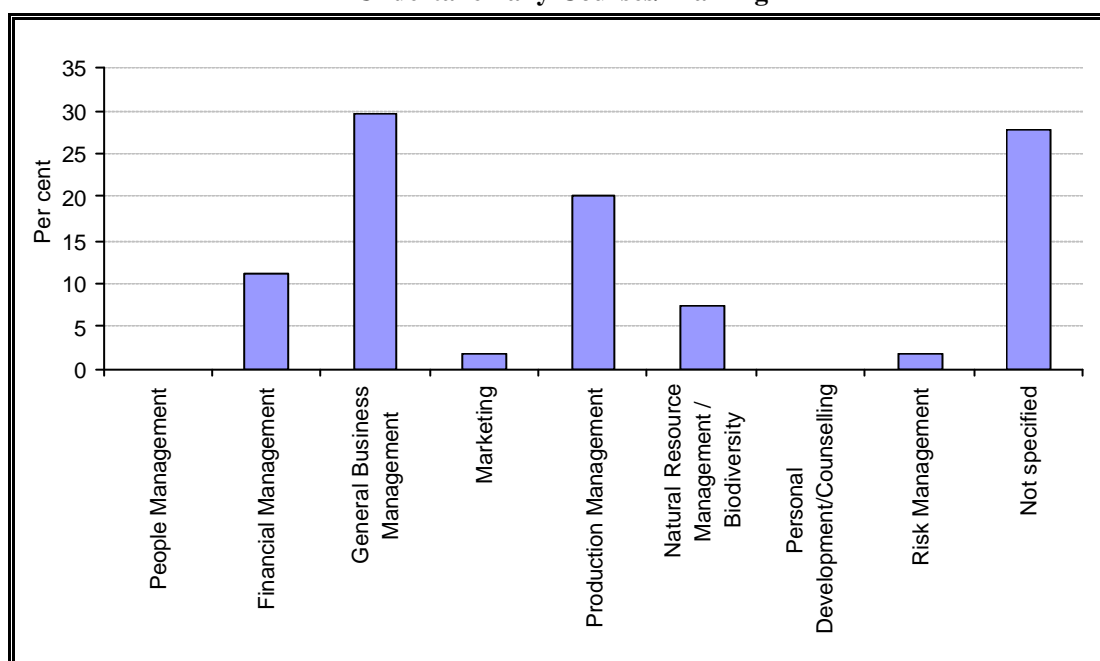
¹² Farm Help Longitudinal Study: Fourth Wave (p. 18).

Table 2.9
Undertaken any Courses/Training

	Responses	
	Number	Per cent
People Management	0	0.0
Financial Management	6	11.1
General Business Management	16	29.6
Marketing	1	1.9
Production Management	11	20.4
Natural Resource Management/Biodiversity	4	7.4
Personal Development/Counselling	0	0.0
Risk Management	1	1.9
Not specified	15	27.8

Source: ECRP Survey 2007, SACES. N=54.

Figure 2.12
Undertaken any Courses/Training



Source: ECRP Survey 2007, SACES. N=54.

That nearly three quarters of all ECRP farmers participating in training or education courses found them “helpful or very helpful” suggests that other farmers would benefit from training, skills development and courses to improve farm management practices while on ECRP.

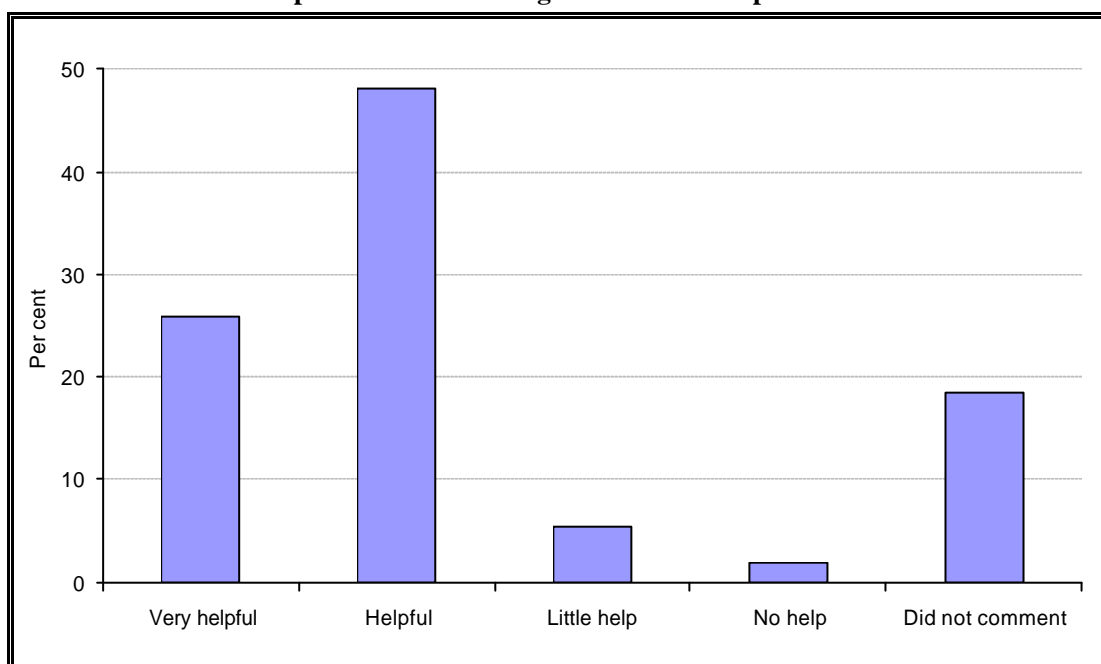
By the four EC target groups, 34 per cent of long term declared EC farmers had participated in training, 25 per cent of irrigators, 21 per cent of recently declared EC farmers and 10 per cent of farmers in Tasmania. This may indicate the longer time on EC the greater preparedness to consider training courses. Most farmers found the courses very helpful/helpful and over three quarters considered there were sufficient training opportunities that were valuable and readily accessible.

Table 2.10
How Helpful was the Training/Personal Development Courses

	Responses	
	Number	Per cent
Very helpful	14	25.9
Helpful	26	48.2
Little help	3	5.6
No help	1	1.9
Did not comment	10	18.6

Source: ECRP Survey 2007, SACES. N=54.

Figure 2.13
How Helpful was the Training/Personal Development Courses



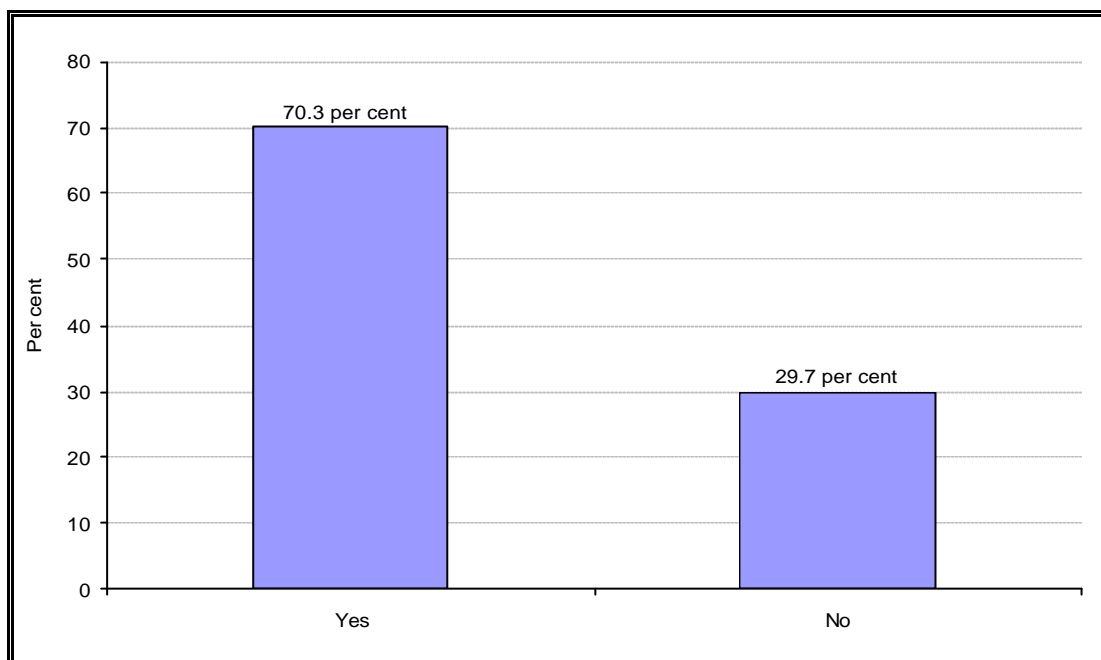
Source: ECRP Survey 2007, SACES. N=54.

Figure 2.14 shows some 130 farmers (70 per cent of respondents to this question) considered that there were sufficient courses available to farmers. Notwithstanding, relatively few farmers have taken up training, although it is possible this could change were the drought and the EC declaration to continue. In particular, in September 2007 the Commonwealth announced that drought assistance would extend to “immediate access to the \$5,000 Professional Advice and Planning Grants.” that was previously only available to Farm Help clients. Additional assistance, forums, discussion groups or training courses most frequently requested by EC farmers were the following:

- learning how to improve the technical efficiency of the farm through better water management, use of drought resistant crops, stock containment and innovative practices;
- practical financial, budgeting and business management courses for the spouse or “stay at home partner”;
- how to handle the drought psychologically, through the use of guest speakers, farmer networks;

- information and assistance with accessing government support to keep employees on (e.g., productivity grants offered by Victorian Rural Finance Corporation); and
- training and skills courses to accredit farmers and prepare them to earn off-farm income.

Figure 2.14
Adequate courses available



Source: ECRP Survey 2007, SACES. N=185.

2.4 Business Management and Climate Change

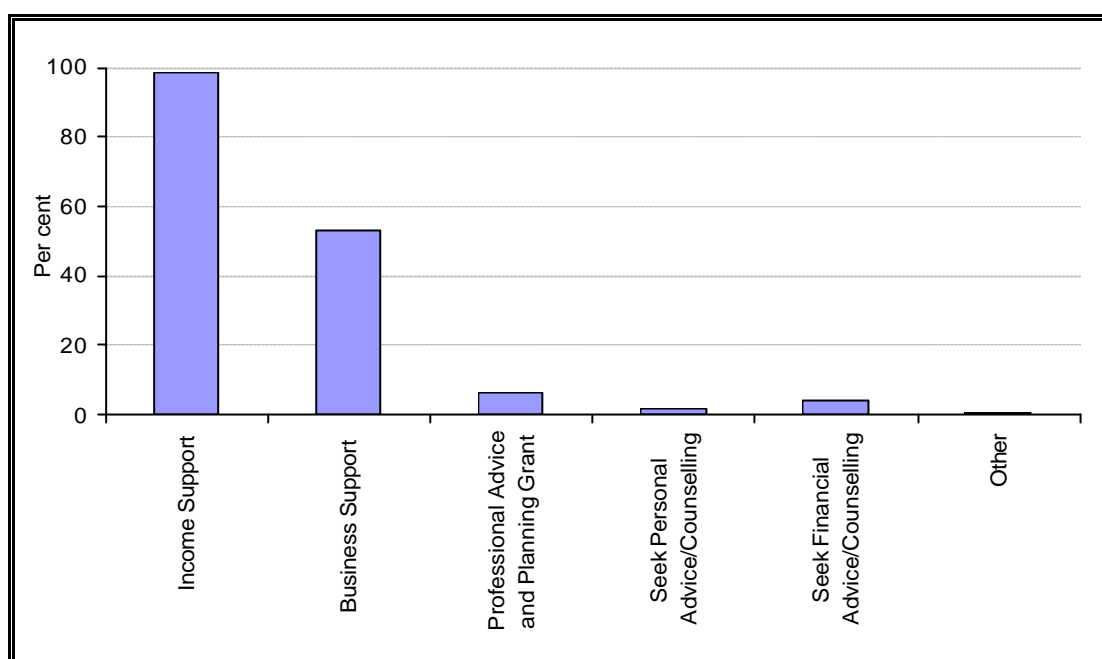
Table 2.11 and Figure 2.15 shows that relatively few farmers have taken up professional advice or financial planning although the researchers have noted that financial assistance had only recently been made available to do this. Income support and farm business support are the most valued component of ECRP. However, in the long term farmers need to continue to adopt risk management strategies that better equip them to deal with circumstances they are likely to face in the future.

Table 2.11
How is EC Assistance Helping You

	Responses	
	Number	Per cent
Income Support	259	98.6
Business Support	140	53.2
Professional Advice and Planning Grant	17	6.5
Seek Personal Advice/Counselling	4	1.5
Seek Financial Advice/Counselling	11	4.2
Other	2	0.8

Source: ECRP Survey 2007, SACES. N=263. Multiple responses allowed.

Figure 2.15
How is EC Assistance Helping You



Source: ECRP Survey 2007, SACES. N=263. Multiple responses allowed.

Farmers are active in responding to the drought through the construction of dams and investment in new irrigation systems, planting drought resistant pastures or extra hay, diversifying stock and crops and cost cutting to improve land management such as through de-stocking, harvesting early or strategies for soil moisture retainment (Table 2.12). A number of farmers had accessed the Commonwealth's \$20,000 irrigation management grant to convert irrigation system to drip irrigation.

Table 2.12
Implementing Responses to the Drought

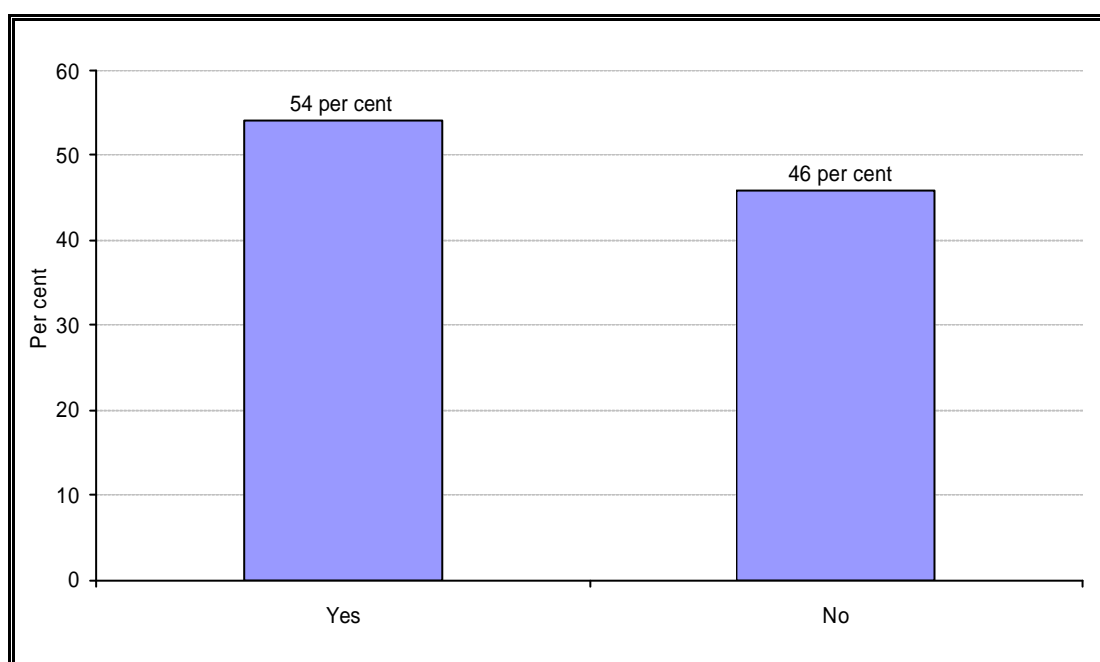
	Responses	
	Number	Per cent
Water management (dams, irrigation)	74	25.2
De-stocking, stock containment	69	23.4
Diversifying stock, crops	26	8.8
Plant resistant pastures, hay	25	8.5
Other cost cutting measures	46	15.6
Earn off-farm income	11	3.7
Not farming	21	7.1
Can't make changes	22	7.5

Source: ECRP Survey 2007, SACES. N=294.

Feed lotting and stock containment practices were employed, changing crops such as from rice to wheat, and more generally, many farmers had implemented a wide range of water use and re-use improvements.

Just over half (54 per cent) of the ECRP group of farmers reported having a business plan while 46 per cent did not have a written business plan. While it is difficult to assess the implications of this, business planning includes an exploration or consideration of risk management strategies such as financial viability and risk, management and preparedness for drought and other events. The Centre has noted in relation to Farm Help that “one third of farmers who exited the Farm Help program between March 2002 and July 2006 and who had updated their business plan were in a better financial position than they had been in a year before being interviewed.” Farm Help participants have learnt to update and keep current their business plans following their experience of the Pathways Plan approach.

Figure 2.16
Business Plan



Source: ECRP Survey 2007, SACES. N=257.

By the four target groups, the following had business plans:

- long term EC declared area 54 per cent;
- recently declared EC area 59 per cent;
- irrigators 48 per cent; and
- Tasmanian farmers 53 per cent.

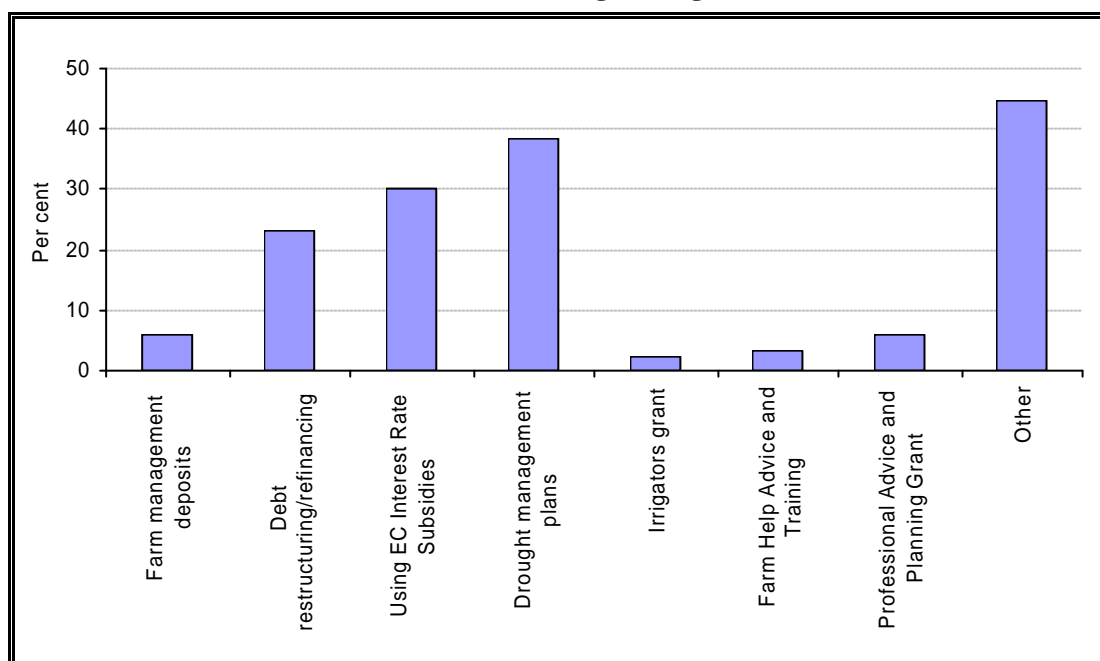
For the 54 per cent of farmers (139/263) who did have a business plan, the plan included drought management strategies, options for refinancing and debt restructuring and EC assistance with interest rate subsidies. Further advice and training and use of Farm Management Deposits (FMD) were identified by very small numbers of farmers.

Table 2.13
Financial and Planning Strategies Used

	Responses	
	Number	Per cent
Farm management deposits	8	5.8
Debt restructuring/refinancing	32	23.0
Using EC Interest Rate Subsidies	42	30.2
Drought management plans	53	38.1
Irrigators grant	3	2.2
Farm Help Advice and Training	4	2.9
Professional Advice and Planning Grant	8	5.8
Other	62	44.6

Source: ECRP Survey 2007, SACES. N=139 with 212 response. Multiple responses allowed.

Figure 2.17
Financial and Planning Strategies Used



Source: ECRP Survey 2007, SACES. N=139 with 212 response. Multiple responses allowed.

Most farmers are active in seeking one-to-one advice from agronomists, accountants, banks and financial managers and are active in monitoring their business situation, water usage and implementing enterprise farming plans (e.g., altering the farming mix, stock levels and structure of the farm).

About half of the respondent group appear to have shared information and learnt some elements of possible strategies/actions from nearby farmers experiencing similar stresses or decisions. Information is shared at field days, through local land and water groups and productivity groups so that “following the trend” is quite normal practice.

Table 2.14
Strategies inspired by discussions with successful neighbours/other farmers

	Responses	
	Number	Per cent
Yes	39	47.6
No	43	52.4

Source: ECRP Survey 2007, SACES. N=82.

While a number of farmers were unsure whether they could have been “better prepared for drought”, three quarters indicated that there was little else they could do to prepare. Of the 36, or 29 per cent who answered yes, issues highlighted included more rapid de-stocking, improved water storage such as dams, tanks and better pipelines and better fodder storage.

Table 2.15
Better prepared for drought?

	Responses	
	Number	Per cent
Yes	36	25.9
No	103	74.1

Source: ECRP Survey 2007, SACES. N=139.

A significant number of farmers indicated that they had drought contingency plans in place, but these plans were for 2-3 years, whereas the drought had extended well beyond this time. The length of the drought had created even greater uncertainty as to when to buy/sell grain, to extend/cut back on pasture, the type of crop to sow and the best time to de-stock.

Farmers were asked whether they had a financial assessment of the farm in the last 1-2 years with a qualified advisor. The majority of farmers had not sought a formal financial assessment of their farm in the last two years although significant numbers had done so. This is not to say that farmers had been inactive in risk management or in responding to the drought. They have taken action to reduce stock, improve fodder yields or bought/sold water to finance farm activities. Some 18 farmers who answered “no” indicated that they maintain “on going liaison with a farm adviser, their bank or accountant” so that they were always liaising about their financial status. Very few farmers (less than 10) indicated cost of financial advice or personal reasons (such as illness, “too old to worry about it”) as a reason for not commissioning this assessment.

Table 16
Financial Assessment of Enterprise

	Responses	
	Number	Per cent
Yes	102	41.0
No	146	59.0

Source: ECRP Survey 2007, SACES. N=248.

That 59 per cent of farmers on EC relief payments had not had a financial assessment of their farm in the last two years - not all were idle, as they liaised with advisors - suggests that it would be advisable to do so when EC relief payments are considered. The fact of declaring an EC area coupled with contact with Centrelink provides an opportunity to “copy” the Farm Help advisory process (e.g., financial assessment, then Pathways Plan).

2.5 Sources of Professional Advice

Only 12 per cent of all respondents had sought professional advice through the EC Professional Advice and Planning Grant (Table 2.17) and most had sought technical advice or business management advice including resource management and risk strategies (Table 2.18). In some cases the advice related to sale prices for grains or livestock as farmers reduced exposure to the drought, stock containment and land management strategies.

Table 2.17
Professional Advice through the EC Professional Advice and Planning Grant

	Responses	
	Number	Per cent
Yes	30	11.7
No	226	88.3

Source: ECRP Survey 2007, SACES. N=256.

Table 2.18
Type of Advice Accessed Through EC Professional Advice & Planning Grant

	Responses	
	Number	Per cent
Financial Advice	7	14.6
Business Management	14	29.2
Farm Technical Advice	15	31.3
Natural Resource Management	8	16.7
Risk Management	4	8.3

Source: ECRP Survey 2007, SACES. N=48.

Farmers were asked whether the advice they obtained assisted in improving the farm’s financial prospects. While the numbers are small, some two-thirds of farmers indicated the advice had been helpful. A number of farmers had only just received grant approval and were yet to use the grant so the process was “still in progress/unsure of outcome yet”.

Table 2.19
Did Advice Assist in Improving Farm’s Financial Prospects

	Responses	
	Number	Per cent
Yes	14	60.9
No	1	4.3
Not Sure	8	34.8

Source: ECRP Survey 2007, SACES. N=23.

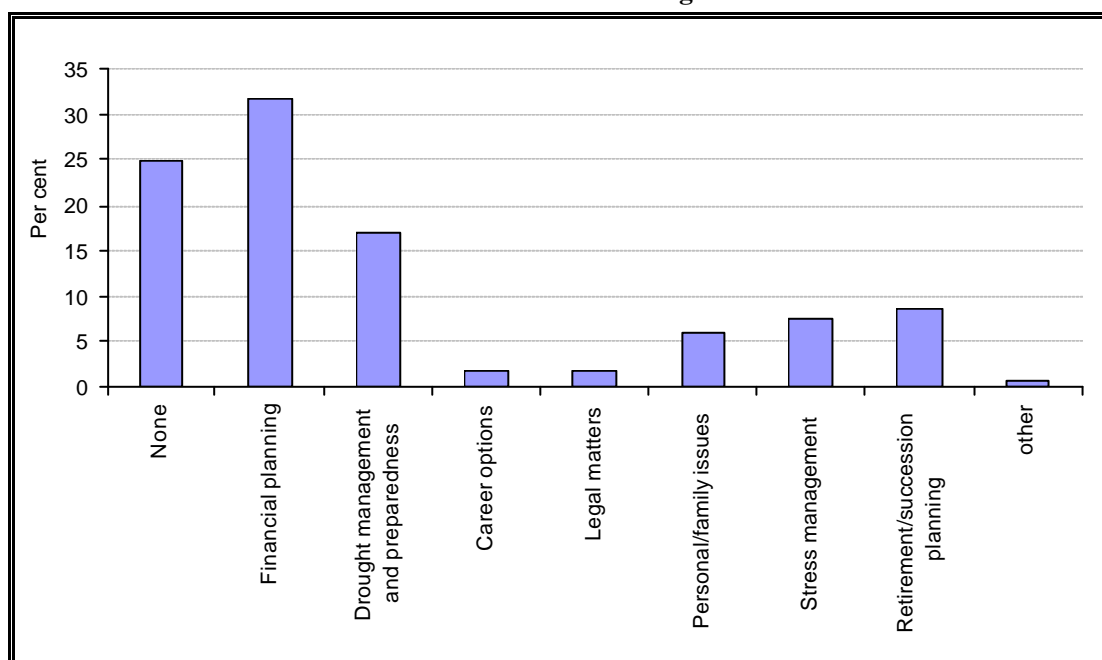
Approximately one-third of all respondents had sought professional advice through their own initiative in response to the drought (Table 2.20, Figure 2.18), to investigate available financial options and responses to the drought, but also for personal/family/stress and health issues. Most States have responded to the drought with extra counsellors and communication strategies to encourage farmers and families to seek personal assistance and many farmers/families have done so. Farmers commented that they had attended special forums or seminars put on by DPI staff as well as community events with a focus on health matters, “looking out for your neighbour” and rural skills connect employment seminars.

Table 2.20
Other Professional Advice Sought: ECRP

	Responses	
	Number	Per cent
Financial planning	37	31.6
Drought management and preparedness	20	17.1
Career options	2	1.7
Legal matters	2	1.7
Personal/family issues	7	6.0
Stress management	9	7.7
Retirement/succession planning	10	8.5
Other	1	0.9
None	29	24.8

Source: ECRP Survey 2007, SACES. N=117

Figure 2.18
Other Professional Advice Sought: ECRP



Source: ECRP Survey 2007, SACES. N=117

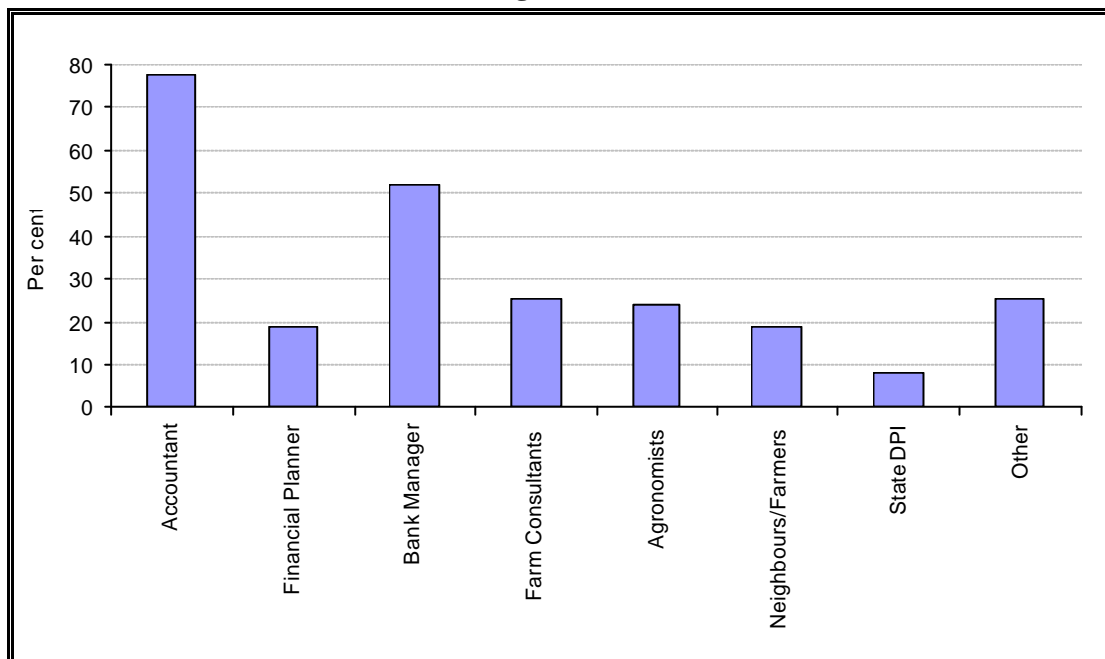
Advice sought will depend on the farmer's personal situation and the options they have before them to address the drought and in Table 2.21 we note financial advice is important, but also technical advice from DPI, agronomists, other farmers and farm consultants was also sought. Productivity groups, rural counsellors, health professionals and Centrelink were also identified by respondents.

Table 2.21
Seeking Advice from

	Responses	
	Number	Per cent
Accountant	58	77.3
Financial Planner	14	18.7
Bank Manager	39	52.0
Farm Consultants	19	25.3
Agronomists	18	24.0
Neighbours/Farmers	14	18.7
State DPI	6	8.0
Other (Rural Counsellors)	19	25.3

Source: ECRP Survey 2007, SACES. N=187.

Figure 2.19
Seeking Advice from



Source: ECRP Survey 2007, SACES. N=187.

Almost 90 per cent of farmers found the advice and assistance helpful (Table 2.22) which illustrates a wider issue, that maintaining communication between farmers, specialist consultants and the wider community is important as a drought response in itself.

Table 2.22
How Helpful was the Advice

	Responses	
	Number	Per cent
Very helpful	35	46.7
Somewhat helpful	32	42.7
Not helpful at all	4	5.3
Unsure	4	5.3

Source: ECRP Survey 2007, SACES. N=75.

Those farmers seeking advice specified technical assistance such as water conservation, feed lotting and utilising paddocks better, rotational grazing, stock management and general drought strategies from agronomists as most relevant in the current drought. Forums such as productivity groups, discussion groups, information seminars and DPI advisory sessions which involved farmers from the same locality or industry were highly valued. Advice on water management issues including the purchase and sale of water entitlements were also referred to.

Table 2.23
Types of Advice

	Responses	
	Number	Per cent
Water Management	24	18.8
Agronomic Help, Stock and Crop Management	23	18.0
Drought Proofing and Management	19	14.8
Financial Advice	32	25.0
Unsure – Awaiting Impacts ¹	30	23.4
Total	128	100.0

Note: ¹ Group sessions, information seminars.

Source: ECRP Survey 2007, SACES. N=128.

Comments back to the interviewers confirm that stress management, emotional issues (“beyondblue doing a great job”¹³), maintaining health and sanity are important concerns and often these issues are addressed in DPI and health agency information seminars or community events where everyone is together at the same time.

Overall, the severity of the drought has made more urgent (and valuable) technical advice relating to stock and land management, crop diversification and water management.

2.6 Financial Assessment

The majority of farmers (53 per cent) derived less than \$30,000 income from the farm during the 2006-07 financial year and a further 27 per cent earned farm income of \$100,000 or more as illustrated in Table 2.24 and Figure 2.21. The ABARE National Farmer’s Survey in 2006 found that 73 per cent of Farm Help clients had a cash income of less than \$30,000 in 2006.

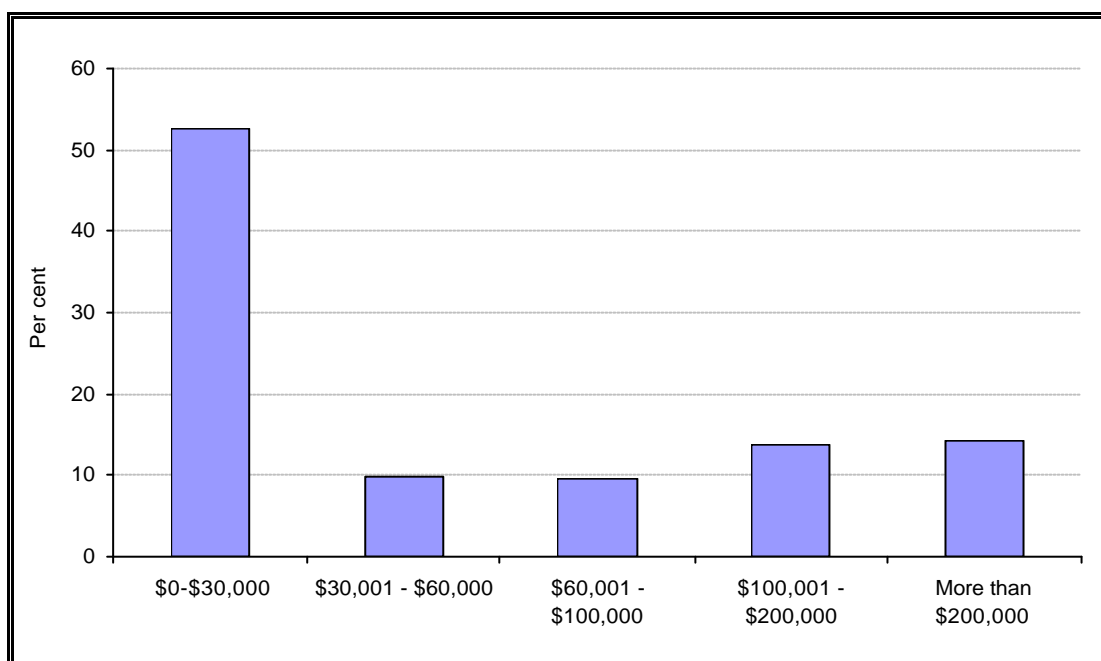
¹³ beyondblue is a national, independent, not for profit organisation working to address issues associated with depression, anxiety and related substance misuse disorders. It seeks to raise awareness about depression and reduce stigma associated with the illness (see www.beyondblue.org.au).

Table 2.24
Annual Income Derived from the Farm Business: 2006-07 Financial Year

	Responses	
	Number	Per cent
\$0-\$30,000	111	52.6
\$30,001 - \$60,000	21	10.0
\$60,001 - \$100,000	20	9.5
\$100,001 - \$200,000	29	13.7
More than \$200,000	30	14.2
Total	211	100.0

Source: ECRP Survey 2007, SACES. N=211.

Figure 2.20
Annual Income Derived from the Farm Business: 2006-07 Financial Year



Source: ECRP Survey 2007, SACES. N=211.

Disaggregating farm income by the four types of classifications in Table 2.25 illustrates that farm income from the long-term EC declared areas is more evenly spread, whereas for the recently declared areas and Tasmania, some 80 per cent and 60 per cent of farmers earned less than \$30K in the last financial year. Irrigators on the other hand reflect a bi-polar division - 25 per cent earning less than \$30K per annum, yet 39 per cent more than \$200K. This latter group are likely to be broadacre croppers, cattle and sheep farmers with the capacity to sell water entitlements (either temporary or permanent) at high prices to other primary producers, while also containing stock, and/or reducing hectares under production. Higher prices for milk, fruit and input fodder to other farmers are also likely to contribute to higher returns to some farming activity.

Table 2.25
Annual Income by Target Group (Per cent)

Income	Long-Term EC Declared Area (N=49)	Recently Declared EC Area (N=60)	Irrigator (N=44)	Tasmania (N=58)
\$0-\$30,000	34.7	80.0	25.0	60.3
\$30,001 - \$60,000	14.3	8.3	6.8	10.3
\$60,001 - \$100,000	16.3	3.3	4.5	13.8
\$100,001 - \$200,000	20.4	3.3	25.0	10.3
More than \$200,000	14.3	5.0	38.6	5.2
Total				

Source: ECRP Survey 2007, SACES. N=211.

Farmers were invited to estimate annual farm income in the next financial year (2007-08). The researchers sought to encourage responses to this question by providing two options - a specific dollar (\$) value or per cent less/more than the current financial year. In part, the question was designed to obtain a view from individual respondents, as to the long-term impact of the drought. It would have been preferable to have asked "expectations of a profit or loss". Notwithstanding, Table 2.26 summarises future income expectations by the four categories of ECRP groups used in this study. Overall, 40 per cent of farmers are optimistic of an increase in farm income and 31 per cent expect lower returns in 2007-08. The one significant difference here is for Tasmanian farmers where 60 per cent expect farm incomes to decrease (in contrast to long term EC and recently declared EC areas). Only 38 per cent of irrigators and 20 per cent of Tasmania farmers expected an increase in farm income in this financial year.

Table 2.26
Expectations for Farm Income 2007-08 Financial Year

	Increase	Decrease	Unchanged	Total
Long-term EC Declared area	24	4	20	48
Recently Declared EC area	40	15	17	72
Irrigators	17	7	20	44
Tasmania	17	50	15	82
Total	98	76	72	246
Per cent	40	31	29	100

Source: ECRP Survey 2007, SACES. N=246.

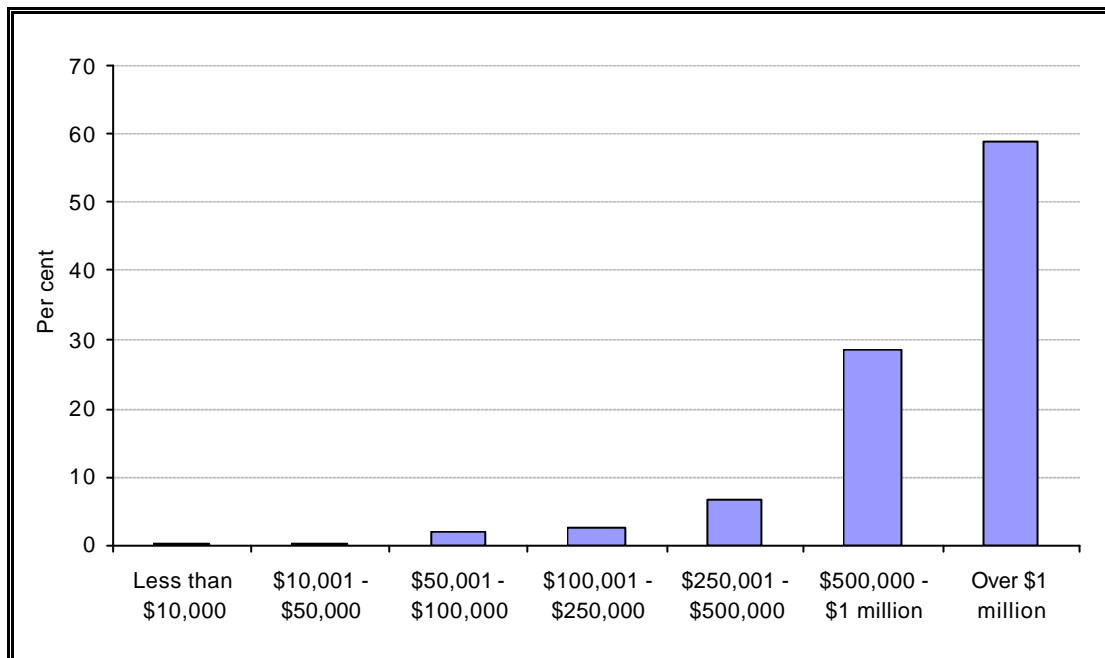
Farmers were asked the value of total assets and total debt of the farm business. Nearly 60 per cent of the sample of EC farmers valued total assets of the farm business over \$1 million and almost another 30 per cent valued farm assets greater than \$500K but less than \$1 million. Conversely, farm debt was more evenly spread as shown in Table 2.28 and Figure 2.22.

Table 2.27
Value of Total Assets of the Farm Business

	Responses	
	Number	Per cent
Less than \$10,000	1	0.4
\$10,001 - \$50,000	1	0.4
\$50,001 - \$100,000	5	2.0
\$100,001 - \$250,000	7	2.8
\$250,001 - \$500,000	17	6.9
\$500,000 - \$1 million	71	28.6
Over \$1 million	146	58.9

Source: ECRP Survey 2007, SACES. N=222.

Figure 2.21
Value of Total Assets of the Farm Business



Source: ECRP Survey 2007, SACES. N=222.

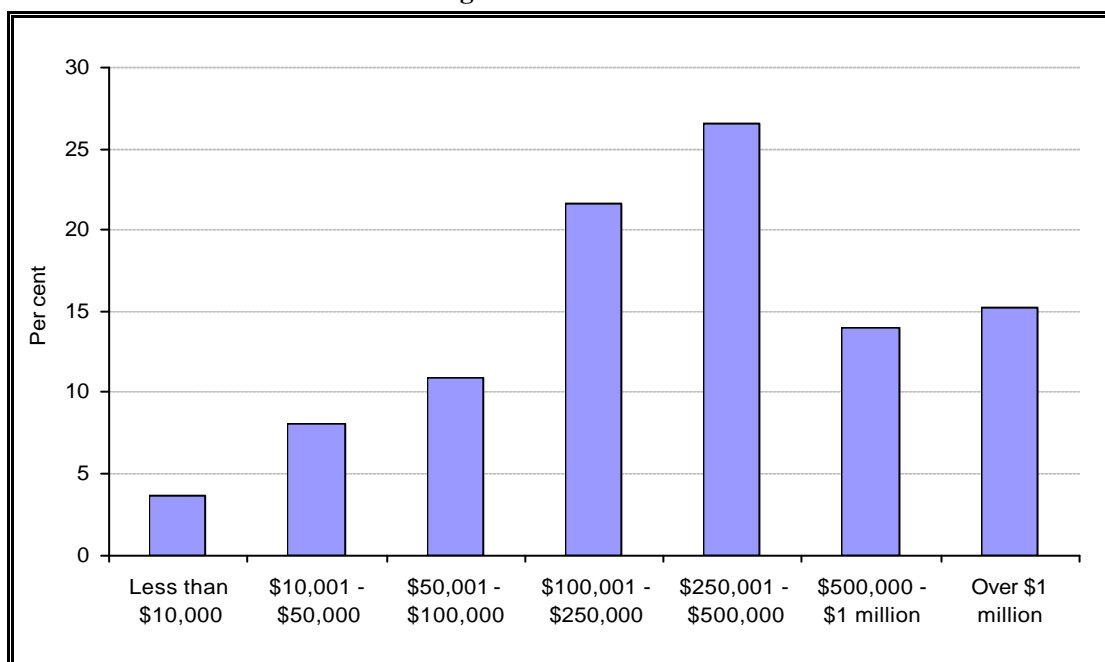
The distribution of farm debt as shown in Figure 2.22 approaches a more normal distribution. To interpret the significance of assets to debt we provide a farm debt to asset ratio in Table 2.28. Of the 219 respondents 43 (20 per cent) had a debt to asset ratio approaching one and 18 farmers (8 per cent) had debt to assets above 0.5 and approaching 0.8. Overall 72 per cent of farmers had less than 50 per cent debt to assets (<0.5) in the farm business.

Table 2.28
Outstanding Debt of the Farm Business

	Responses	
	Number	Per cent
Less than \$10,000	8	3.6
\$10,001 - \$50,000	18	8.1
\$50,001 - \$100,000	24	10.8
\$100,001 - \$250,000	48	21.6
\$250,001 - \$500,000	59	26.6
\$500,000 - \$1 million	31	14.0
Over \$1 million	34	15.3

Source: ECRP Survey 2007, SACES. N=248.

Figure 2.22
Outstanding Debt of the Farm Business



Source: ECRP Survey 2007, SACES. N=248.

Table 2.29
Farm Debt to Asset Ratio

Farm Debt to Assets Ratio	Responses	
	Number	Per cent
Between 0.8 – 1.0	43	19.6
Between 0.5 – 0.8	18	8.2
Between 0.2 – 0.5	54	24.7
Less than 0.2	104	47.5
Total	219	100.0

Source: ECRP Survey 2007, SACES. N=219.

Farmers and farm families have increasingly been encouraged through the Farm Help program and other supports to “smooth-out” the variability of farm income by earning off-farm income and some 45 per cent of the farm families surveyed were earning off-farm income. In the ABARE National Farmer’s Survey, 63 per cent of operators and spouse had zero off-farm income relative to 37 per cent of non-Farm Help clients. This is an important component of risk management strategies although it is recognised that not all families are equally positioned to earn off-farm income.

Table 2.30 shows the number and per cent of farm families earning off-farm income by the four EC declared areas. Those families in long-term declared EC areas were only half as likely to be earning off-farm income than the other areas. This may be the result of a number of factors, including that to earn off-farm income could affect the level of Centrelink payment with possible loss of the health care card benefit.

Table 2.30
Family Earn Off-Farm Income

	Responses	
	Number	Per cent
Yes	115	44.7
No	142	55.3
Total	257	100.0
EC Area:		
Long-term EC Declared area (N=50)	18	21.2
Recently Declared EC area (N=73)	37	50.7
Irrigator (N=49)	25	51.0
Tasmania (N=85)	35	41.2
Total	115	

Source: ECRP Survey 2007, SACES. N=257.

In the longitudinal study of Farm Help recipients the Centre reported that “35 per cent of respondent families who exited Farm Help income support between March 2002 and July 2006 had increased their reliance on off-farm income since they were last interviewed in order to stay on the farm”,¹⁴ with the sources of income evenly divided between rural and non-rural occupations.

Respondents provided an indication of non-farm income. The approximate value of non-farm income, including from employment and other investments is shown in Table 2.31 and Figure 2.24 with 80 per cent of farm families who had access to non-farm income indicating they earned less than \$20,000. There was a slight ambiguity in this wording of the question which the interviewers clarified, that the sale of water entitlement or of “sales water” was not included in off-farm income, but rather, attributed to income earned from the farm.

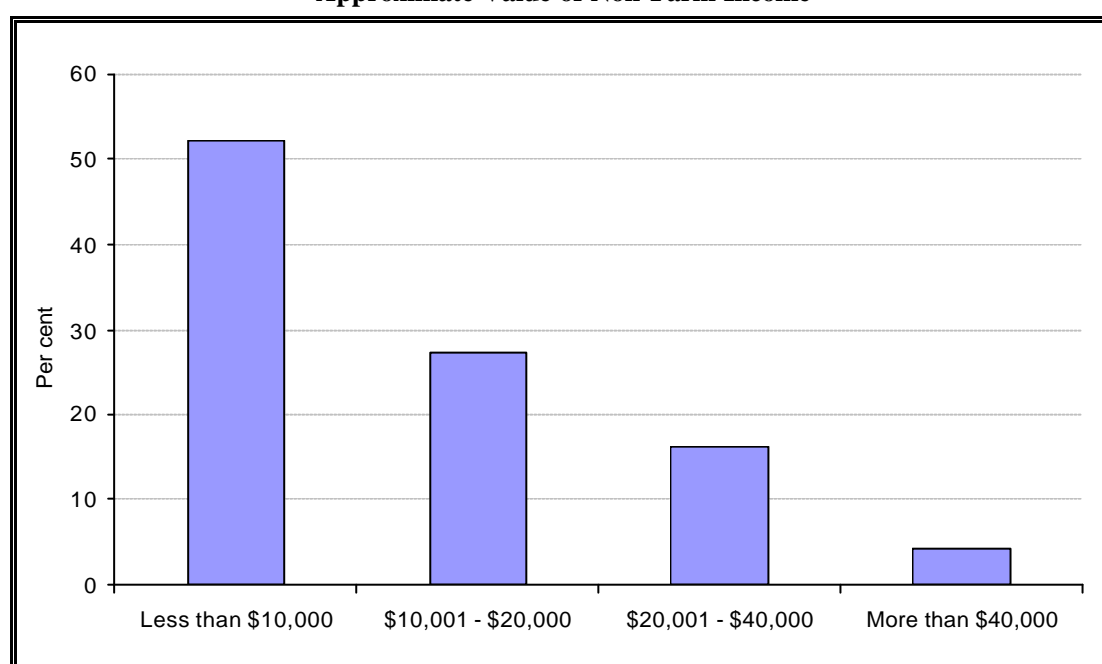
¹⁴ “Farm Help Longitudinal Study: Fourth Wave, November 2007”, p. vii.

Table 2.31
Approximate Value of Non-Farm Income

	Responses	
	Number	Per cent
Less than \$10,000	61	52.1
\$10,001 - \$20,000	32	27.4
\$20,001 - \$40,000	19	16.2
More than \$40,000	5	4.3

Source: ECRP Survey 2007, SACES. N=117.

Figure 2.23
Approximate Value of Non-Farm Income



Source: ECRP Survey 2007, SACES. N=117.

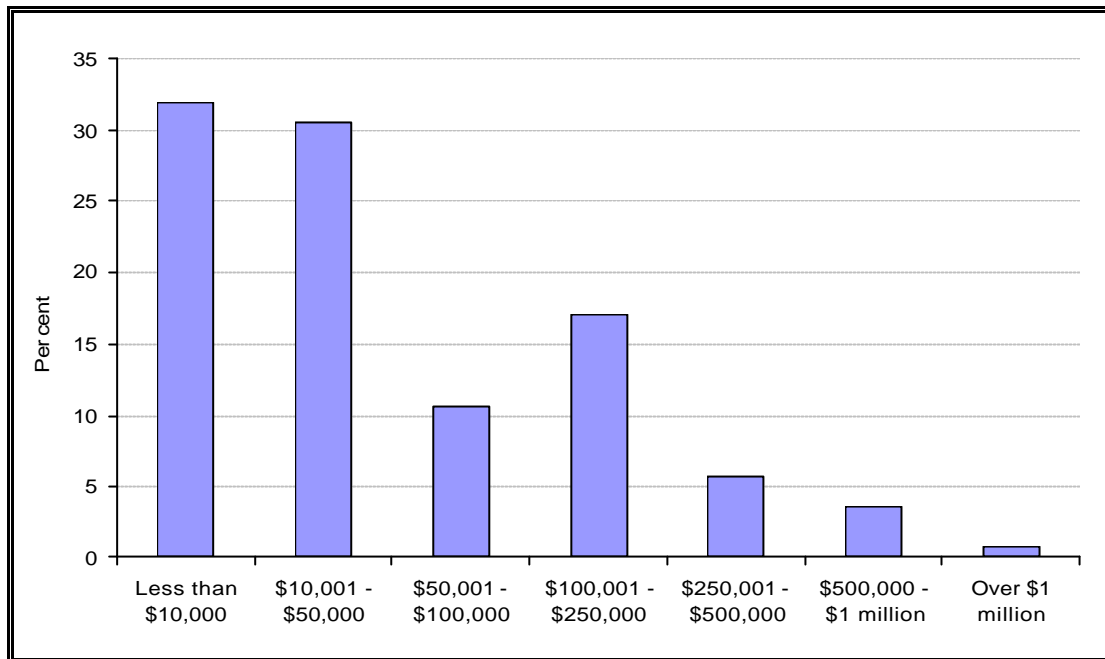
Some 62 per cent of farm families who held non-farm assets indicated they possessed non-farm assets valued at less than \$50,000, with 10 per cent holding assets valued at over \$250,000. Conversely, while the question on farm debt was less well answered, two thirds of respondents held less than \$100,000 in non-farm debt (Table 2.33). Slightly less than half the survey respondents did not hold either non-farm assets or debt so the question was not relevant to this group.

Table 2.32
Market Value of Non-Farm Assets

	Responses	
	Number	Per cent
Less than \$10,000	45	31.9
\$10,001 - \$50,000	43	30.5
\$50,001 - \$100,000	15	10.6
\$100,001 - \$250,000	24	17.0
\$250,001 - \$500,000	8	5.7
\$500,000 - \$1 million	5	3.5
Over \$1 million	1	0.7

Source: ECRP Survey 2007, SACES. N=141. Non-responses, mainly consist of zero non-farm assets.

Figure 2.24
Market Value of Non-Farm Assets



Source: ECRP Survey 2007, SACES. N=141.

Table 2.33
Value of Non-Farm Debt

	Responses	
	Number	Per cent
Less than \$10,000	8	21.6
\$10,001 - \$50,000	10	27.0
\$50,001 - \$100,000	6	16.2
\$100,001 - \$250,000	8	21.6
\$250,001 - \$500,000	3	8.1
\$500,000 - \$1 million	2	5.4
Over \$1 million	0	0.0

Source: ECRP Survey 2007, SACES. N=37. Non-responses include no answer and not applicable.

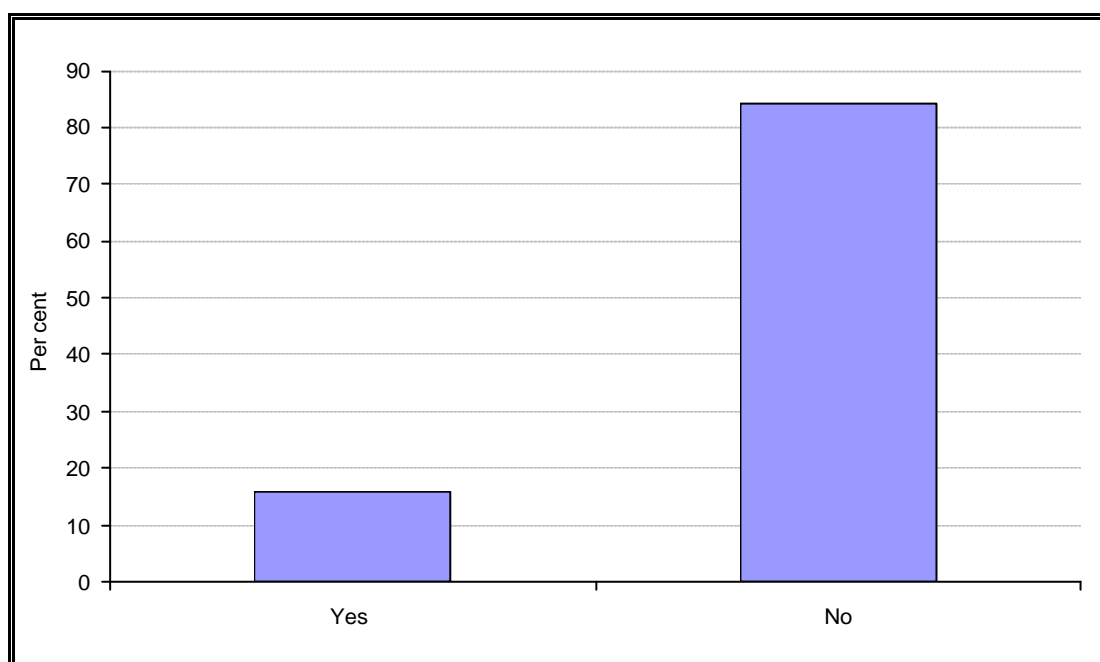
Less than 16 per cent of farmers in receipt of EC relief payments have saved income from previous years in the Farm Management Deposit Scheme (Table 2.34) and thus most did not have access to savings to help prepare further for the drought. Almost all of the 41 farm families who had access to FMDs had drawn down this source of income to cope with the drought, to meet running costs and to implement improvements. Nearly one-quarter of irrigators had previously saved income in the FMD scheme and most of this group were dairy farmers. Only 10 per cent of Tasmanian EC farmers surveyed had utilised FMDs.

Table 2.34
Saved Previous Income in the FMD

	Responses	
	Number	Per cent
Yes	41	15.8
No	219	84.2
Total	260	100.0
EC Area:		
Long-term EC Declared area (N=50)	9	18.0
Recently Declared EC area (N=73)	11	15.1
Irrigator (N=49)	12	24.5
Tasmania (N=88)	9	10.2
Total	41	

Source: ECRP Survey 2007, SACES. N=260.

Figure 2.25
Saved Previous Income in the FMD



Source: ECRP Survey 2007, SACES. N=260.

2.7 Future considerations

Farmers were asked whether they were considering exiting the farm with almost one quarter giving some consideration to exiting the farm. Whether this results in an increase in the use of the EC exit grant¹⁵ is not at all certain. The reasons given for possible farm exit were “partly dependent on the longevity of the drought”, any worsening of the farmer’s financial situation, health issues and the asset threshold for the re-establishment grant.

¹⁵ The EC exit grant will continue until June 2009.

Table 2.35
Planning to Exit Farming

	Responses	
	Number	Per cent
Yes	58	22.3
No	202	77.7
Total	260	100.0
EC Area		
Long-term EC Declared area (N=50)	9	18.0
Recently Declared EC area (N=73)	17	23.2
Irrigator (N=49)	11	22.4
Tasmania (N=88)	21	23.9
Total	58	

Source: ECRP Survey 2007, SACES. N=260.

It also appears from responses that RFCs, DPI staff, Centrelink RSOs and others had helped to make farmers aware of the availability of the Farm Help re-establishment grant. There were no differences across the four EC categories in regard to possibly exiting the farm.

Of the 58 farmers considering sale of their property, there was still a reluctance to sell, notwithstanding at least tentative movements in that direction. The attachment to the “way of life”, farming as an occupation and emotional attachment to the land or farm, was being re-evaluated with the severity of the drought.

There was still a remarkable degree of optimism in the response of farmers - “expect good crop next year”, “will obtain good price for grapes”, “sell off parcel of land for housing subdivision” - and as well, many farmers are committed to passing on the farm to future generations. The health of a family member was often a critical factor in the decision to leave farming.

Table 2.36
Factors in Decision to Leave Farming

Factors	Number of Responses
Reluctant to sell, consider it home	48
Emotional Attachment	6
Farming way of life	15
No other skills	5
Hopeful improved weather in 2008	3
Trying to sell farm ¹	15
Total	92

Note: ¹ Those trying to sell the farm were seeking either a buyer or a better price.

Source: ECRP Survey 2007, SACES. N=58. Multiple responses were provided.

To conclude the survey, farmers were invited to provide any final comments on their current experience, the future and thoughts on climate change. A wide range of comments were received with appreciation for the EC relief payment, the interest rate subsidy and assistance of counsellors and others in completing the paperwork being consistently expressed. The Healthcare Card has been valuable as stress and anxiety has been compounded by the drought. Farmers acknowledged discernible impacts of climate change as distinct from the current drought. Climate change had resulted in small creeks and rivers being dry prior to drought - “in 59 years never seen worse conditions”.

Farmers also consider that assistance should *not* be provided to prop up poor farmers or those who are under prepared for drought. They emphasise the need to educate farmers on sustainable farming methods and practices under low rain conditions and many suggested:

- assistance with water conservation, pro-active farming techniques, construction of on-farm dams; and
- improved risk management strategies, including construction of silos, water storage dams and stock containment.

Low interest loans were preferred to one-off grants to assist farmers to implement sustainable practices. Low interest loans were the preferred instrument to offset a farmer's fixed costs, and to introduce technical efficiencies, improve on farm productivity, water conservation and re-planting assistance.

During drought conditions farmers are very sensitive to the question of water allocations, reduction in their allocation, price of water, and assistance to irrigators which may not be available to dryland farmers amongst other concerns. For example:

"I am concerned about having to pay large sums for water while others sell their water and walk away from the farm."

"Irrigators receive assistance to put down bores whereas dryland farmers get no equal assistance."

"Small growers cannot compete or pay prices the bigger farmers or, managed investment funds are able to pay."

The advice of agronomists, DPI rural advisors, RFCs, irrigation specialists and agricultural equipment and seed suppliers was highly valued by farmers as they searched for new methods to drought proof their farms. Ultimately, farmers seek assistance that rewards self-reliance and those who desire to improve the technical efficiency of farm operations. This, it is argued, will lead to sustainable and financially viable farms.

The survey team found that farmers were very keen to participate in the study and almost 100 per cent were willing to contribute to any follow-up study that the Department of Agriculture, Fisheries and Forestry may require. This remains a matter for the Department.

Table 2.37
Willing to participate in a follow-up study

	Responses	
	Number	Per cent
Yes	256	98.5
No	4	1.5
Total	260	100.0

Source: ECRP Survey 2007, SACES. N=260.

Appendix A

Telephone Interview Survey Schedule

I am from the South Australian Centre for Economic Studies. We are conducting a survey of farmers on behalf of the Australian Government Department of Agriculture, Fisheries and Forestry which provides the Exceptional Circumstances Relief Payment (ECRP) assistance.

We are surveying farmers to assess the impact of the drought and their future needs under the current climatic conditions. We are seeking your views on important issues such as how you are coping with the drought/climate change, and what additional measures and financial assistance you may need in order to improve your family's future well-being.

I would like to assure you that your personal information is protected by law and participation in this survey is voluntary. All identifying information will be removed from the survey data once it has been collected. Your participation will not affect any Australian Government Income Support or other benefits that you may currently be receiving.

The survey will take about ten minutes. Would you be willing to answer some questions now on your Farm Business and experience with the ECRP?

Yes No Call back

Your co-operation is appreciated. Thank you.

INSTRUCTION:

Interviewer: place a number 1-4 in box to code area.

- Code: Long-term EC Declared area = 1
- Recently Declared EC area = 2
- Irrigator = 3
- Tasmania = 4

CODE:

Date	Time	Result

1. Which Exceptional Circumstances declared area is your farm located in?
 EC declared area State

2. How many months/years have you been receiving EC assistance? months/ years

A. You and Your Farm

3. Please indicate your age group. (*Tick one box only*)

Less than 20 years	<input type="checkbox"/>	50 to 59 years.....	<input type="checkbox"/>
20 to 29 years	<input type="checkbox"/>	60 to 64 years.....	<input type="checkbox"/>
30 to 39 years	<input type="checkbox"/>	65 to 69 years.....	<input type="checkbox"/>
40 to 49 years	<input type="checkbox"/>	70 years and over.....	<input type="checkbox"/>

4. **If aged over 60:** Do you have the following plans in place?

	Yes	No
Retirement Plan	<input type="checkbox"/>	<input type="checkbox"/>
Succession Plan	<input type="checkbox"/>	<input type="checkbox"/>

5. How many family units does your farm support? (*Tick one box only*)

Only your own family unit – not other families

One other family unit.....

Two or more other family units

6. What is the size of your farm in hectares? (*Tick one box only*)

1 to 100 hectares	<input type="checkbox"/>	401 to 500 hectares	<input type="checkbox"/>
101 to 200 hectares	<input type="checkbox"/>	501 to 1000 hectares	<input type="checkbox"/>
201 to 300 hectares	<input type="checkbox"/>	1001 to 5000 hectares	<input type="checkbox"/>
301 to 400 hectares	<input type="checkbox"/>	5001 or more hectares	<input type="checkbox"/>

7. Did you inherit your current farm? Yes
 No

8. How long have you worked on your current farm? years

9. What form of ownership best describes your working arrangements on the farm? (*Tick one box only*)

Sole owner (regardless of mortgage).....

Partnership – family (regardless of mortgage).....

Partnership – other (regardless of mortgage).....

Trust.....

Private company.....

Leasing the farm.....

Sharefarming arrangement.....

Other (please specify)

10. What are the **3 main activities undertaken** on the farm? *Rank them: 1 represents the most important activity. For example, if the farm was primarily a dairy farm, but also earned a small income from poultry eggs, then place 1 next to cattle-dairy and 2 next to poultry-eggs.*

Main farming activity	Ranking No.
Aquaculture – please specify:
Beekeeper
Cattle – beef
Cattle – dairy
Cotton
Crops – grains – please specify:
Crops – other – please specify:
Flowers
Fruit – please specify:
Nursery
Other livestock – please specify:
Pigs
Poultry – eggs
Poultry – meat
Sheep – meat
Sheep – wool
Sugarcane
Vegetables – please specify:
Other – please specify:

B. Courses and Training

11. Have you undertaken any courses/training or personal development courses whilst being on ECRP?
- Yes (if **yes**, go to questions 13)
- No (if **no**, go to question 12)
-
12. Do you intend to take up training in the near future on either, business management, risk management, and/or drought management and preparedness?
- Yes (if **yes**, specify below)
- No (f **no**, go to question 16)
-

13. What training/personal development course(s) have you completed? *(please select relevant categories)*

- People Management
- Financial Management
- General Business Management
- Marketing
- Production Management
- Natural Resource Management/Biodiversity
- Personal Development/Counselling
- Risk Management.....

Note type of courses:.....

14. How helpful was the training/personal development course(s) in contributing to:

	Very Helpful	Helpful	Little Help	No Help
Business/risk management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Drought management and preparedness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Easing personal/family pressures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. Was any of the course(s)/training subsidised by FarmBis?

- Yes (if **yes**, please specify course(s)/training below)
 No

Please specify course(s)/training:

16. Are there adequate training programmes available that could help you better manage risks and the current drought?

- Yes
 No (if no, please explain)

If **no**, in your view what specific training programmes needs to be offered?

C. Business Management and Climate Change

17. How is EC assistance helping you to respond to your current situation? *(please tick relevant box(es)).*

- Income Support (i.e. putting food on table)
- Business Support (including EC Interest Rate Subsidies).....
- Professional Advice and Grant Planning.....
- Seek Personal Advice/Counselling
- Seek Financial Advice/Counselling
- Other (please specify)

.....

18. What changes are you trying to implement in response to the drought/climate change?

.....

19. Do you have a written business plan?

- Yes
- No (if **no**, interviewer to ask if they have farm development strategies but not documented? please state reason below then go to question 22)

.....

20. What financial and planning strategies are used in your business plan? *(please tick relevant box(es)).*

- Farm Management Deposits – use of
- Debt restructuring/refinancing
- Using EC Interest Rate Subsidies
- Drought management plans
- Irrigators grant.....
- Farm Help Advice and Training
- Professional Advice and Planning Grant
- Other (please specify)

.....

21. Were any of these strategies inspired by your discussions with successful neighbours/other farmers?

- Yes e.g.
- No

22. In hindsight, is there anything else that you could have done to better prepare for drought/climate change?

- Yes (if **yes**, please explain briefly below)
 No

.....

23. Have you had a financial assessment of your enterprise in the last 1-2 years (with a financial advisor or RFCs)?

- Yes
 No (if **no**, why)

.....

D. Sources of Professional Advice

24. How did you hear about the types of Australian Government assistance available to assist support drought affected farmers?

- Rural Financial Counsellors.....
- Industry Body/Farmer Representative Group
- Centrelink advice or information from Centrelink offices
- State/Territory Rural Adjustment Authorities
- Accountant or Financial Advisor.....
- Bank Manager.....
- Other Farmers or friends/neighbours
- Department of Agriculture, Fisheries and Forestry website
- Radio.....
- Newspaper.....
- Other (please specify)

25. Have you sought professional advice through the EC Professional Advice and Planning Grant?

- Yes
 No (if **no**, go to question 28)

26. What types of advice have you accessed through EC Professional Advice and Planning Grant? (*Please tick relevant box(es)*).

- Farm Viability Assessment
- Business Management
- Farm Technical Advice (production/agronomic advice).....
- Natural Resource Management
- Risk Management

27. Do you consider that the advice you obtained assisted you in improving your farm's financial prospects?

- Yes
- No
- Not sure

Comment if any.....

28. What other professional advice have you sought as a result of drought? (*Please tick relevant box(es)*).

- Financial Planning
- Drought management and preparedness
- Career Options.....
- Legal Matters
- Personal/Family Issues
- Stress Management.....
- Retirement/Succession planning
- Other (please specify)

29. From whom are you seeking advice from? (*Please tick relevant box(es)*).

- Accountant.....
- Financial Planner
- Bank Manager.....
- Farm Consultants
- Agronomists
- Neighbours/Farmers.....
- State Department of Primary Industries (DPI)
- Other (please specify)

30. How helpful was the advice you obtained in improving your future welfare?

- Very helpful
- Somewhat helpful
- Not helpful at all
- Unsure

31. In your view, what types of advice are most relevant in the current drought (and variable climate)?

.....
.....
.....

E. Financials: Farm Income and Non-Farm Income

I am now about to ask a few questions about the financial performance of your farm. The information provided will be treated in strict confidence and will not be made available to any third party. Data will be aggregated and summarised so no individual will be identified. I understand the sensitivity surrounding financial information. Hence, I will ask you to provide general answers (i.e. in a range) rather than specific financial details. The purpose is to better understand the financial circumstance of farmers and to assist farmers/families during these exceptional circumstances.

32. What was your annual income derived from the Farm Business in the 2006-07 financial year (actual cash figure)?

- \$0 - \$30,000
- \$30,001 - \$60,000
- \$60,001 - \$100,000
- \$100,001- \$200,000
- More than \$200,000

33. What do you estimate annual farm income will be next financial year (2007-08)? (in terms of \$ value or % less/more).

.....

34. What is the value of total assets of the Farm Business? (current assets like, cash at bank, trade debtors; and non-current (fixed) assets such as, land, machinery and buildings).

- Less than \$10,000
- \$10,001 - \$50,000
- \$50,001 - \$100,000
- \$100,001- \$250,000
- \$250,001 - \$500,000
- \$500,001 - \$1 million
- Over \$1 million

35. What is the outstanding debt of the Farm Business (e.g. bank loans, other liabilities)?

- Less than \$10,000
- \$10,001 - \$50,000
- \$50,001 - \$100,000
- \$100,001- \$250,000
- \$250,001 - \$500,000
- \$500,001 - \$1 million
- Over \$1 million

36. Does your family earn Off-Farm income to supplement farm income?

- Yes
- No (if **no**, go to question 38)
- Declined to answer (go to question 38)

37. What is the approximate amount received from Non-Farm Income in the past 12 months? (e.g. off-farm employment, interest income, shares, etc.)

- Less than \$10,000
- \$10,001 - \$20,000.....
- \$20,001 - \$40,000.....
- More than \$40,000.....

38. What is the market value of your Non-Farm Assets (e.g. Farm Management Deposits, second property, investment such as shares)?

- Less than \$10,000
- \$10,001 - \$50,000.....
- \$50,001 - \$100,000.....
- \$100,001- \$250,000.....
- \$250,001 - \$500,000.....
- \$500,001 - \$1 million
- Over \$1 million

39. What is the value of Non-Farm debt?

- Less than \$10,000
- \$10,001 - \$50,000.....
- \$50,001 - \$100,000.....
- \$100,001- \$250,000.....
- \$250,001 - \$500,000.....
- \$500,001 - \$1 million
- Over \$1 million

40. Have you saved previous income in the Farm Management Deposit (FMD) scheme?

- Yes (if **yes**, ask follow-on question below)
- No (if **no**, go to question 41)

If **yes**, will you or have you accessed FMD to meet current costs (i.e. short-term creditors, investments in farm assets)? If not, why not?

.....
.....
.....

41. Are you considering exiting the farm?

- Yes
- No

42. Are there factors that are preventing you from exiting the farm?

.....
.....
.....

43. Is there anything else you would like to add, particularly your thoughts on the current drought, climate change and/or your future?

.....
.....
.....

44. We are particularly interested in obtaining information about the medium and long-term outcomes for those families who receive Exceptional Circumstances Relief Payment assistance. Would you be prepared for us to contact you again with some follow-up questions in about a year's time?

- Yes
- No

***Thank you for participating and for your valuable feedback.
We wish you well in the future.***

Appendix B

Australian Government Strengthens Drought Support (September 2007)

The previous Government announced in September 2007 that it would provide a further \$714 million in drought assistance measures to support farmers.

This funding was in addition to the \$430 million announced earlier to extend the 38 areas of agricultural production currently receiving Exceptional Circumstances (EC) assistance until September 2008.

The announcement included the following:

- An increase to the off-farm income exemption from \$10,000 to \$20,000; (\$33 million);
- An increase to the off-farm assets limit, for access to Exceptional Circumstances Interest Rate Subsidy, from \$473,000 to \$750,000; (\$143 million);
- Immediate access to the \$5000 professional advice and planning grants for farmers in EC declared areas; (\$26 million);
- Extending the eligibility of small businesses access to EC assistance, to include all small businesses in towns of up to 10,000 population that have a significant reliance on farmers for their income, and have suffered a downturn; (\$142 million);
- Grants of up to \$20,000 to irrigators in the Murray Darling Basin to implement water management strategies in response to significantly reduced allocations; (\$66 million);
- An exit grant of up to \$150,000 for farmers who have decided to leave the land, and an increase in the assets limit to access this grant, to \$350,000; (\$150 million);
- A further \$10,000 is available for advice and retraining, and up to \$10,000 for relocation expenses is also available to those who take up the exit grant; (\$20 million);
- Information workshops to assist irrigators manage their farm businesses with reduced water allocations; (\$7.5 million);
- Funding for up to an additional 13 Rural Financial Counsellors, an additional 10 Centrelink Rural Support Officers and five social workers; (\$8 million);
- Additional social and emotional counselling through the establishment of 25 Family Support Drought Response teams; (\$11 million);
- An increase of \$1000 to the Assistance for Isolated Children Additional Boarding Allowance and an ongoing supplementary allowance of \$1000 for all students who receive an AIC Distance Education Allowance; (\$8 million);
- Up to an additional \$10,000 a school in EC declared areas; (\$46 million); and
- An additional \$4.5 million for the Emergency Relief Program to fund community and charitable organisations to provide emergency assistance.

As part of the package a \$10 million contingency fund to ensure that Rural Research and Development Corporations have sufficient funds available to continue their research programs during periods of unprecedented low levy collections caused by drought was provided.