



Australian Government

Department of Agriculture, Fisheries and Forestry

December 2009

Climate Change Adjustment Program

Farm Business Analysis and Financial Assessment
Information for farmers

What is the Climate Change Adjustment Program?

The Climate Change Adjustment Program (CCAP) provides assistance to eligible farmers in financial difficulty who are, or are likely to be, adversely impacted by climate change, including those experiencing hardship caused by drought, to obtain professional advice, adjustment training and re-establishment assistance.

The CCAP will assist farm families to adjust their businesses to manage the impacts of climate change and to set goals and take action to improve their long term financial circumstances, either within or outside of agriculture.

How do I apply for the grant?

You will need to fill in a *Claim for the Climate Change Adjustment Program Advice and Training Grant* form and lodge it at your nearest Centrelink Customer Service Centre. To obtain a copy of the claim form, you should call the Centrelink Farmer Assistance hotline on 1800 050 585, visit your nearest Centrelink office or visit www.centrelink.gov.au

How do I qualify for assistance?

- To be eligible for the grant, you must meet the eligibility criteria and pass an initial income and assets test administered by Centrelink.
- If you pass the initial Centrelink income and assets test, Centrelink will provide you with a voucher and a form for a Farm Business Analysis and Financial Assessment, which you must undertake with a prescribed adviser.
- Following the Farm Business Analysis and Financial Assessment, you will be required to develop a Climate Change Action Plan, either with the assistance of a rural financial counsellor, or by yourself with the assistance of Centrelink.

What assistance will I receive with the grant?

The \$5 500 grant can be used to:

- Obtain a **Farm Business Analysis and Financial Assessment** of your farm enterprise with a prescribed adviser to look at your farm's performance and capacity to adapt to change.
- Develop an **Action Plan** to identify the relevant advice and adjustment training you and/or your partner may need.
- Access professional advice and undertake training activities, which you've identified in your Action Plan. **Professional advice and adjustment training** is available on issues directly related to climate change

management such as financial assessment, climate change risk management, climate forecasting, drought recovery, or indirectly related to climate change management, such as financial planning, business management, succession planning, legal, family or personal matters.

What is the Farm Business Analysis and Financial Assessment?

The Farm Business Analysis and Financial Assessment is a compulsory assessment of your financial situation, which is to be undertaken with a prescribed adviser, after you have been deemed eligible for assistance by Centrelink. **Assessing your financial situation is important because it provides you with an independent appraisal of your financial position and helps you to decide what is best for the future of your farming business and your family.**

During the assessment session, the prescribed adviser will undertake a financial assessment, which looks at your and your farm business's current financial status.

The Farm Business Analysis and Financial Assessment must be completed before any further advice or training assistance can be approved. The Farm Business Analysis and Financial Assessment session should cost no more than \$1 500 (GST inclusive), and it is recommended that you obtain a quote before booking the session.

What is the Financial Assessment?

The Financial Assessment is undertaken as part of the Farm Business Analysis and Financial Assessment, using an automated Financial Assessment template. This enables the prescribed adviser to undertake a complete assessment of your and your farm business's current financial situation, and takes into account the elements of a financially sound business, including:

- an ability to earn profits or surpluses;
- an ability to generate sufficient cash flow (as profitability without liquidity is of limited benefit to a business);
- sufficient liquidity to meet short term cash flow obligations; and
- a finance structure whereby the entity is not in debt more than the value of the property (over leveraged), and has a sufficient level of assets to operate it's business.

Through the financial assessment, you will be assessed against the categories outlined below:

Group 1 includes farmers in severe financial difficulty. These farmers will be required to develop a Climate Change Action Plan with the assistance of a rural financial counsellor, and attend mandatory quarterly review sessions. Alternatively, these farmers may consider leaving farming and access the CCAP Re-establishment Grant or the Exceptional Circumstances Exit Grant.

Group 2 includes farmers who are financially viable, but would benefit from changes. These farmers will be required to develop a self-managed Climate Change Action Plan with the assistance of Centrelink. They will not generally receive assistance from a rural financial counsellor.

Group 3 includes farmers whose net assets are deemed to be in excess of the allowable cap of \$1.5 million and are ineligible for assistance under the Climate Change Adjustment Program.

Who can provide advice for my Farm Business Analysis and Financial Assessment session?

Your Farm Business Analysis and Financial Assessment session must be undertaken by a prescribed adviser. A prescribed adviser is a person who has relevant financial qualifications and is a member of a professional association who normally provides financial advice, such as financial advisers/planners and accountants. A family member, or other person whose independence may be compromised, by the very nature of his or her relationship to you, cannot be a prescribed adviser.

Where there is a shortage of advisers who meet these requirements, Centrelink has the discretion to allow the use of another suitable person. If you cannot locate a suitability qualified person to undertake your financial assessment, you should contact the **Centrelink Farmer Assistance Hotline** on **1800 050 585**.

The Department of Agriculture, Fisheries and Forestry does not endorse or maintain a list of prescribed advisers who can provide their services for CCAP recipients. You may choose to use your existing financial service provider, or seek an independent appraisal. Prescribed advisers are represented by peak professional organisations, who can assist you to locate advisers, including:

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| • Financial Planning Association of Australia | www.fpa.asn.au |
| • CPA Australia Ltd | www.cpaaustralia.com.au |
| • National Institute of Accountants | www.nia.com.au |
| • Australian Bankers' Association | www.bankers.asn.au |
| • Australian Association of Agricultural Consultants | www.aaacwa.com.au |

This is not a comprehensive list of all associations, and DAFF does not endorse these organisations in favour of other associations.

What information should I provide for my Farm Business Analysis and Financial Assessment session?

You should provide the following information to the prescribed adviser:

- Copies of your last 3-5 years tax returns and financial statements (including profit and loss statements and balance sheets)
- Details of current income, including Centrelink payments, income from off-farm employment or rental income
- Any superannuation payments, annuities and other income
- Details of assets and investments, including bank and building society accounts, Farm Management Deposits, shares or managed investments
- Details of any debts
- Details of planned expenditure (eg. Children's education, house maintenance).

What happens with my Farm Business Analysis and Financial Assessment?

The Farm Business Analysis and Financial Assessment is an important foundation for your Climate Change Action Plan, which you will work through during your time on the program. The Plan will include goals you have identified to improve your situation as well as advice and training activities to deal with the short and long-term effects of climate change.

Where can I obtain additional advice sessions?

For additional advice sessions across a range of disciplines to assist you to adjust to the impacts of climate change, advice must be obtained from a qualified person. A qualified person is a person who is a member of a professional association whose members normally provide advice of a kind that is relevant to the farmer's circumstances. For example agronomy, business management, farm analysis, career options etc. A family member, or other person whose independence may be compromised, by the very nature of his or her relationship to you, is not a qualified person.

What types of additional advice can I obtain?

In developing your Action Plan, you may have identified additional professional advice to assist you deal with the impacts of climate change and improve your financial and/or environmental performance, or to assist you secure alternative sources of income or acquire skills to enable you to seek employment if you choose to exit farming. Advice can be either directly or indirectly related to climate change management.

Advice **directly related** to climate change management includes:

- Climate change impacts and risk information
- Climate risk management planning
- Climate forecasting
- Carbon emissions mitigation
- Drought recovery
- Water management/efficiency, including irrigation strategy

Advice **indirectly related** to climate change management includes:

- Farm technical advice (including agronomic, farm analysis, diversification options)
- Animal health
- Financial assessment and planning
- Business management
- Budgeting
- Taxation implications
- Legal*, including succession planning and business structure options
- Personal advice*

* Legal and personal advice can be provided where the farmer can demonstrate that these are sufficiently linked to managing the impacts of climate change.

What types of adjustment training activities can I undertake?

You can undertake training activities that will assist you and/or your partner to manage the impacts of climate change, which you have identified in your Action Plan. Training must be courses that will assist you to improve your financial and/or environmental performance or to assist you secure alternative sources of income or acquire skills to enable you to seek employment if you choose to exit farming. Training must be undertaken by Registered Training Organisations, such as agricultural colleges or accredited private training providers, TAFEs and universities.

Training **directly related** to climate change management includes:

- Climate or weather forecasting, including weather monitoring and recording for local property
- Climate assessment, planning and management
- Sustainable management, including beneficial/regenerative plants (to address salinity, erosion, etc.) peripheral plantings (reducing wind factors, creating shade, increasing water retention etc.)
- Farm water plan (reduced irrigation strategies/management, water laws, water trading etc.)
- Soil sciences (nutrient levels/measuring water in subsoil etc.)

Training **indirectly related** to climate change management includes:

- Computer skills, including how to understand weather forecasting
- Chemical management (chemicals which can and cannot be mixed to reduce emissions)
- Recognition of prior learning
- Agricultural related (eg. agronomy, land management, animal husbandry, weed management)
- Business skills
- Skills to improve financial situation or off-farm employment

You may also be able to use up to \$750 of the grant for the purchase of business related computer software and up to \$1 100 for travel and incidental expenses incurred in order to obtain professional advice or undertaking training activities.

Other information

For other information contact:

Australia's Farming Future Information Line: 1800 638 746

Foreign Language Service: 131 202

Visit:

<http://www.daff.gov.au/farmingfuture>