



## LIVESTOCK SA INC

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25 June 2015

The Regional Manager  
Natural Resources  
Adelaide and Mount Lofty Ranges  
205 Greenhill Road  
EASTWOOD SA 5063

Dear Sir/Madam

### **Financial Hardship in relation to changes to the NRM water levy**

Thank you for the letter dated 15 May with a copy of the discussion paper and the opportunity to comment.

As you acknowledge, financial hardship for water licence holders is a significant concern.

We have looked closely at the Emergency Services Levy proposal as a measure of hardship and believe it not appropriate. As you would be aware remissions are available to certain Centrelink payments such as Aged Pension recipients. This is seen as an entitlement to these persons and bares no relationship to financial hardship; recipients can own their own home and have substantial other assets and still be eligible for the remission. In certain circumstances the farming property can also be considered as an exempt asset.

Other options that would be better indicators of hardship include the Centrelink test for application for the Farm Household Allowance, the Bureau of Meteorology Rainfall Deficiency Report, or a simple benchmark figure.

#### **1. Farm Household Allowance**

The Farm Household Allowance (FHA) is the current income support program for farmers throughout Australia. It is funded by the Commonwealth Government and administered by Centrelink.

It provides eligible farmers and their partners who are experiencing financial hardship with assistance and support to improve their long-term financial situation. Eligible farmers and their partners are able to access up to three years of payment. This is designed to give farm families time to get back on their feet and the opportunity to improve their circumstances.

To access the FHA a couple can have up to \$10,000 of cash reserves and a single person can have \$5,000. On application an estimate of taxable income is provided; this is reconciled with actual figures from the financial statements at year's end. A small net profit in the trading entity is

allowable. Consequently the Farm Household Allowance could be an easy way of identifying farmers that were suffering financial hardship and be eligible for exemption from the NRM Water Levy. Of course not all farmers avail themselves of Government support for a number of personal reasons; in these cases the most recent Profit & Statement and Proprietor's Funds or Partners Equity and Balance Sheet could be used to establish hardship in these situations...

## **2. Bureau of Meteorology Rainfall Deficiency Report**

The report identifies those areas that have experienced two different rainfall events. In the first where a rainfall deficiency which is equivalent to, or worse than, a one in twenty rainfall event (a rainfall deficiency at or below the 5<sup>th</sup> percentile it is considered as evidence that the farm business is experiencing financial difficulties due to drought and thus hardship.

In a case where the rainfall deficiency is equivalent to or worse than, a one in 10 year rainfall event at or below the 10<sup>th</sup> percentile this is evidence of significantly reduced income and/or significant increased expenditure which may result in hardship.

## **3. Benchmark figure**

Farmers should not have to borrow money or disadvantage their families to pay the new water levy. As applications for exemption need to be simple, it is suggested that eligibility for financial hardship could be "Farmers whose most recent profit and loss statements are \$20,000 or less are exempt from paying a water levy."

This figure should really be higher than \$20,000 to allow farmers to have a reasonable standard of living.

Livestock SA's preference is the third option.

At the very least, all recipients of the Farm Household Allowance should be exempt from the levy and that those not receiving the Farm Household allowance but consider their financial position to be perilous have a right to lodge evidence of that position and seek exemption from the levy.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Geoff Power', with a long horizontal flourish extending to the right.

Geoff Power  
**President Livestock SA**