



Hon Alannah MacTiernan MLC
Minister for Regional Development; Agriculture and Food;
Minister Assisting the Minister for State Development; Jobs and Trade

Our ref: 64-09745

Mr Alex Rousak
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Dear Mr Rousak

COMMONWEALTH REVIEW OF THE FARM HOUSEHOLD ALLOWANCE

Thank you for the invitation for Western Australia to participate in the review of the Farm Household Allowance (FHA).

Western Australia endorses the intent and purpose of the FHA as a Commonwealth responsibility under the Intergovernmental Agreement on National Drought Policy and Program Reform (IGA).

Please refer to Western Australia's detailed comments on the FHA at Attachment 1.

Yours sincerely

HON ALANNAH MACTIERNAN MLC
MINISTER FOR REGIONAL DEVELOPMENT; AGRICULTURE AND FOOD;
MINISTER ASSISTING THE MINISTER FOR STATE DEVELOPMENT,
JOBS AND TRADE

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Attachment 1 – WA Submission to the FHA Review

Western Australian Response to the Farm Household Allowance (FHA) Review

Barriers to participation in the FHA

Western Australia believes that there is a likelihood that eligible farming families are not making application to the FHA.

Elderly people may lack awareness of the FHA and also the internet skills to participate in online application procedures. Where internet access is poor and/or internet skills are low, applicants may struggle to successfully submit an application.

It has also been reported that there have been problems with the application process, as documents have gone missing in the post, and issues associated with record management.

Western Australia believes that potential applicants are likely to be self-assessing the family's eligibility before applying to the FHA and, in all likelihood, this assessment could be based on a misunderstanding. The State is also in receipt of reports that variability in seasons makes some families fearful that if they apply, they may be overpaid relative to entitlement.

Caseworker availability

Between 2010 and 2012, there were 12 Farm Household Caseworkers and 3-4 Farm Social Support officers in Western Australia.

Currently there is only one Caseworker in Western Australia and this is regarded as insufficient.

Increasing the availability of Caseworkers, and adjusting their scope of work to support eligible families applications, may be an appropriate strategy for increasing participation in the FHA.

Provided they are resourced to do so, Caseworkers can facilitate decisions and adjustments that support business viability and farming family security. Caseworkers should have scope and resources within their remit to assess and maintain a level of contact with recipients that will facilitate the required adjustments.

Western Australia believes that Caseworker availability is insufficient to provide appropriate support.

FHA processes, criteria and guidelines

Guidelines state that recipients can access FHA for up to a total of four years.

Western Australia believes that a farmer who is on FHA continuously, over 12 to 24 months or longer, is likely to be at a high risk of that business not being viable. Within the scope of 'available years'; with a view to supporting an appropriate exit, time spent continuously on the FHA should be considered,.

Eligibility thresholds, assets

Western Australia notes that if a farmer is eligible to receive FHA when less than \$1,149.84 per fortnight is earned. If a farmer is only earning \$29,900 per annum in Western Australia, it is not likely that the business is viable in the short-term and also possibly the long-term.

Required activities

Western Australia supports required training as an activity and regards training in strategic business planning and risk management training as likely to be most impactful for recipient families.

Western Australia continues to offer the training that was developed under the Pilot of Drought Reform (as the Plan, Prepare, Prosper Suite of workshops) and believes that this training offers an appropriate methodology for facilitating changes for the better in decision-making. Evaluation of the ongoing impact of this training suggests that participating businesses will outperform similar businesses who have not.

Western Australia believes that proposed inclusion of natural resources management and climate adaptation techniques, as a required activity, is a good ideal but questions whether FHA recipient families will have sufficient resources to comply.

Opportunities for the FHA

A continuing gap in the provision of support for farming families is assistance to exit the farm business. Appropriately facilitated financial assessments, under FHA, may result in farming families identifying that it will not be possible to recover their position.

A poorly managed exit from the farming business may result in considerable distress and financial hardship, particularly for the older members of the business, possibly resulting in greater dependence on social support payments for longer periods of time.

Western Australia has occasionally collected anecdotal stories of successful farm exits and these should be considered as part of a broader FHA.

Western Australia has observed that strategic business planning (training) can help the recipient family review its financial situation and plan an unforced exit from the business and believes it is appropriate for the FHA to also include Farm Exit counselling by using trained former farmers to assist.

Western Australia has previously offered farm exit and re-establishment grants for exiting farming families in the past. These forms of assistance are unlikely to have a large uptake but may also create an opportunity for the Government to facilitate the

entry of new or young farmers to enter farming; (where market value is less than the debt owed on the property), while providing dignified support for the exiting family.

The Rural Service Providers

The focus of the Farm Household Allowance is on the specific needs of farming families; noting that farming businesses and families are specifically exposed to climatic events (drought, bushfire etc.), that will result in hardship for farming families.

Western Australia contends that rural communities as a whole share the specific exposure and experience that these climatic events have on farming families.

In 2017, Western Australia was afflicted by rainfall deficiencies in significant areas of the State. When consulted, community and industry reported that farming businesses had responded early and appropriately to the season. Community and industry representatives also reported that they felt that farming businesses are well supported by Government programs.

In the same consultation, rural small businesses were reported to be experiencing immediate hardship arising from sudden reduced farm business spending and changes in farming family spending. Available support and services for these businesses and their families were found to be lacking.

Given the shared climatic exposure that small rural business experiences alongside farming families, Western Australia proposes that the Farm Household Allowance be expanded to offer support to 'rural small businesses' who are mostly reliant on farming businesses; based in rural communities and demonstrably financially impacted by the climatic events that negatively affect farming families. We propose that the FHA becomes the 'Rural Business Allowance'.