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# Fairer Finance for Aussie Farmers

**27 April 2013**

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## **Joint media release**

The Hon Wayne Swan MP, Deputy Prime Minister and Treasurer

Senator the Hon Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, Minister assisting on Queensland floods recovery

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The Gillard Government will boost support and assistance to farmers struggling with acute levels of debt with a new package of measures to support the rural sector.

The high dollar and depreciation of land values are putting significant pressure on many farmers, leaving otherwise viable farms facing serious difficulty to stay operational.

Farm Finance will help strengthen Australia's agricultural sector, making sure all Australian farmers can take full advantage of the opportunities ahead.

The Gillard Government has been working with farmers to develop a number practical policy measures to give farmers a fairer deal for accessing finance.

Farmers from around Australia along with peak farming bodies have contributed to the development of Farm Finance.

The Gillard Government held a Rural Finance Roundtable in October 2012 which brought together representatives of the rural and banking sectors to discuss access to finance and farm debt. At the Roundtable the Government heard first-hand accounts from parts of the agriculture sector experiencing acute debt pressures due to lower land valuations, low product prices, and high input costs.

The Government will support our farmers so they can seize the opportunities of the future, support jobs in regional Australia and continue to feed the nation and the world.

Farm Finance will provide assistance to viable agricultural businesses and help them prepare their businesses for the future.

Farm Finance consists of four measures:

- concessional loans to help restructure debt and invest in productivity
- extra rural financial counsellors to work directly with farm businesses
- progressing a nationally consistent approach to debt mediation across the country; and
- enhancing the Farm Management Deposits Scheme.

The Government has today written to the State and Northern Territory (NT) Governments asking for their support in

delivering components of the package. We have also sought the assistance of the State and NT Governments in administering low interest loans through state delivery agencies, such as the Queensland Rural Adjustment Authority, which are experienced in this form of loan delivery. It will be up to individual jurisdictions to determine if they wish to take up this offer for their communities.

Details of the Package:

**1. Providing farmers with access to Concessional loans**

Reducing debt repayments in the short-term will provide farmers with the breathing space to continue to run their businesses and support their families.

Concessional loans targeted at restructuring debt and investing in productivity can provide that support. This has been identified by peak bodies as a significant issue facing many farmers.

The Gillard Government will make available a loan of up to \$60 million over two years to the relevant state delivery agency in each state and the Northern Territory for the provision of the concessional loans to eligible farm businesses.

Under this program eligible farmers will be able to receive concessional loans of up to \$650 000. Concessional loans will only

be made available to viable farm businesses. Loan recipients will need to demonstrate financial need, participate in a farm business planning exercise, and demonstrate their capacity to meet a debt repayment schedule.

The Government encourages State and NT Governments to support this package and consider matching the efforts the Federal Government is making.

## **2. Increasing the number of Rural Financial Counsellors**

The Rural Financial Counselling Service is a crucial service which provides free, impartial and independent financial advice right into the offices and onto the kitchen tables of Australian farming businesses.

Recognising the importance of these services in building ongoing financial resilience and capability, particularly for farmers experiencing financial distress, an additional 16 full-time equivalent Rural Financial Counsellors will be deployed across the country to focus on regions and industries experiencing acute debt stress.

This is on top of more than 110 currently funded Rural Financial Counsellors.

### **3. Working towards a nationally consistent approach to farm debt mediation**

Recognising that Australian farmers need clear and consistent advice, the Government will work to establish a nationally consistent approach to farm debt mediation.

This will help farmers and their bankers access a simpler, more consistent system that delivers real results for all involved. We will work with the banking industry, agriculture industry and the States and Territories to provide this much needed service.

### **4. Enhancing Farm Management Deposits**

Farm Management Deposits are an important risk management tool for primary producers to manage fluctuations in their farm income.

However, improvements are needed to provide primary producers with greater flexibility in how they manage and use their deposits. Therefore, we will increase the non-primary production income threshold from \$65 000 to \$100 000 so that more primary producers can access the scheme and diversify their income to help better manage variations in incomes. We are also cutting red tape to help primary producers

keep track of their finances and  
reduce their administration fees.

We will work closely with banking and  
agricultural industry groups as well as the  
States and the NT to roll out Farm Finance.

The increase in funding for the Rural  
Financial Counselling Service will start from  
1 July 2013, enhancements for Farm  
Management Deposits will take effect from 1  
July 2014 and the concessional loans measure  
will take effect as soon as possible.

For more information, visit  
[www.daff.gov.au/farmfinance](http://www.daff.gov.au/farmfinance)