



Murray-Darling Basin Small Block Irrigators Exit Grant Package 2008-09 Policy Guidelines

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Part 1 Introduction

1 Name of this document

These are the *Murray-Darling Basin Small Block Irrigators Exit Grant Package 2008-09 Policy Guidelines*.

2 Introduction

- (1) The Small Block Irrigators Exit Grant Package responds to water supply problems in the Murray-Darling Basin, advances the Commonwealth's water reform objectives and provides an opportunity for small irrigators to stop irrigation farming while minimising disruption of local communities.
- (2) It will help eligible irrigators with small farm holdings in the Murray-Darling Basin who want to stop irrigation farming but remain on their farms, and who agree to sell all of their tradeable permanent entitlements to extract water from a watercourse to the Commonwealth through the "Water for the Future" Program.
- (3) State governments will implement complementary reforms.
- (4) The Small Block Irrigators Exit Grant Package provides for 3 separate grants.

Type of grant ...	for ...	maximum amount
<i>small block irrigators exit grant</i>		\$150,000
<i>advice and training grant</i>	advice and training, including skill development, direction setting plans, succession planning and business advice	\$10,000
<i>removal grant</i>	removal of permanent plantings and above ground production related infrastructure	\$20,000

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- (5) To be eligible for the Small Block Irrigators Exit Grant Package support, irrigators will have to sell to the Commonwealth all of their tradeable permanent entitlements to extract water from a watercourse (but not stock and domestic rights) they hold at the qualifying time, through the Water for the Future *Restoring the Balance in the Murray-Darling Basin* water access entitlement purchasing program, and remove all permanent plantings and above ground production related infrastructure.

Note Schedule 1 describes the *Restoring the Balance in the Murray-Darling Basin* water access entitlement purchasing program.

3 Definitions and interpretation

Words and expressions in these Guidelines are defined here.

advice and training grant means a grant to which Part 3 applies.

applicant, in relation to a small block irrigators exit grant or an advice and training grant, means an individual, whether or not part of a partnership or other legal entity, who applies for the grant.

Australian resident has the same meaning as in the *Social Security Act 1991*.

Note The *Social Security Act 1991* section 7(2) defines an Australian resident as a person who resides in Australia and is an Australian citizen, holds a permanent visa or is a special category visa holder who is a protected SCV holder (these terms are defined in that section).

Centrelink means the Commonwealth Services Delivery Agency established by the *Commonwealth Services Delivery Agency Act 1997*.

Note Centrelink does particular things for the purposes of these Guidelines through its Chief Executive Officer or his or her delegate.

CEO means the Chief Executive Officer of Centrelink, or his or her delegate.

dairy exit payment means a payment right under the *Dairy Structural Adjustment Program Scheme 2000*.

dairy type grant means a grant designated as such under subsection 3.2AA (1) of the *Farm Help Re-establishment*

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Grant Scheme 1997 immediately before the repeal of that subsection on 1 July 2007.

exit or adjustment grant means any of the following:

- (a) a re-establishment grant under the program known as the Climate Change Adjustment Program;
- (b) an exit grant under the program known as the Exceptional Circumstances Exit Package;
- (c) a re-establishment grant under an agreement subject to the *Rural Adjustment Act 1992* or the *Farm Household Support Act 1992*;
- (d) a grant under the program known as the Pork Producer Exit Program;
- (e) a dairy exit payment or a dairy type grant;
- (f) an exit grant under the *Sugar Industry Reform Program 2002* or the *Sugar Industry Reform Program 2004*;
- (g) a restructuring grant under the Tobacco Grower Adjustment Assistance Package 2006;
- (h) a small block irrigators exit grant.

external control: see section 4.

incidental expenses means travelling, accommodation and child care expenses incurred in connection with getting advice or undertaking training covered by an advice and training grant.

irrigation block means land on which an irrigation farming enterprise is carried on.

irrigation farming enterprise means an enterprise carried on within any of the agricultural, horticultural or pastoral industries that uses production related infrastructure to deliver allocated water from the Murray-Darling Basin to permanent plantings, crops or perennial pastures and horticulture crops including vegetables.

irrigation management grant means a grant provided by the Commonwealth through the Department of Agriculture, Fisheries and Forestry to help irrigators undertake a range of approved activities that address reduced water allocations and improve on-farm practices to maximise production from the water that is available.

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Murray-Darling Basin means the same as in the *Water Act 2007*. A map indicating the area of the Murray-Darling Basin is provided for illustrative purposes at Attachment 1.

partner means the business partner(s) of the applicant operating under a partnership arrangement.

partnership means a business entity in which two or more individuals carry on a continuing business for profit as co-owners.

pathways interview means an interview described in paragraph 16 (2) (c).

permanent entitlement[s] to extract water from a watercourse means a perpetual or ongoing entitlement, by or under the law of a State, to exclusive access of a share of the water resources of a watercourse in an area [that relates to water in a watercourse and], meet the eligibility criteria for purchase by the Commonwealth under the Water for the Future *Restoring the Balance in the Murray-Darling Basin Program* guidelines.

permanent plantings means plantings that require the use of water in addition to that having precipitated naturally each year to survive and more to produce fruit.

Note Trees and vines such as oranges, lemons, almonds and grapes can be permanent plantings.

production related infrastructure includes a system used on an irrigation block to deliver water from a water access entitlement to permanent plantings, annual or perennial crops and pastures and infrastructure directly related to growing permanent plantings.

Note For example, furrow systems, flood or border check systems, level basin systems, centre-pivot sprinkler systems, hand move sprinkler systems, solid set / fixed sprinkler systems, travelling gun sprinkler systems, side-roll wheel-move systems, linear or lateral-move systems and or low-flow irrigation systems (including drip and trickle systems), groundwater bores or dams and earthworks.

qualifying interest: see section 8.

qualifying time means:

- (a) 12 noon Eastern Standard Time on 20 September 2008 where the area of all farm land as described in section 7 (1)(a)(iv) totalled 15 hectares or less; and

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(b) 12 noon Eastern Standard Time on 13 February 2009 where the area of all farm land as described in section 7 (1)(a)(iv) is more than 15 hectares and no more than 40 hectares.

registered training organisation has the same meaning as it has in the *Australian Quality Training Framework – Standards for Registered Training Organisations*, published by the Australian National Training Authority in 2001.

relevant course, for a person, means a course intended to help the person:

- (a) improve his or her skills to enable successful transition to an alternative career from irrigated farming; or
- (b) obtain a qualification that would help the person get non-irrigated farm income or employment.

Restoring the Balance in the Murray-Darling Basin Program means the program described in Schedule 1.

removal grant means the grant to which Part 4 applies.

remove: see subsections 23 (2) and (3).

small block irrigators exit grant means a grant to which Part 2 applies.

spouse means the married or de facto partner of the applicant.

tax invoice means the same as in the *A New Tax System (Goods and Services Tax) Act 1999*.

tradeable, in relation to a water access entitlement or a water access right, means capable of being sold or otherwise disposed of separately from land.

water access entitlement means the same as in the *Water Act 2007*.

Note Under the *Water Act 2007*, **water access entitlement** means a perpetual or ongoing entitlement, by or under a law of a State, to exclusive access to a share of the water resources of a water resource plan area as defined in that Act.

water access right means the same as in the *Water Act 2007* but does not include a right to water for domestic or stock use.

Note Under the *Water Act 2007*, **water access right** means a right conferred by or under a law of a State to hold or take water from a water resource (such as riparian rights, water allocations and stock and domestic rights).

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watercourse means the same as in the *Water Act 2007*.

Note Under the *Water Act 2007*, ***watercourse*** means

- a. a river, creek or other natural watercourse (whether modified or not) in which water is contained or flows (whether permanently or from time to time); and
- b. includes:
 - i. a dam or reservoir that collects water flowing in a watercourse; and
 - ii. a lake or wetland through which water flows; and
 - iii. a channel into which the water of a watercourse has been diverted; and
 - iv. part of a watercourse; and
 - v. an estuary through which water flows.

4 Irrigation farming enterprise etc under external control

An irrigation farming enterprise, or the water access entitlements or water access rights for an irrigation farming enterprise, are ***under external control*** at a particular time if, at that time:

- (a) the owner or person carrying on the enterprise is bankrupt or under external administration as defined in the *Corporations Act 2001*; or
- (b) an application for bankruptcy, winding up, liquidation or external administration of the owner or person carrying on the enterprise has been made but not finally determined; or
- (c) a creditor is in possession of, or is otherwise exercising a security right over, those water access entitlements or water access rights or another substantial part of the assets used in operating the enterprise.

Part 2 **Small block irrigators exit grants**

5 Small block irrigators exit grants

The Murray-Darling Basin Small Block Irrigators Exit Grant Package 2008-09 provides for the Commonwealth to pay a small block irrigators exit grant of up to \$150,000 for an irrigation block on which an irrigation farming enterprise is being carried on, where the criteria for eligibility and payment are met.

Note For eligibility, see section 7. For conditions that have to be satisfied, see section 9. For calculating the amount of a small block irrigators exit grant see section 11.

6 Applying for small block irrigators exit grants

- (1) A small block irrigators exit grant in respect of an irrigation block will be paid only on a written application made to Centrelink. The application must be complete, with all supporting documents.

Note The application form includes a “Declaration” under which the applicants agree to do certain things (including notify Centrelink if relevant circumstances change) and pay back all grants under the Murray-Darling Basin Small Block Irrigators Exit Grant Package 2008-09 if certain conditions are breached, in particular, if the irrigation block is used for irrigation farming. See section 10.

- (2) The application must be made by:
- (a) if the irrigation farming enterprise was being carried on at the qualifying time on the irrigation block by a sole trader or under a partnership:
 - (i) the sole trader or a partner of the partnership, with each person who was a partner of the farming irrigation enterprise at the qualifying time and at least 18 years old identified on the application.
 - (b) if the irrigation farming enterprise was being carried on at the qualifying time on the irrigation block by a company:

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- (i) a shareholding director of the company with each person who was, at the qualifying time, a shareholder of the company and at least 18 years old identified on the application.
- (c) if the irrigation farming enterprise was being carried on at the qualifying time on the irrigation block by a person as trustee:
 - (i) that person with each person who was, at the qualifying time, a beneficiary of the trust and at least 18 years old identified on the application.
- (3) Application forms are available from any Centrelink office and may be obtained by contacting Centrelink on 1800 050 015.
- (4) The cut off date for an application for a small block irrigators exit grant is close of business on **30 June 2009**.
- (5) When it receives an application, Centrelink will make a pre-assessment to determine whether the applicants satisfy the criteria in section 7 for a small block irrigators exit grant.

7 Criteria for small block irrigators exit grants

Note In addition to satisfying the criteria in this section, there are further requirements before a small block irrigators exit grant will be paid: they are set out in section 9.

- (1) A small block irrigators exit grant for an irrigation block will be paid only if:
 - (a) at the qualifying time:
 - (i) the applicant was an Australian resident; and
 - (ii) the principal place of residence of the applicant was Australia; and
 - (iii) the applicant had a qualifying interest in the irrigation block for the irrigation farming enterprise; and
 - (iv) the area of all farm land in Australia owned by the applicant and his or her spouse and the persons identified on the application with a qualifying

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- interest in the irrigation block and the area of the irrigation block, totalled 15 hectares or less on 20 September 2008 or was more than 15 hectares and no more than 40 hectares on 13 February 2009; and
- (v) the only source of irrigation water for the irrigation farming enterprise was in the Murray-Darling Basin; and
 - (vi) the applicant and his or her spouse and persons identified in the application with a qualifying interest in the irrigation block has sold to the Commonwealth through the *Restoring the Balance in the Murray-Darling Basin program* all of the tradeable permanent entitlements to extract water from a watercourse that were held at the qualifying time or had been purchased since the qualifying time which add up to at least 10 megalitres; and
 - (vii) the irrigation farming enterprise, and the tradeable permanent entitlements to extract water from a watercourse for the irrigation farming enterprise, were not under external control; and
 - (viii) the applicant and his or her spouse or any persons identified in the application had not received an exit or adjustment grant, and no application by the applicant and persons identified in the application for an exit or adjustment grant (other than the application under consideration) had been made but not finally determined; and
- (b) during the 5 years before the qualifying time, the applicant:
- (i) contributed a significant part of his or her labour and capital to the irrigation farming enterprise; and
 - (ii) derived a significant proportion of their income from the irrigation farming enterprise.

Note 1 An exit or adjustment grant includes a small block irrigators exit grant: see the definition of *exit or adjustment grant* in section 3.

Note 2 If the applicant and his or her spouse and persons identified in the application with a qualifying interest in the irrigation block owned tradeable permanent entitlements to extract water from a watercourse at the qualifying time, or had purchased additional tradeable permanent entitlements to

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extract water from a watercourse since the qualifying time, but disposed of them to someone other than the Commonwealth through the *Restoring the Balance in the Murray-Darling Basin* water access entitlement purchasing program, the applicants will be disqualified from receiving grants under the Small Block Irrigators Exit Grant Package.

Note 3 The applicant and his or her spouse and persons identified in the application may, where they are permitted to do so under state legislation, sell in the open market all other forms of water entitlements they hold that can be used for irrigation purposes, including groundwater.

Note 4 If the entitlements described in note 3 can not be sold the applicant may retain the entitlements and will have to demonstrate that they will not use these entitlements for the purposes of irrigation through removal of production related infrastructure to receive an exit grant.

Note 5 The applicant will be permitted to retain their entitlements for stock and domestic water they held at the qualifying time.

- (2) Paragraph (1) (b) does not apply to an applicant if the CEO is satisfied that the gross income that applicant and his or her spouse derived from the irrigation farming enterprise had been significantly diminished in the 3 years before the qualifying time because of reduced water allocations.

8 Qualifying interests in land

- (1) A person has a qualifying interest in particular land if the person owns the land (either alone or with another person).
- (2) A person also has a qualifying interest in particular land (*leased land*) if:
 - (a) the person is the lessee of the leased land; and
 - (b) the term of the lease, including options for renewal that the person can exercise, is 10 years or more.
- (3) A person also has a qualifying interest in particular land if:
 - (a) the person is a shareholder of a company; and
 - (b) the company
 - (i) owns the land; or
 - (ii) is a lessee of the land and the term of the lease, including options for renewal that the company can exercise, is 10 years or more.
- (4) A person also has a qualifying interest in particular land if:

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- (a) the person is a beneficiary of a trust; and
- (b) the trustee of the trust;
 - (i) owns the land; or
 - (ii) is a lessee of the land and the term of the lease, including options for renewal that the trustee can exercise, is 10 years or more.

9 Conditions for final payments of small block irrigators exit grants

- (1) The Commonwealth will not pay a small block irrigators exit grant for an irrigation block unless:
 - (a) an application has been lodged;
 - (b) the CEO has determined that all the criteria in subsection 7 (1) have been met; and
 - (c) the Secretary of the Department of the Environment, Water, Heritage and the Arts has confirmed:
 - (i) the tradeable permanent entitlements to extract water from a watercourse held by the applicant and his or her spouse and persons identified in the application with a qualifying interest in the irrigation block have been assigned to the Commonwealth and add up to at least 10 megalitres; and
 - (ii) at the time of that assignment, the tradeable permanent entitlements to extract water from a watercourse were not under external control;
 - (d) the CEO is satisfied that, for 5 years immediately before the qualifying time, the principal place of residence of the applicant was Australia; and
 - (e) the CEO is satisfied that, on the date of payment:
 - (i) the applicant has a qualifying interest in the irrigation block; and
 - (ii) the applicant's irrigation farming enterprise and the irrigation block are not under external control; and
 - (iii) the applicant and his or her spouse and none of the persons identified in the application with a

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qualifying interest in the irrigation block had received an exit or adjustment grant, and no application by any of the applicants and persons identified in the application for an exit or adjustment grant (other than the application under consideration) had been made but not finally determined; and

- (iv) all works approvals, usage licences and supply contracts with a supplier of irrigation water to the irrigation block have been terminated; and
 - (v) all permanent plantings and all above ground production related infrastructure on the irrigation block have been removed; and
- (f) the CEO has determined the amount of any removal grant in respect of the irrigation block.

Note 1 The claim form includes a “Declaration” under which the applicant and his or her spouse and persons identified in the application agree to do certain things (including notify Centrelink if relevant circumstances change) and pay back all grants under the Murray-Darling Basin Small Block Irrigators Exit Grant Package 2008-09 if certain conditions are breached, in particular, if the irrigation block is used for irrigation farming. See section 10.

Note 2 An exit or adjustment grant includes a small block irrigators exit grant: see the definition of *exit or adjustment grant* in section 3.

Note 3 The amount of a small block irrigators exit grant is subject to an assets test: see sections 11 and 12.

Note 4 For removal grants see Part 4.

- (2) For subparagraph (1) (e) (iv), disregard works approvals, usage licences and supply contracts so far as they relate to the supply of stock and domestic water to the irrigation block.
- (3) Centrelink must have all the information needed to show that these conditions have been met by close of business on **31 March 2010**.

10 Obligations if a small block irrigators exit grant is paid

- (1) There are several conditions attached to payment of a small block irrigators exit grant. They are all set out in the

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“Declaration” in the application form the applicant completes for the grant, and the claim made for payment of the grant.

Note 1 See subsection 6 (1) and paragraph 9 (1) (a).

Note 2 If any of the conditions are breached, the applicant to whom the grant is paid will have to pay the full amount of the grant back to the Commonwealth.

- (2) The conditions are:
- (a) during the 5 years after the grant is paid, the irrigation block must not be used to carry on an irrigation farming enterprise; and
 - (b) during the 5 years after the grant is paid, the applicant and his or her spouse and persons identified in the application with a qualifying interest in the irrigation block will not:
 - (i) own or carry on an irrigation farming enterprise anywhere in Australia; or
 - (ii) have a qualifying interest in land anywhere in Australia on which an irrigation farming enterprise is carried on; or
 - (iii) acquire (including by gift) or become entitled to acquire (except from a deceased estate) any tradeable permanent entitlements to extract water from a watercourse or any water access entitlements that may be used for the purpose of carrying on an irrigation farming enterprise anywhere in Australia; and
 - (c) if the applicant or his or her spouse or any of the persons identified in the application with a qualifying interest in the irrigation block, during the 5 years after the grant is paid, acquire or inherit any tradeable permanent entitlements to extract water from a watercourse from a deceased estate or any water access entitlements that may be used for the purpose of carrying on an irrigation farming enterprise anywhere in Australia from a deceased estate — those rights and entitlements must be offered for sale to the Commonwealth if the entitlements meet the criteria for the *Restoring the Balance in the Murray-Darling Basin program* or are transferred to a third party within 6 months, or a longer period allowed by the CEO; and

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- (d) Centrelink must be notified if the applicant or his or her spouse or any of the persons identified in the application with a qualifying interest in the irrigation block change residential address during the 5 years after the grant is paid; and
- (e) Centrelink must be notified if, during the 5 years after the grant is paid, the applicant or his or her spouse or any of the persons identified in the application with a qualifying interest in the irrigation block:
 - (i) own or carry on, or intend to own or carry on, an irrigation farming enterprise anywhere in Australia; or
 - (ii) own, or intend to own, land anywhere in Australia on which an irrigation farming enterprise is carried on; or
 - (iii) acquire (including by gift) or become entitled to acquire (including from a deceased estate) any tradeable permanent entitlements to extract water from a watercourse or any water access entitlements that may be used for the purpose of carrying on an irrigation farming enterprise anywhere in Australia; and
- (f) an applicant or his or her spouse or any of the persons identified in the application with a qualifying interest in the irrigation block must comply with a written notice from Centrelink, at any time during the 5 years after the grant is paid, for information about any of the matters in paragraphs (a) to (e); and
- (g) the applicant or his or her spouse or any of the persons identified in the application with a qualifying interest in the irrigation block acknowledges that Centrelink may, at any time during the 5 years after the grant is paid, conduct an audit to make sure that:
 - (i) information provided in the application for the grant, and in connection with the grant, is accurate and not misleading; and
 - (ii) grant conditions have been and are being complied with;and will cooperate with and facilitate such an audit.

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Note This could, for example, involve inspections of an applicant's property.

11 How much will be paid as a small block irrigators exit grant?

The total amount that the Commonwealth will pay as a small block irrigators exit grant for an irrigation block is:

- (a) if the net asset value of the applicant, or the net asset value of each of the other persons identified in the application, who had at the qualifying time, a qualifying interest in the irrigation block, is \$350,000 or less on the date on which the payment is made — \$150,000; or
- (b) if the net asset value of the applicant, or the net asset value of any of the other persons identified in the application, who had at the qualifying time, a qualifying interest in the irrigation block is more than \$350,000 on the date on which the payment is made — the amount calculated using the formula

$$\$150,000 - \left(\frac{2 \times (\text{highest net asset value} - \$350,000)}{3} \right)$$

Note 1 The net asset value of the applicant includes the assets and liabilities of his or her spouse.

Note 2 This means that the maximum grant amount of \$150,000 reduces by \$2 for every \$3 by which the net asset value of the applicant or a person identified in the application who has a qualifying interest in the irrigation block is more than \$350,000 at the date on which the payment is made.

Note 3 If the net asset value of the applicant or a person identified in the application who has a qualifying interest in the irrigation block is \$575,000 or more, no small block irrigators exit grant will be paid.

12 How is the net asset value calculated?

- (1) A net asset value is calculated separately for the applicant and each person identified in the application, who had, at the qualifying time, a qualifying interest in the irrigation block. It is:

the total value of the applicants or person's assets

less

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the total value of the applicants or person's liabilities.

- (2) In calculating the net asset value, the rules in Part 3.12 of the *Social Security Act 1991* are applied, but:
- (a) disregard paragraphs 1118 (1) (a) and (b) of that Act; and
 - (b) disregard:
 - (i) the value of the home if an applicant's principal home is on the irrigation block; and
 - (ii) the value of the land the applicant has a qualifying interest in; and
 - (c) count the net proceeds from the sale of the water access entitlements and water access rights for the irrigation block, and of any other farm assets used for the irrigation farming business; and
 - (d) count the value of any assets owned at the qualifying time but disposed of later (whether for value or as a gift); and
 - (e) count superannuation contributions made after the qualifying time unless they are part of a series of regular such contributions; and
 - (f) disregard liabilities if they are evidenced in writing and the CEO is satisfied that they are, in principle, legally enforceable.

Note 1 The net asset value of the applicant includes the assets and liabilities of his or her spouse.

Note 2 If an applicant and his or her spouse and persons identified in the application with a qualifying interest in the irrigation block owned tradeable permanent entitlements to extract water from a watercourse at the qualifying time, or had purchased additional tradeable permanent entitlements to extract water from a watercourse since the qualifying time, but disposed of them to someone other than the Commonwealth through the *Restoring the Balance in the Murray-Darling Basin* water access entitlement purchasing program, the applicant will be disqualified from receiving grants under the Small Block Irrigators Exit Grant Package.

Note 3 Refer to section 8 for conditions regarding qualifying interest.

13 How are small block irrigators exit grants paid?

A small block irrigators exit grant will be paid by direct credit to an account with an approved deposit taking institution under the *Banking Act 1959* and nominated in the claim form.

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Note 1 For example, a bank or a credit union.

Note 2 For the claim form see paragraph 9 (1) (a).

Part 3 Advice and training grants

14 Advice and training grants

- (1) The Murray-Darling Basin Small Block Irrigators Exit Grant Package 2008-09 provides for the Commonwealth to pay advice and training grants of up to \$10,000 for an irrigation block on which an irrigation farming enterprise is being carried out, where the conditions in this Part are met.

Note For conditions see section 16. For amounts available as advice and training grants see section 18.

- (2) Advice and training grants will help irrigators to get professional advice to plan and prepare for the future and to undertake training or re-training for alternative employment and careers.
- (3) These grants recognise that individual assistance and specialised advice across a range of areas may be needed. They help provide individualised support for the planning needed to move successfully out of irrigated farming.

15 Applying for advice and training grants

An advice and training grant in respect of an irrigation block will be paid only on a written application made to Centrelink. The application is made by the applicant completing the relevant part of the application form for the small block irrigators exit grant.

Note See section 6. The cut off date for this application is **30 June 2009**.

16 Conditions for advice and training grants

- (1) An advice and training grant will only be paid for advice or training provided to an applicant who:
 - (a) was, at the qualifying time, carrying on an irrigation farming enterprise on the relevant irrigation block; or
 - (b) was, at the qualifying time, the spouse of an applicant referred to in paragraph (a).

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- (2) An advice and training grant for an irrigation block will be paid only if:
- (a) the CEO has determined that the criteria for a small block irrigators exit grant in section 7 for the relevant irrigation block have been met; and
 - (b) the applicant for the small block irrigators exit grant who held tradeable permanent entitlements to extract water from a watercourse for the irrigation farming enterprise at the qualifying time have exchanged contracts with the Commonwealth for the sale of those entitlements and rights to the Commonwealth; and
 - (c) the applicant and his or her spouse have participated in an interview with a Centrelink Rural Services Officer that:
 - (i) examined the pathways for them to exit irrigation farming and move into new employment, a new business or dryland farming; and
 - (ii) discussed the advice given in the direction setting meeting; and
 - (iii) identified their training and advice needs; and
 - (iv) examined the strategy for meeting those needs and the likely costs of the training and advice.

17 What advice and training grants can be spent on

Must be identified in pathways interview

- (1) An advice and training grant can only be used to meet the costs of advice and training agreed with Centrelink and identified in the applicant's pathways interview, and incidental expenses.

Advice

- (2) The advice must be to help the applicant and his or her spouse plan his or her exit from irrigated farming and to establish an alternative career off the farm or in dryland farming. Examples of advice that could be covered include the following:
- (a) financial assessment and planning advice;
 - (b) skill development advice;
 - (c) legal advice, including succession planning;

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- (d) business advice;
 - (e) personal advice (such as counselling);
 - (f) agronomic advice;
 - (g) careers advice and services.
- (3) The professional advice must be from a suitably qualified adviser who is a member of a relevant professional association.

Training

- (4) The training must be in a relevant course provided by a university, a TAFE institution or a registered training organisation.
- (5) If the applicant and his or her spouse is preparing for a career outside farming, the advice and training grant can also be used to get recognition of his or her prior learning to recognise and formalise his or her skills.

18 Maximum amounts and payment of advice and training grants*Maximum amounts*

- (1) The total amount that the Commonwealth will pay as advice and training grants in respect of an irrigation block is \$10,000 (GST inclusive).
- (2) If the applicant or his or her spouse has received:
- (a) any of the following assistance within the 2 years before the qualifying time:
 - (i) assistance under a Climate Change Adjustment Program Advice and Training Grant;
 - (ii) assistance under an Exceptional Circumstances Exit Grant Advice and Retraining Grant;
 - (iii) assistance under the Farm Help Advice and Training Scheme 1997;
 - (iv) assistance under an Exceptional Circumstances Professional Advice and Planning Grant;

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- (v) activity plan development assistance granted under the Sugar Industry Reform Program 2002;
 - (vi) business planning support granted under the extension to the Sugar Industry Reform Program 2002;
 - (vii) a grant for training made to canegrowers under the Sugar Industry Reform Program 2002; or
- (b) a Farm Help retraining grant;
the amount that the Commonwealth will pay as advice and training grants for the irrigation block is reduced by the amount spent on that assistance or that grant.

Limits on particular expenditures

- (3) The following limits apply to particular expenditures covered by an advice and retraining grant:

Expenditure on ...	is limited to the following amounts (GST inclusive)
business related computer software	\$750
incidental expenses	\$1,100

- (4) In addition, incidental expenses must be reasonable, taking into account (among other things) the following:
- (a) where the relevant course is conducted or the advice provided;
 - (b) the distance between the applicant's place of normal residence and the place where the relevant course is conducted or the advice provided;
 - (c) any medical condition of a person for which particular transport or accommodation is needed;
 - (d) child care provided under a licence in force under a law of a State or Territory.

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19 Obligations if an advice or training grant is paid

- (1) It is a condition attached to payment of an advice and training grant that, if the applicant or his or her spouse fails to complete the training agreed in the pathways interview, the person paid the relevant small block irrigators exit grant will repay to the Commonwealth all grants paid under Small Block Irrigators Exit Grant Package (including amounts paid as advice and training grants).
- (2) This will not apply if the reason for not completing was beyond the control of the applicant or his or her spouse.
- (3) This condition is set out in the “Declaration” in the application form the applicants complete for the small block irrigators exit grant, and the claim made for payment of that grant.

20 How are advice and training grants paid?*Two separate tranches*

- (1) An advice and training grant will be paid in 2 tranches under a voucher system.
 - (a) Up to \$5,000 (GST inclusive) will be available as soon as the applicant completes his or her pathways interview (*first tranche*).
 - (b) If:
 - (i) the first tranche has been fully expended; and
 - (ii) Centrelink has received all the information needed to show that the conditions for payment of the small block irrigators exit grant have been met; and
 - (iii) the applicant needs to get further advice, or undertake additional training, as identified in the pathways interview;up to a further \$5,000 (GST inclusive) will be available.

Note See section 9 for the conditions for payment of a small block irrigators exit grant.

Payment for services by voucher

- (2) Centrelink will give an applicant vouchers, valid for 6 months, for the providers agreed in the pathways interview. The applicant will give the vouchers to the provider before getting the advice or undertaking the training concerned. The provider and the applicant will validate the voucher to confirm the services have been provided and are satisfactory, and the provider will send the voucher and the necessary supporting documentation (tax invoices for the amount agreed in the voucher) to Centrelink for payment.

Payment for incidentals

- (3) Payment for incidental expenses that an applicant or his or her spouse incurs will be made on presentation to Centrelink of a claim for payment and an acceptable tax invoice for the amount spent.

21 When payments will not be made under advice and training grants

- (1) If an applicant, or his or her spouse, do not complete a relevant course as agreed in the pathways interview, no further payments of advice and training grants will be made. This will not apply if the reason for not completing was beyond the control of the applicant or his or her spouse.

Note See also section 19.

- (2) Payments of advice and training grants will not be made for advice obtained or training undertaken that was not agreed in the relevant applicant's pathways interview.
- (3) Payments of advice and training grants for an applicant will not be made for advice obtained or training undertaken before the applicant's pathways interview.
- (4) Payments of advice and training grants will not be made if the invoices or receipts needed to support the claim for payment are received by Centrelink after the earlier of:
 - (a) 6 months after the relevant small block irrigators exit grant was paid; and

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(b) 31 March 2010.

Part 4 Removal grants

22 Removal grants

Removal grants are intended to help applicants who qualify for a small block irrigators exit grant to meet one of the key conditions of the grant — to remove all permanent plantings and above ground production related infrastructure from their irrigation blocks.

23 What are removal grants for?

Reimbursement of costs of removing permanent plantings and above ground production related infrastructure

- (1) A removal grant can only be used to reimburse the applicant carrying on the irrigation farming enterprise for amounts the applicant has paid a contractor to remove permanent plantings and above ground production related infrastructure from the irrigation block.

It will not be paid to cover the applicant's costs of doing that work himself or herself.

- (2) Permanent plantings are **removed** by fully extracting them, including their root systems, from the ground.
- (3) Above ground production related infrastructure is **removed** by permanently removing it so as to make the system inoperable.
- (4) The contractor must have an Australian Business Number.
- (5) The contractor must be carrying on a business of excavating, earth moving or landscaping and the CEO must be satisfied that it was carrying on that business before the qualifying time.

Note Indicators of “carrying on a business” include:

- (a) repetition and regularity of activity;
- (b) activity organised and carried on in a businesslike manner and systematically;
- (c) records are kept;

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(d) registration of business name under local State business names laws.

Removal grants not paid for removal of plantings or infrastructure funded by irrigation management grants

- (6) A removal grant will not be paid for the removal of permanent plantings or above ground production related infrastructure to the extent that the removal has been funded by an irrigation management grant.

24 Maximum amounts and payment of removal grants

- (1) The total amount that the Commonwealth will pay as removal grants in respect of an irrigation block is \$20,000 (GST inclusive).
- (2) Payment of a removal grant will be made prior to payment of the small block irrigators exit grant.

Note 1 This means it is important to have the claim for the removal grant, and supporting documentation, ready as soon as practicable, otherwise payment of the small block irrigators exit grant will be delayed.

Note 2 Linking the 2 grants reduces the risk of non-compliance and therefore the overall cost of the Small Block Irrigators Exit Grant Package.

- (3) Payment of a removal grant will not be made unless:
- (a) the CEO is satisfied that all permanent plantings and above ground production related infrastructure on the irrigation block have been removed; and
 - (b) Centrelink has been given a tax invoice or tax invoices from a contractor for the amounts claimed.
- (4) Without limiting how the CEO may be satisfied that all permanent plantings and above ground production related infrastructure on the irrigation block have been removed, he or she may be satisfied on the basis of a statutory declaration.
- (5) A tax invoice must include the following detail:
- (a) the address and telephone number of the contractor; and
 - (b) specific information describing the work carried out, including type and number of permanent plantings removed and the type and amount of production related infrastructure removed; and

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(c) the date or dates on which the work was carried out.

It must be signed by the owner of the business or an employee of the business whose title includes “manager” or “director”.

25 How are removal grants paid?

A removal grant will be paid prior to the small block irrigators exit grant.

Note This is by direct credit to a nominated account with an approved deposit taking institution under the *Banking Act 1959*, such as a bank or a credit union: see section 13.

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Part 5 General

26 Important dates

The important dates for the Small Block Irrigators Exit Grant Package are:

The cut off date for	is
offering all the tradeable permanent entitlements to extract water from a watercourse to the Commonwealth in the Water for the Future tender process	30 June 2009
applying for a small block irrigators exit grant	30 June 2009
applying for an advice and training grant	30 June 2009
applying for a removal grant	30 June 2009
acceptance of offer by the Commonwealth to sell all the tradeable permanent entitlements to extract water from a watercourse in the Water for the Future tender process	30 September 2009
giving Centrelink all the information needed to show that all the requirements for payment of a small block irrigators exit payment have been met	31 March 2010
all payments under the Small Block Irrigators Exit Grant Package	30 June 2010

27 Reconsideration of decisions

An applicant who does not agree with a decision of Centrelink:

- (a) as to eligibility for a grant under the Small Block Irrigators Exit Grant Package; or
- (b) as to the amount of a grant; or
- (c) about advice or training covered by an advice and training grant;

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can have the decision reconsidered, as follows:

- (d) the matter is discussed with the Centrelink officer who made the original decision;
- (e) if the applicant still does not agree — the applicant asks Centrelink to have the decision reconsidered by an Authorised Officer. The Authorised Officer will:
 - (i) look at the information used by the original decision maker and check whether any new, relevant information is available; and
 - (ii) where possible, talk to the applicant about the matter to clear up any misunderstandings; and
 - (iii) if appropriate, change the decision to correct any mistakes that were made; and
 - (iv) tell the applicant the outcome, and the reasons for his or her decision;
- (f) if the applicant still does not agree — the applicant asks for a further file review through a member of the Centrelink Rural Programs Team in National Support Office. The Team will consult the Department of Agriculture, Fisheries and Forestry and the Department of the Environment, Water, Heritage and the Arts where a policy matter is in question. The Team will tell the applicant the outcome of the review, and the reasons for the decision;
- (g) if the applicant still does not agree — the applicant can make a complaint to the Commonwealth Ombudsman.

Note 1 Talking to the Centrelink officer who made the original decision gives a chance to correct misunderstandings, present new information or evidence and to get an incorrect decision changed quickly.

Note 2 Authorised Officers are senior and experienced people in Centrelink who will have had no involvement in the case.

Note 3 The Commonwealth Ombudsman investigates complaints about the administrative actions of Commonwealth Government departments and agencies. The Ombudsman cannot override Centrelink decisions, nor give directions to Centrelink staff, but resolves disputes through consultation and negotiation, and if necessary, by making formal recommendations to the most senior levels of government.

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28 Need for proper financial advice

- (1) Grants under the Small Block Irrigators Exit Grant Package are taxable.
- (2) *The Commonwealth (including Centrelink) cannot give financial or taxation advice.*
- (3) Applicants should get advice from a licensed financial advisor about the taxation implications of grants under the Package.

29 Impact of a grant on entitlements under other schemes

- (1) A small block irrigators exit grant is exempt income for social security purposes (through a determination under section 8 (11) of the *Social Security Act 1991*).
- (2) If a grant under the Small Block Irrigators Exit Grant Package is paid for an irrigation block, none of the applicants mentioned in subsection 6 (2) will be eligible for:
 - (a) any agricultural exit grants under future agricultural exit grants schemes; or
 - (b) any future Exceptional Circumstances assistance.

30 Misleading etc information in applications

It is a condition of payment of a grant under the Small Block Irrigators Exit Grant Package that, if:

- (a) any of the information provided in the grant application, or in connection with the grant, was false or misleading; or
- (b) a condition of the grant was or is not complied with;

the applicant to whom the small block irrigators exit grant was paid will repay to the Commonwealth, if the CEO requires, all amounts paid in respect of the irrigation block under the Small Block Irrigators Exit Grant Package.

Note 1 Not complying with a grant condition includes, for example:

- (a) not removing permanent plantings or above ground production related infrastructure; and
- (b) owning or operating an irrigation farming enterprise within 5 years after receiving a grant.

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Note 2 The Criminal Code also makes it a criminal offence to make false or misleading statements to the Commonwealth in connection with grants.

Schedule 1 Selling water entitlements to the Commonwealth

1 Restoring the Balance in the Murray-Darling Basin water access entitlement purchasing program

- (1) The Commonwealth has established the *Restoring the Balance in the Murray-Darling Basin* water access entitlement purchasing program. The program is administered by the Department of the Environment, Water, Heritage and the Arts.
- (2) Generally, potential applicants should seek confirmation of eligibility for a small block irrigators exit grant before offering the Commonwealth your tradeable permanent entitlements to extract water from a watercourse.
- (3) However, this is not a requirement of the purchasing program. If your offer to sell tradeable permanent entitlements to extract water from a watercourse fall within the *Restoring the Balance in the Murray-Darling Basin* program, the Commonwealth may still buy them from you even though you may not be eligible for a small block irrigators exit grant.

2 Applications and offers to sell entitlements

- (1) If you are proposing to apply for the Murray-Darling Basin small block irrigators exit grant package you should offer to sell all of your tradeable permanent entitlements to extract water from a watercourse to the Commonwealth through an application process in a Water for the Future tender process by **30 June 2009**.
- (2) You will need to lodge a written offer to sell your entitlements and rights to the Commonwealth, using the application form for the process. The application must be complete, with all supporting documents.
- (3) Application forms, and the supporting pack of materials, are available from the Department of the Environment, Water,

Heritage and the Arts. Ring 1800 218 478 for hard copies, or go to

www.environment.gov.au/water/programs/entitlement-purchasing/southern.html

or

www.environment.gov.au/water/programs/entitlement-purchasing/index.html.

3 You nominate price in offers

- (1) Your application will need to nominate the price you are prepared to accept for the entitlements.
- (2) You should make sure that you review the publicly available information about market prices for entitlements before making an offer. Publicly available indicative market price information, broken down by catchment and product type, will be available on the Department of the Environment, Water, Heritage and the Arts' website, at www.environment.gov.au/waterpurchasing

Note The Department of the Environment, Water, Heritage and the Arts does not disclose the price it will pay for entitlements because it must protect its negotiating position, to ensure that the Commonwealth, and taxpayers, get value for money for buying entitlements.

4 Making sure the offer meets the criteria for purchases

- (1) The Department of the Environment, Water, Heritage and the Arts will check the application to make sure it meets the criteria in the *Restoring the Balance in the Murray-Darling Basin* program for entitlement purchases.
- (2) The Department may need further information from you, or need to clarify aspects of your application, so you should be prepared to provide additional information quickly.
- (3) This process is expected, in the ordinary case, to take about 2 weeks; the Department of the Environment, Water, Heritage and the Arts will formally notify you of the outcome as soon as it is complete.

- (4) If the Department declines to accept your offer, you can make a revised offer if you do so before the tender closes.

5 Due diligence and contract

- (1) If the Department of the Environment, Water, Heritage and the Arts decides to accept your offer, it will:
 - (a) undertake a due diligence process, to verify the information in the application; and
 - (b) if the due diligence does not identify any issues with your offer — prepare a contract for sale of the entitlements and rights and send it to you.
- (2) The contracts are then signed by you and by the Department of the Environment, Water, Heritage and the Arts (for the Commonwealth) and the signed sale contracts exchanged.
This creates a binding contract.

6 Title to the entitlements transferred

- (1) The appropriate forms are then lodged with the relevant State water authority to seek approval to transfer ownership of the entitlements and rights to the Commonwealth.
- (2) When the relevant State water authority approves the transfer, a date for settlement is set.
- (3) The sale contract will set out what will happen if the relevant State water authority does not approve the transfer — either settlement will be deferred until the next irrigation season or the sale will be cancelled.
- (4) For you to be paid a small block irrigators exit grant, settlement of the sale of your entitlements and rights must take place before **30 June 2010**.
- (5) On settlement, the purchase price is paid to you in accordance with the contract, and the Department of the Environment, Water, Heritage and the Arts receives the documents needed to record the transfer of ownership.

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- (6) The sale is complete when the Commonwealth is registered as the owner of the entitlements and rights.

Attachment 1 Map of the Murray-Darling Basin

