

To FHA Review team

I was unable to complete this within the time , as I wanted to properly address the issues systematically rather than simply complain about the deficiencies.

Comments specific issues in order

1 Barriers

- There is lots of confusion about FHA some even makes it to THE LAND .
- The Process is too complicated, working in a Centrelink frame is cumbersome however there are many complicated business structures designed to avoid tax and hide assets. I suggest an identification process followed by a financial assessment.
- Feelings about Help; There are often quite HARSH comments being made by those so motivated to belittle farmers asking for help. The perception does not reflect the reality that some of the wealthier (ineligible FHA) also standing in line for handouts from charity. There is a double standard being presented to the ordinary farmer.
- Self Assessment. I am aware of cases of self assessment. The lack of clear straight forward printed guide does not help. That the information resides in Centrelink website is not to me available.
- Drought Payment. Some do think it is for drought, they might never have other cause to apply- my experience
- Preserve entitlement, The earlier before July 2018 version were presented to farmers as an absolute maximum of three (3) years for the future is the remainder of your farming career of up to 50+ years. You received a message "Prepare " . This meant that we did not ask for help until absolutely needed in 2014 following 2011 drought /price collapse for beef. No help for three years = massive rise in debt.

2 Support for Sustainable future

- Decisions in theory it should provide more time. Reality 2018 was confusing unclear and resulted in poor decisions in July & August 2018 re feed on my farm result was forced sales at poor prices.
- Quality of life: yes it does as many families are going without – 3rd world conditions. No one goes on holidays in these circumstances, no eating out, not seeing urban family.

3 Length availability FHA for each farmer.

- Assessing Business position; informally an ongoing process, we do about two formal budgets per year and some review of margin at other times like cattle sale result examination. Print gross margin and bench mark as part of OUR accounting package. Plus formal report to accountant and bank annually. Those relying on accountants

will take longer. With our own package, we can print the last GST report in an hour , profit & loss , budget on demand today. Might be two months behind in data entry.

- How long? Try about a year after a drought ends, but you don't want the old drought declaration. The maps are not good as not everyone has access or know how to participate in rainfall mapping.
- Tipping point disincentive; FHA only ever provides sufficient cash for household expenses. {Not including the lump sum one off payment 2018}. Banks and other lenders will not allow the debt to go too far. Ordinary risk managing still needs to be managed irrespective of FHA. Current FHA is limited. For farms to continue most will need to make significant cash flow payments ETC. FHA may only provide a short breathing space. The payment is too small it continues the poverty –not a desirable outcome.

4 Reasonable requirements to receive FHA

- Financial improvement; was compulsory to go to the rural financial counsellor in 2014-16, however if an improvement does occur taking back the whole payment at some reconciliation of dubious quality the whole thing is pointless- you make this a game.
- Content of financial improvement agreement; Budgets, discussion with rural financial counsellor,/ accountant. Done this some case workers not realistic.
- Natural Resource Management and Climate Change risk. Please keep separate- my experience is smaller farmers often miss out on the programs that I have applied for recently. Questions in the application process and the assessment and financial agreements do have questions about what risk / preparedness things are have been done. FHA recipients need fair access long before a FHA application to be adequately prepared. Too much moral judgement.
- Checking on financial improvement:- how often? It was too often farms typically livestock run on an annual cycle, the sale prices move seasonally as well as in accordance with international markets. Swaping in &out of enterprises is often impractical, the lead times are often too long, ie longer than FHA,. I can see farmers being advised inappropriately.
- Mandatory obligations: Previously not documented however Financial assessment and improvement agreements were presented as mandatory . you need to get away from the paternalistic attitude. For us it was wasted effort and time too often and no benefits. For ourselves we need to be in a position where FHA is not needed.

5 ON & OFF FHA and four (4) years support over a life time?

- Feasibility of planning 4 years. How do you plan for a drought in 2027 followed by another in 2039 ?? OR the 20year old he gets support now to get him/her through a

drought in 2060!! Not realistic go back to the Productivity Commission . The notion of a fixed lifetime period is impractical and unreasonable.

- Two separate questions length of support vs on/ off. The system is inflexible and not presented as flexible.
- Yes I have received FHA Unusual circumstance ;- 2014 report to police loss of 40 head cattle. We might have survived had this loss not occurred. Value stolen was greater than FHA . caused by a farmer unable to access FHA.
- My experience ; presented as inflexible only three years. Option of on/off never discussed with Case officer. Not considered.
- Case officers were Centrelink staff (sometimes ex farmers) whose attitudes become divorced from the “Farm business World” the value system is different. The officers lack the training .
- Check Indicators of success. Farm visit and financials. you need better trained officers.

6 Eligibility Settings and Income Test

- On farm assets off farm assets. Set too low because by the time farmers are eligible they may have accumulated too much debt for rapid recovery.
- Too many coal miners on large wages (\$100k-250k) in this district would also want access. This is unreasonable. There are greedy well off individuals lining up for the other charity {hay Food} depleting resources for those really in need.
- Link to Social security. The fundamental problem is farmers are being treated as wage earners when in fact farmers are also the employer. The Social security system is ill equipped philosophically . A serious need for specialist officers. The whole social security system has glaring defects, that exacerbate the problem.
- There is no alternative commonwealth organisation better placed to deliver with an operating facility to deliver the service to a large number of farmers. You need physical points of contact, for face to face conversation this Centrelink can provide.

Support payment for family or business. Up to 2018 the appearance was one of family support. This is sorely needed as a separate consideration. Placing adequate household funds has a wider function considering the wider family, developing younger generation. The August 2018 payment of \$12000 has now changed the notion and yes it was needed. We currently have both family and business support.

7 Received FHA

- Current experience is too late and too confused by the Debt recovery process. The notion that I can use th
- **Financial agreement** is not going to work for viable farms if it is the governments intention to recover the costs two years later.

- The notion that I can repay the debt with the lump sum payment negated the whole benefit. The debt process is not transparent
- The financial improvement agreement must be allowed to allow a farmer to improve the financials without being punished for actually improving.
- The whole thing is an illusion and a waste of time no matter how attractive you make the process, where there is a debt recovery income test that is not properly administered.
- **Activity Supplement** minimal usage as there were few courses available. One course was grossly overpriced and was run like a scam. Too many trivial feel good events.
- **Interaction with Centrelink** we usually have good productive experiences with staff,. The local staff are helpful and friendly. They do not have the facility to do more than receive information, uploading documents etc. they are unable to administer payment.
- **Case Officer** experienced two different officers usually helpful and easy to get on with. The system requirements for some thing to be in agreements to show supervisors is less than desirable. The condescending philosophy of telling farmers how to manage risk financials etc places stress on the Case Officer and client farmer.
- **Rural Financial Counselling Service,** the officer did farm visits and thus was able to see our circumstances. We have usually been talking any way as a sounding board for some issues. This should continue as a valuable service.

8 Debt recovery Income reconciliation extra segment

- That the income test was never explained , never documented as it is assumed that as farmers we would understand even though we have never had contact with Centrelink income reconciliation process.
- Recovery directly in conflict with financial improvement plan. Do you want farmers not improving ?
- Complaint and review process from experience not transparent not working , no documented response, not normal procedure.
- Failure to fully consider that the farmer has to also provide the farm and livestock and machinery/Plant when considering income vs costs . ie some payments do not appear in a Profit and Loss statement, for example loan repayment. These costs are recovered from profits before the farmer enjoys any income.
- Depreciation is a legitimate cost for every one else.
- Our experience is Some Centrelink officers have reviewed and removed our debt and other officers have reinstated this debt. There appears to be a serious debate/ disagreement within Centrelink about farmer income reconciliation. The evidence for this is we were able to document a zero debt status recently.
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