

Audit Report No. 50, 2004-05, Drought Assistance

Introduction

Background

- 2.1 Australia has experienced several severe and prolonged droughts since the late 1980s. Since 1992, Australia's National Drought Policy (NDP) has been in place to encourage farmers to adopt self-reliant approaches to manage the risks stemming from climatic variability. The NDP also aims to both maintain and protect Australia's agricultural and environmental resource base during periods of extreme climate stress; and to ensure early recovery of agricultural and rural industries consistent with long-term sustainable levels. It advocates planning and the use of risk management to aid farmers in being more self-reliant, and in developing and applying farm plans, strategies and tactics.
- 2.2 The Government differentiates between circumstances, for example drought, where it is regarded as reasonable to expect farmers to manage risk; and Exceptional Circumstances (EC), for example prolonged drought, where it is not. In EC situations, the Government provides assistance to affected farmers.

- 2.3 The drought that started in 2002–03 has been particularly severe by historical standards. The consequences included a fall of more than 50 percent in crop production in 2002–03.¹ Flow-on effects contributed to a downturn for rural businesses and fewer regional employment opportunities.
- 2.4 When drought conditions prevail, it is initially the responsibility of the respective State or Territory Government to provide drought assistance, where appropriate, in the affected region. However, when a drought is rare and severe, and results in a severe and prolonged downturn in income, State and Territory Governments may apply to the Australian Government to have the region or specific industry(s) declared as qualifying for EC assistance.
- 2.5 The criteria for EC assistance is that:
- the event (whether a drought or other occurrence) must be rare (a one in 20 to 25 year event) and severe;
 - the effects of the event must result in a severe downturn in farm income over a prolonged period; and
 - the event must not be predictable or part of a process of structural adjustment.
- 2.6 Initially, the drought was addressed by the Australian Government through the arrangements for EC. EC provides targeted assistance in the form of family income support² and interest rate subsidies for farm enterprises.³ As the severity and spread of the drought increased, *prima facie*⁴ EC was introduced by the Australian Government in September 2002. Under the *prima facie* arrangements, Interim Income Support payments are available commencing from the date on which the Minister for Agriculture, Fisheries and Forestry announces that an EC application has a *prima facie* case.

1 Australian Bureau of Agricultural and Resource Economics, Australian Commodities, Vol 10 No 4, December Quarter, Australia, 2003, p. 570. DAFF advised that 2001–02 was one in which record crop production levels were achieved.

2 EC Relief Payment is paid at a rate equivalent to the Newstart Allowance.

3 A 'farm enterprise' is defined in the Farm Household Support Act 1992 (FHS Act) as an enterprise carried on within any of the agricultural, horticultural, pastoral, apicultural or aquacultural industries.

4 *Prima facie* EC provides six months of Interim Income Support payments commencing from the date on which the Minister for Agriculture, Fisheries and Forestry announces that an EC has a *prima facie* case and its full EC status is being confirmed.

- 2.7 With continuing spread of the drought, additional drought assistance measures were announced on 27 November and 9 December 2002. The measures provided immediate income assistance and interest rate relief for eligible farmers⁵, and provided further time for State and Territory Governments to prepare EC applications. The measures also included assistance for eligible small businesses for the first time, through the Small Business Interest Rate Relief (SBIRR) program. Personal counselling services were provided, and funding was allocated to the Country Women's Association to assist it help and support those affected by the drought. The Committee has since been informed that later measures have eliminated the need for State and Territory Governments to prepare new EC applications for areas affected by continued drought.⁶
- 2.8 At December 2004, there had been 60 EC declarations since September 2002. Over \$550 million in direct assistance has been provided, with more than \$1 billion allocated until 2006-07.

Audit objective

- 2.9 The objective of this audit was to assess the administration and implementation of the drought assistance measures. The audit focussed on EC, including *prima facie* EC, and key aspects of the additional drought assistance measures.

Overall audit conclusion

- 2.10 Australian Government agencies made considerable efforts to deliver the drought assistance measures to affected communities. Delivery of assistance was, on the whole, accurate and timely. However, the overall response to the drought would have been facilitated by clearer arrangements for a lead agency, allied with associated risk management, coordination and whole-of-government performance management arrangements. Such an approach would also assist, in the future, in aligning policy, program, design and service delivery.
- 2.11 Centrelink and other providers were flexible in their approaches to providing information and advice, especially through outreach services. Some of the innovative outreach approaches, and measures such as the

5 A 'farmer' is defined in the FHS Act as a person who: has a right or interest in the land used for the purposes of a farm enterprise; and contributes a significant part of his or her labour and capital to the farm enterprise; and derives a significant part of his or her income from the farm enterprise.

6 Department of Agriculture, Fisheries and Forestry, *Transcript of Evidence*, 13 February 2006, p. 2.

CWA Fund, were effective in reaching those affected and needing assistance. Others, such as the SBIRR program, were far less effective in achieving outcomes.

- 2.12 There was good cooperation between Commonwealth, State and Territory Government agencies. However, aspects of their administrative interactions could be improved, to improve the delivery of assistance. In particular, improved facilitation of EC applications and use of EC certificates warrants consideration. Better monitoring of the Agreement between the Australian Government and State and Territory Governments is also required to ensure that timely and appropriate action is taken.
- 2.13 There was a considerable amount of promotion of the measures and provision of related information. However, some of the targeted advertising did not occur until several months after the announcement of measures. Assessment of the effectiveness of various promotional and information approaches would provide valuable lessons for any future assistance measures targeting the farming community.
- 2.14 Overall, there was a degree of confusion amongst potential recipients of the range of drought assistance measures and of eligibility requirements, which underlines the importance of agencies taking into account the growing experience with whole-of-government approaches in delivering more effective outcomes.

ANAO recommendations

2.15 The ANAO made the following recommendations:

Table 2.1 ANAO recommendations, Audit Report No. 50, 2004-05

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| 1. | The ANAO recommended that, for future significant drought or Exceptional Circumstances where there is a whole-of-government response, but no nominated lead agency, DAFF seek the agreement of government for it to adopt the role of lead agency. <i>DAFF response: Agreed</i> |
| 2. | The ANAO recommended that DAFF and Centrelink undertake an assessment of promotion of the drought assistance measures. This should include an assessment of lessons learned and better practice to inform strategies for any future significant drought occurrence. <i>DAFF response: Agreed.</i> <i>Centrelink response: Agreed.</i> |
| 3. | The ANAO recommended that DAFF, in consultation with State and Territory Governments, review and revise the EC handbook to provide further information and guidance on the data required to support an EC application. <i>DAFF response: Agreed.</i> |
| 4. | The ANAO recommended that DAFF maintain reliable documentation of decisions and processes around EC declarations, including records of significant discussions with State and Territory Governments. <i>DAFF response: Agreed.</i> |
| 5. | The ANAO recommended that DAFF, in consultation with State and Territory Governments, assess means of establishing greater consistency and clarity between descriptions of EC areas and their representation on maps. <i>DAFF response: Agreed.</i> |
| 6. | The ANAO recommended that DAFF work with Centrelink to determine how maps and descriptions of EC areas can best meet Centrelink's needs for administering EC declarations. <i>DAFF response: Agreed.</i> |
| 7. | The ANAO recommended that DAFF, through the MOU with Centrelink, identify those activities and outreach services that were most successful and cost effective, to assist with the delivery of future customer service initiatives in the farming community. <i>DAFF response: Agreed.</i> |
| 8. | The ANAO recommended that DAFF review the role of, and administrative procedures for, EC certificates, in light of the quality control issues experienced. <i>DAFF response: Agreed.</i> |
| 9. | The ANAO recommended, that in evaluating the Small Business Interest Rate Relief program, DITR assess the sufficiency of program design, including whether its criteria targeted intended businesses; effectiveness of promotion; and reasons for low uptake. <i>DITR response: Agreed.</i> |
| 10 | The ANAO recommended that FaCS assess the extent to which promotion of the drought counselling assistance was sufficient to raise adequate awareness of services amongst the targeted communities. <i>FaCS response: Agreed.</i> |

The Committee's review

- 2.16 The Committee held a public hearing to examine this audit report on Monday 13th February 2006. Witnesses representing the Department of Agriculture, Fisheries and Forestry (DAFF); Department of Industry, Tourism and Resources (DITR); Department of Families, Community Services and Indigenous Affairs (FaCSIA); Centrelink; and the Department of Human Services (DHS) appeared at the hearing, as well as representatives from the ANAO.
- 2.17 The Committee took evidence on the following issues:
- the absence of a defined 'lead-agency' in response to the drought measures;
 - the delay in disseminating information about the drought relief measures to affected persons;
 - evaluation of the process for promoting the measures and how it could be improved in future;
 - assessment of EC applications;
 - delivery of assistance to farmers;
 - Small Business Interest Rate Relief (SBIRR) program; and
 - counselling services available.

Contingency planning and responding to the drought

- 2.18 The Committee understands that a situation as unique as a drought requires a large degree of coordination and prompt implementation of measures. Impacts of the conditions can be severe and responses need to take into account a variety of circumstances, and will involve a number of agencies for effective service delivery.

Lead agency role in response to the drought

- 2.19 The ANAO found that there was no formal lead agency in the whole-of-government response to the drought. Consequently, limitations in cross-departmental strategies arose, such as the lack of an integrated communication strategy. The Inter-Agency Group, a high-level coordination forum for the social aspects of drought recovery, did not meet from November 2002 to October 2003. The ANAO recommended that, for future Exceptional Circumstances where there is a whole-of-

government response but no nominated lead agency, DAFF seek the agreement of government for it to adopt the role of lead agency.⁷

- 2.20 The Committee asked DAFF to outline the measures it had implemented to ensure that this recommendation could be met in future. DAFF responded that:

At the national level, essentially the lead role on new policy development and approvals is coordinated by the Department of the Prime Minister and Cabinet, which is the case with any other policy and program issues. Individual departments remain responsible for their own program areas, but the Department of Agriculture, Fisheries and Forestry has taken perhaps a lead coordinating role to ensure that things do not fall between the cracks. In the case of relationships between the Commonwealth and the state governments, the Commonwealth is taking a lead policy role in that area, and that is exemplified by the secretary of our department chairing the state, Australian government and industry working group looking at future policy reform.⁸

- 2.21 The Committee asked DAFF about its apparent failure to establish interdepartmental committees to ensure a much better and quicker coordinated response. DAFF responded:

... while there was not a formal interdepartmental committee established, there was a succession of meetings between relevant agencies and a coordinated development of processes... The secretary of the department did establish a drought task force in the department as soon as the severity of the drought occurred.⁹

- 2.22 The Department was also asked whether in terms of undertaking a lead agency role, it could provide instant feedback and advice to its agencies in the States and also to State Governments. DAFF responded:

It is possible. We have got good working relationships with the state agencies delivering programs, but in the work that has been done with the states, one of the problems that has been identified is differing drought declaration processes in each state. The range of measures that are applied by the states does cause confusion to

7 Australian National Audit Office, *Audit Report No. 50, 2004-2005, Drought Assistance*, Commonwealth of Australia, p. 97.

8 Department of Agriculture, Fisheries and Forestry, *Transcript of Evidence*, 13 February 2006, p. 3.

9 Department of Agriculture, Fisheries and Forestry, *Transcript of Evidence*, 13 February 2006, p. 6.

the public, and that is the purpose of this working group – to harmonise the declaration process, so that people understand this is a one in 5 year drought or a one in 10 year drought or a one in 20 year drought, and we get the terminology right.

- 2.23 The Committee asked DAFF whether the Department had sufficient resources available for the effective management and implementation of policy. DAFF responded:

During the course of the ANAO audit we established a drought task force in the department, and that is one of the high-priority activities within the department. We resource that, with additional funding and from resources elsewhere in the department as is needed, to ensure that we are able to apply the resources necessary to assess drought and implement programs. We also have regular meetings with the other departments involved, such as Centrelink and Human Services and FaCS, to implement measures, and there are regular meetings, usually by teleconference, with state officials implementing parts of the program. An example would be meetings of all officials when we were looking at the communications program of Human Services last year...¹⁰

Involvement of other agencies

- 2.24 The Committee noted DAFF's comments in regards to the role of the Department of Prime Minister and Cabinet (PMC). As noted earlier, DAFF informed the Committee that rather than playing a lead role specifically in the Government's drought response, PMC's role was more in coordinating new policy approval. PMC also participated in the interdepartmental committees that were established.
- 2.25 The Committee was also interested in Centrelink's perspective on the issues of drought assistance. Centrelink was asked whether anything further could have been done to improve its ability to respond to the drought situation, given that the agency has shopfronts in all areas of Australia. Centrelink responded that because the drought situation took several years to develop, many farmers would have questioned their eligibility for assistance without consulting the Government agencies administering the response. Centrelink made the point that some farmers who thought that they were not eligible for assistance actually were eligible, but did not identify themselves.

¹⁰ Department of Agriculture, Fisheries and Forestry, *Transcript of Evidence*, 13 February 2006, p. 3.

- 2.26 Centrelink was also unable to identify when it became evident that this process of 'self-selection' by farmers as to whether they were eligible for assistance was having negative effects. Centrelink stressed, however, that in consultation with DAFF, a communication strategy was put into place, including the running of information seminars, to assist farmers to test their eligibility and to encourage them to apply.¹¹
- 2.27 DAFF informed the Committee that the Department now receives regular reports from agencies such as the Bureau of Rural Sciences and Bureau of Meteorology. DAFF also outlined the National Agricultural Monitoring System which:
- ...will be a public database, pulling all the information together from a range of sources – rainfall information, the outputs of agreed standardised pasture growth indices, greening indices and projections.¹²
- 2.28 DAFF also highlighted the involvement of the States with the National Agricultural Monitoring System. The Department informed the Committee that there:
- ...is a joint working group with the states. It is chaired by the Queensland government. The Commonwealth is working on it under a contractual arrangement. It is a joint steering committee between the Commonwealth and the states. It also has a stakeholder reference group with industry and community representatives on it, so they are fully aware of it, and there is constant interaction with users.¹³

Promotion and information

- 2.29 DAFF developed a draft Communication Strategy in November 2002. This strategy was designed to get the EC assistance message to the target audience. The ANAO indicated, however, that there were no timelines associated with elements of this strategy.
- 2.30 The ANAO found that there was no national approach to evaluating the effectiveness of drought assistance measures or the promotion and information provided to clients. An agreed communication strategy

11 Centrelink, Submission 1 and Department of Families, Community Services and Indigenous Affairs, *Transcript of Evidence*, p. 8.

12 Department of Agriculture, Fisheries and Forestry, *Transcript of Evidence*, 13 February 2006, p. 4.

13 Department of Agriculture, Fisheries and Forestry, *Transcript of Evidence*, 13 February 2006, p. 4.

would have assisted by both guiding timelines for promotional actions and also providing a means of assessing the success of the promotion actions taken.

- 2.31 The ANAO recommended that DAFF and Centrelink undertake an assessment of promotion of the drought assistance measures. This assessment is to include an appraisal of lessons learned and better practice to inform strategies for any future significant drought occurrence.
- 2.32 Promoting the assistance available to farmers is seen by the Committee as being a vital aspect of assisting communities to reduce the impact of the drought and to keep communities economically viable. Of most concern to the Committee was the delay in disseminating information regarding assistance to farmers in the areas of most need.
- 2.33 The Committee asked DAFF why there was such a delayed response in disseminating the information. DAFF responded that droughts:

...creep up very slowly and...the major Australian government programs of assistance for drought are for exceptional circumstances drought, which are one in 20 to 25 year events. Generally that means most areas of Australia would have experienced what most local farmers would consider quite severe drought. They would have lost a crop, they would have had in a pasture area perhaps 1½ to two years of severely deficient income before the Australian government assistance kicks in because it is for exceptional drought, which are those droughts which are beyond normal risk management.¹⁴

...farmers use their own resources or they draw on advice that might be coming from the states about measures to improve water or manage stock under drought conditions. So always with drought, as you move from perhaps a one in 10 to 15 year event into that one in 20 or 25 year event, people say that it is the worst drought ever ... probably the worst part of the drought was not in 2002 or 2003; it was probably early in 2005 when people had had two and sometimes three years of deficient circumstances.¹⁵

14 Department of Agriculture, Fisheries and Forestry, *Transcript of Evidence*, 13 February 2006, p. 5.

15 Department of Agriculture, Fisheries and Forestry, *Transcript of Evidence*, 13 February 2006, p. 5.

2.34 The Committee was interested in learning about the evaluations that had taken place of the communication strategies used by the agencies in promoting the assistance available to farmers. DAFF informed the Committee that:

We have not done a comprehensive evaluation, but the message from the Human Services program that was run last year is that we would seek to run that sort of communication program earlier when the program is put in place, because self-assessment has been seen to be one of the problems.

The other thing we have been doing is ensuring that information about any changes to the programs – any new forms of assistance becoming available – is spread out through the information brokers, the accountants, the rural counsellors, the drought support workers and the voluntary organisations so they all have that information. The evidence that has come forward from some of the analyses done of a range of programs is going for media advertising which hits one audience, but many other people get their information by word of mouth or by government information being repeated in newspapers or that sort of thing. We have tried to cover off those other avenues with newsletters and making sure that everybody has access to the right information. So little packages of information go out every time there is a new announcement.¹⁶

Internal audit

2.35 The Committee also asked DAFF for an outline of its internal assessment and review processes. DAFF responded:

The Departmental Audit Committee has responsibilities in relation to financial reporting, internal control structure, risk management systems and internal and external audit functions.

The Departmental Audit Committee requires the Internal Audit Section to monitor and report on the status of implementation of management actions against recommendations made in ANAO reports, whether implemented or in progress, against the stated implementation target date. The Internal Audit Section provides the Departmental Audit Committee with a status report every second meeting (approximately four monthly intervals). A senior

16 Department of Agriculture, Fisheries and Forestry, *Transcript of Evidence*, 13 February 2006, p. 15.

ANAO representative attends every Departmental Audit Committee meeting and is availed of the internal and external audit recommendations monitoring reports.

The Drought and Exceptional Circumstances Branch regularly provide management action status reports to the Internal Audit Section concerning the implementation of recommendations made in the ANAO Report Number 50 (2004-05): Drought Assistance.¹⁷

2.36 DHS also responded to this question, stating that:

DHS has an audit committee that oversees the internal audit plan for the core department, CRS Australia and Child Support Agency. The audit committee does not have responsibility for audit activity in other DHS agencies such as Centrelink and Medicare Australia.

The internal audit plan addresses the major operational risks for DHS. It is for this reason that issues identified by the ANAO in its audit activity may already be subject to action by the Department.¹⁸

2.37 DHS was also asked whether it had conducted an assessment of its own promotion of the drought assistance measures, especially in relation to why there was such a delay in the dissemination of information. DHS responded that:

Amongst the issues that we looked at to improve service delivery of government services, one related to communications. A body of work had been undertaken. One of the first aspects of that was the drought campaign. A big issue is making sure that people know what they are entitled to.¹⁹

2.38 DHS also commented on its assessment of the programs, saying that:

We did the assessment and we did it collaboratively, although it is much easier for us to do it because we have the staff on the ground. We found a number of things. Firstly, farmers prefer to be contacted via rural press and radio or things like anonymous letter drops that the milk tanker can take round and packages of information like that. That was reinforced by Mediascape, who did the evaluation of the DHS drought campaign. The clearest way

17 Department of Agriculture, Fisheries and Forestry, *Submission No. 6*.

18 Department of Human Services, *Submission No. 2*.

19 Department of Human Services, *Transcript of Evidence*, p. 14.

that farmers like to get their information is on the radio or in the rural newspaper.²⁰

- 2.39 DHS also pointed out that part of their evaluation process involved gleaning feedback from staff who worked 'on the ground'. This feedback has enabled DHS to develop a nationally consistent media program which is followed up with an outreach service. It can be enacted within days of a drought situation being declared.

Recommendation 1

The Committee recommends that the Department of Agriculture, Fisheries and Forestry and Centrelink provide the Committee with a progress report detailing responses to the ANAO's Recommendation 2 concerning the promotion of drought assistance measures.

Assessment of Exceptional Circumstances applications

- 2.40 The Committee understands that before EC assistance can be provided, EC must be applied for. DAFF has a comprehensive set of guidelines which set out the process for such an application. The Committee was, however, concerned about several aspects of the EC process, including whether the correct parameters were used, the internal audit process and the identification process of who was eligible. The Committee notes the ANAO's finding that in numerous cases, delays were experienced in both the application and assessment processes.²¹
- 2.41 The Committee asked DAFF whether it believed that the current criteria that are used to determine EC remain valid. DAFF responded that:
- ...the definition of exceptional circumstances has not changed. It is a one in 20 or 25 year event. It is a sort of a once-in-a-generation type of event so the nature of the event that is agreed between the Australian government and the states has not changed. The criteria for assessing whether the event has occurred is being worked on and looked at with the states. For example, one of the things that we are looking at is that it is very difficult to determine

20 Department of Families, Community Services and Indigenous Affairs, *Transcript of Evidence*, p. 15.

21 Australian National Audit Office, *Audit Report No. 50, 2004-2005, Drought Assistance*, Commonwealth of Australia, p. 57.

in a timely manner whether it has had a severe impact on farm incomes, because that often builds in an extra 12-months delay. So one of the things we are looking at is doing it on the basis of production, so you can actually look at how much grass is in the paddock or how much wheat is in the silo. So it is part of the process.²²

Delivery of assistance to farmers

- 2.42 The delivery of assistance to farmers requires that farmers lodge applications, with evidence supplied, depending on the type of assistance applied for. The ANAO concluded that farmers found the application process confusing due mainly to the number of different measures and differences in the application processes and information requirements.
- 2.43 The Committee asked Centrelink whether some farmers, even if they are eligible for assistance, will not apply for it based on factors such as not wanting to seek Government assistance for their situation.
- 2.44 Centrelink responded that the situation did exist and that:
- ...there are a number of factors involved. One is that many farmers do not like to take government money. They are quite often proud of their capacity to operate independently. Many of them would have thought that they did not need to because the drought would end, and it was only after we hit the fourth year of the drought that another group of farmers decided that it was time to apply. They had run out of their reserves of feed...²³
- 2.45 Centrelink customer service centres developed internal checklists to process EC applications. The ANAO noted that there would be value in identifying better practice, and developing a uniform checklist to process applications.²⁴
- 2.46 Under the *Farm Household Support Act 1992*, a farmer who claimed relief payments was required to possess an EC Certificate issued by a relevant State or Territory Rural Adjustment Authority. Centrelink is required to process an EC application if the applicant holds a Certificate. The issuance of EC certificates is governed by an MOU between the Secretary of DAFF

22 Department of Agriculture, Fisheries and Forestry, *Transcript of Evidence*, 13 February 2006, p. 9.

23 Department of Families, Community Services and Indigenous Affairs, *Transcript of Evidence*, p. 8.

24 Australian National Audit Office, *Audit Report No. 50, 2004-2005, Drought Assistance*, Commonwealth of Australia, p. 71.

and the State and Territory Rural Adjustment Authorities for each separate EC declaration. However, the ANAO found that as DAFF did not have formal agreements with State and Territory Rural Adjustment Authorities for addressing errors in EC Certificates, certificates would be processed by Centrelink with errors or other anomalies. The ANAO subsequently recommended that DAFF review the role of, and administrative procedures for, EC certificates, in light of the quality control issues experienced.²⁵

- 2.47 The Committee asked DAFF whether these issues had been addressed and subsequently resulted in an improvement in quality and accuracy. DAFF responded:

We have had in place a requirement since 1 October that Centrelink [rather than State/Territory authorities] now issue these EC certificates. So when a customer comes to Centrelink for an ECRP claim it is the same process. There is no duplication. There are proof of identity requirements as required by Centrelink to do their normal work.²⁶

Small business interest rate relief

- 2.48 As an additional drought assistance measure, the Government announced the SBIRR program in December 2002. Allocated \$70 million for interest rate relief payments, the program aimed to assist small businesses affected by the drought. It offered interest rate relief of up to \$5000 per annum, for a maximum of two years.
- 2.49 Prior to announcing the SBIRR program, DITR had not undertaken analysis of the key client groups or their needs. Centrelink was responsible for promoting the program, and used a wide range of advertisement methods.
- 2.50 Applications for SBIRR were assessed against a checklist for eligibility criteria. DITR forecast that it would receive up to 17 500 applications, and up to 14 000 successful applications. Only 452 applications were received during the life of the program, and 182 of the applicants involved were successful. There was no risk management plan in place prior to launching SBIRR, nor during most of its implementation. This plan was not produced until early 2004.

25 Australian National Audit Office, *Audit Report No. 50, 2004-2005, Drought Assistance*, Commonwealth of Australia, p. 74.

26 Department of Agriculture, Fisheries and Forestry, *Transcript of Evidence*, 13 February 2006, p. 11.

2.51 The SBIRR program was focussed on assisting eligible small businesses in meeting the costs of interest payments on loans during the drought. The ANAO found that the take-up from small business of the assistance available to them through this measure was quite low, falling well short of projected expectations.

2.52 The Committee asked the Department of Industry, Tourism and Resources (DITR) to explain why there was such a low take-up of the SBIRR. DITR responded:

The focus of the program was to financially assist small businesses significantly affected by the drought. We acknowledge that it is always difficult to introduce criteria to determine those that are significantly affected. It becomes quite difficult. The program was intended to be a safety net program and the \$70 million was judged to be at the upper level of expectations... We acknowledge that we did not get anywhere near it. To some extent, we feel that it did reflect the nature of small business, their diversity, as well as their ability to adjust to changing conditions.²⁷

2.53 The Committee also inquired as to whether DITR believed that the program was well-designed. DITR responded:

When we implemented the program we introduced a number of criteria because we were not entirely sure of the program take-up, I suppose. We operate on the best information available and it is not often the case that we have perfect information. We made a number of adjustments through the life of the program to improve take-up and we also worked very closely with our Centrelink colleagues on publicising the program. There may have been a concern that word had got around that if you applied you were not going to get it. But, having said that, several thousands calls were received, so that suggests that the publicity strategy was quite effective. When the program was wound down there was – I suppose in the context of the whole program – a late rush of applications in the three-month wind-down period. So there was a small backlog there, but it is fair to say that the reason we are engaging in our current evaluation is to have another look to see whether we could do it better.²⁸

27 Department of Industry, Tourism and Resources, *Transcript of Evidence*, p. 16.

28 Department of Industry, Tourism and Resources, *Transcript of Evidence*, p. 17.

2.54 For comparative purposes, the Committee was also interested in ascertaining the effects that the SBIRR may have had notwithstanding its low take-up. DITR was asked whether it could provide a general description of the profile of small business in rural areas prior to the introduction of the SBIRR. DITR responded:

...one thing we do know is that they are incredibly diverse. There will be businesses that suffer during drought. There are other businesses that, almost perversely, can use drought as an opportunity – for instance, bore drillers, fence builders and a range of other businesses. But to get a snapshot of small business in the bush I suppose a mixture of some quantitative data that comes out of the National Australia Bank surveys and this sort of thing, plus our own impressions of going for a drive to country towns to see how they are going, tends to suggest that they know that once every few years there is going to be a drought. They also know that they are reliant very heavily on farmers' incomes and ability to spend. Our impression was that many of them had put in place measures to deal with that.²⁹

2.55 DITR also provided some examples of the way that small business in drought affected towns are transforming the nature of their businesses to cope with drought. For example, in Gunnedah:

An electrical shop in Gunnedah was moving away from selling televisions but had actually employed more people in its service department because people were bringing in their old televisions to be replaced.³⁰

2.56 Another example was:

...about three years ago today I remember heading up to the Tamworth area and cold calling small businesses up there. A florist up there was having the worst Valentine's Day in living memory, but it was selling hydroponic lettuces to Coles and they were paying whatever price he asked.³¹

29 Department of Industry, Tourism and Resources, *Transcript of Evidence*, p. 17.

30 Department of Industry, Tourism and Resources, *Transcript of Evidence*, p. 17.

31 Department of Industry, Tourism and Resources, *Transcript of Evidence*, p. 17.

Counselling

- 2.57 A component of the Australian Government's drought assistance measures was counselling services to cater for the emotional needs of those who were most affected by the conditions, advice about the assistance options available to them, and referral to other Government services.
- 2.58 FaCSIA was responsible for the personal counselling section of this program. Centrelink social workers and psychologists also played a role in the provision of personal support and counselling for people in drought affected areas. The most significant aspect of the work undertaken was the outreach work provided to drought affected families.
- 2.59 FaCS used its existing Family Relationships Services Program (FRSP) to deliver Family Relationships Counselling. It selected 32 organisations from this program to provide services in drought affected areas. Over \$1.6 million was provided to FRSP organisations to provide drought counselling services in 2002-03.
- 2.60 Initially, there was slow uptake of the FRSP counselling services. As a result, FRSP focussed on promotion and outreach counselling activities. FRSP did not assess or measure client satisfaction in a structured way. The ANAO recommended that the FRSP should assess the extent to which promotion of drought counselling assistance was sufficient to raise adequate awareness of services among target communities.³²
- 2.61 The Committee asked FaCSIA about the ANAO's finding that there had not been any structured evaluation of the FRSP. The Committee asked whether structured evaluation had now been put in place. FaCSIA responded that:

I can state in relation to the broader Family Relationship Services Program that a whole-of-service review in 2003-04 and a client input consultancy were undertaken. That was on the broader program, not necessarily specifically on drought. Currently we are commencing a process of evaluation in relation to the earlier drought funding and also in relation to the current drought funding. The evaluation process was factored into this funding process; it was not factored in to the earlier one.³³

32 Australian National Audit Office, Audit Report No. 50, 2004-2005, *Drought Assistance*, Commonwealth of Australia, p. 97.

33 Department of Families, Community Services and Indigenous Affairs, *Transcript of Evidence*, p. 12.

Recommendation 2

The Committee recommends that the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) provides it with details of the Family Relationships Services Program evaluation.

- 2.62 The Committee asked FaCSIA whether the Family Relationship Centres which ran the FRSP were sufficiently resourced. FaCSIA responded:

Referring to the standard kinds of average counselling rates, it was probably slightly more expensive than our standard for the program. I think that, in the initial phases, there probably could have been greater funding directed to that activity. In subsequent processes we have had regular discussions with Centrelink. Because the drought has been going on for a more extended process, people are now more familiar with these services being offered through this service type. The information that is available through the telephone service et cetera means that people generally are more aware of that.³⁴

- 2.63 In relation to whether the original service model wrongly assumed that customers would visit the Family Relationship Centres, without any outreach activity, FaCSIA responded:

...there was always an expectation that there would have to be significant outreach. Although the numbers of people accessing the service might not appear to be that great in relation to counselling, in the initial phases of the service a substantial amount of time and energy would have been directed into going out to local meetings. Some of that would have been done in conjunction with Centrelink.³⁵

- 2.64 The Committee was also interested in the knowledge sharing between FaCSIA and Centrelink in providing services through the Centres. FaCSIA stated that:

My understanding is that the discussion happened very early in the piece in relation to the implementation. Obviously we have learned some things from those initial processes that we have now

34 Department of Families, Community Services and Indigenous Affairs, *Transcript of Evidence*, p. 13.

35 Department of Families, Community Services and Indigenous Affairs, *Transcript of Evidence*, p. 13.

incorporated into our current discussions and working relationships, about how we might feed back common information between the two agencies and collect some similar data.³⁶

- 2.65 The Committee asked FaCSIA whether the Family Relationship Centres were too formal an approach in dealing with families affected by the drought. FaCSIA responded:

I think that each of the services needs to be able to respond as flexibly as they possibly can to the individual needs of their communities. It may be that individual counselling is suitable for some families, and other types of education processes – all the skills training sessions – are more appropriate to others. I think we tried to give the service providers a reasonable amount of flexibility to respond to need. A range of organisations have now been providing that service type over a number of years. So they have developed some broader expertise around the best ways to link with families. Obviously their service is based in those rural communities and they are used to working with both farming families and other families there. I think the critical element to the services has been that a substantial amount of groundwork has to be done in terms of outreach to those communities.³⁷

- 2.66 The Committee was also interested in the interventions that targeted men and their emotional needs. The Committee noted that there are many community organisations around Australia who dealt successfully with men's issues and inquired as to whether FaCSIA had used these programs when informing their own services. FaCSIA responded:

A number of the organisations that we fund have specific men's funding as part of the Family Relationship Services Program. So aside from providing drought services they are providing a broader spectrum of services, some to families with adolescents as well. So, depending on the area and the service mix in that area, they may well have had some of that expertise. We would expect, as part of the ongoing approval requirements for providers in the program, that they have established referral networks with other providers.³⁸

36 Department of Families, Community Services and Indigenous Affairs, *Transcript of Evidence*, p. 13.

37 Department of Families, Community Services and Indigenous Affairs, *Transcript of Evidence*, p. 13.

38 Department of Families, Community Services and Indigenous Affairs, *Transcript of Evidence*, p. 14.

2.67 Finally, the Committee asked whether there had been any analysis done on which groups of people actually applied for assistance from the Family Relationship Centres and what their backgrounds were. FaCSIA responded:

We obviously have our standard FaCSLink data. We are moving to a more formal evaluation process. We expect that initial phase of the drought funding to be completed by the end of March, so we should have a more comprehensive report that could be supplied to you around that information. That will then inform the next phases of the evaluation for the current service provision.³⁹

Recommendation 3

The Committee recommends that FaHCSIA provide a copy of the evaluation report in relation to drought funding to the Committee.

³⁹ Department of Families, Community Services and Indigenous Affairs, *Transcript of Evidence*, p. 14.

