



Australian Government

# WATER for the FUTURE

## Frequently Asked Questions

# Small Block Irrigators Exit Grant Package

### Q: When can I apply for the small block irrigators exit grant?

**A:** The small block irrigators exit grant is now available in all Murray-Darling Basin states. Applications must be lodged with Centrelink before the package closes on 30 June 2009.

Applying for the exit grant is conditional on selling all permanent water entitlements to the Australian Government through the *Restoring the Balance in the Murray-Darling Basin* water tender process.

### Q: When can I apply to sell my water to the Australian Government?

**A:** To be eligible to receive a small block irrigators exit grant an irrigator must also offer to sell their water entitlements through the 2008-09 northern Basin tender and southern Basin tender.

Offers to sell water entitlements to the Australian Government through the *Restoring the Balance in the Murray-Darling Basin* water tender process must be made before 30 June 2009. This will provide sufficient time to exchange contracts for accepted sell offers before 30 September 2009.

It is recommended that irrigators submit an application form with Centrelink, as early as possible, to assess their eligibility for the exit grant before selling their water to the Australian Government.

### Q: Does this package mean that the Australian Government intends to compulsorily acquire entitlements from irrigators?

**A:** No. The Australian Government will purchase water entitlements only from willing sellers.

Participation in the package is completely voluntary.

### Q: What if I own more than 40 hectares of land but only 40 hectares are irrigated – am I still eligible for this grant?

**A:** No. The Small Block Irrigators Exit Grant Package aims to assist small scale irrigators who live on holdings of 40 hectares or less. Eligibility is based upon the total area of land owned by an applicant (including the area occupied by their dwelling on the same title) and not the area of land under irrigation.

### Q: Do I need to own the farm to be eligible for assistance?

**A:** In order to be eligible for assistance under the package, farmers will need to show that they own the land they use for irrigation farming, or they lease the land and the term of the lease, including options for renewal that the farmer can exercise, is 10 years or more.

### Q: Do I have to sell my farm?

**A:** No. The package aims to assist irrigators on small blocks in the Murray-Darling Basin who wish to exit irrigation farming but wish to continue to live on their farm and continue to participate in the life of their communities.

### Q: What can I use the advice and training grant for?

**A:** Up to \$10,000 is available for specialised professional advice and training across a range of areas to assist irrigation farmers to adjust to exiting irrigated farming and to transition into new employment or dryland farming. For example, the grant could be used for skill development, direction setting, succession planning and business advice.

The grant will be paid on a voucher basis up to \$10,000. The final date for submission of invoices or receipts needed to support the claim for payment is 31 March 2010.

### Q: What can I use the removal grant for?

**A:** The removal grant will allow irrigators who have successfully applied for the small block irrigators exit grant to access up to \$20,000 to assist in the removal of permanent plantings and above ground production-related infrastructure, including on-farm irrigation systems, closing bores and filling in dams and/or channels. Irrigators will be required to produce receipts to verify the work has been undertaken and will then be reimbursed, by the Australian Government, up to \$20,000.

The removal of permanent plantings and other production-related infrastructure is a condition of the exit grant. The removal grant and exit grant will usually be paid at the same time.

The final date for production of receipts needed to support the claim for payment is 31 March 2010.

### Q: Am I still eligible for the exit grant if I have previously taken an exit grant under another agricultural exit program?

**A:** No. Consistent with Australian Government policy with respect to agricultural exit assistance, irrigators who have previously received an exit or adjustment grant assistance are ineligible to receive a grant under the Small Block Irrigators Exit Grant Package. In the guidelines for the Small Block Irrigators Exit Grant Package *exit or adjustment grant* means any of the following:

- i. a re-establishment grant under the program known as the Climate Change Adjustment Program;
- ii. an exit grant under the program known as the Exceptional Circumstances Exit Package;
- iii. a re-establishment grant under an agreement subject to the *Rural Adjustment Act 1992* or the *Farm Household Support Act 1992*;
- iv. a grant under the program known as the Pork Producer Exit Program;
- v. a dairy exit payment or a dairy-type grant;

*Water for the Future* is a long-term plan to secure the water supply for all Australians. The Government is investing \$12.9 billion over 10 years to address four key priorities:

- Taking action on climate change
- Using water wisely
- Securing water supplies
- Supporting healthy rivers

- vi. an exit grant under the *Sugar Industry Reform Program 2002* or the *Sugar Industry Reform Program 2004*;
- vii. a restructuring grant under the Tobacco Grower Adjustment Assistance Package 2006;
- viii. a small block irrigators exit grant.

**Q: What is included in the net assets test? For example, will the sale of my water be included in the test?**

**A:** The net assets test includes the proceeds from the sale of the water entitlements, farm assets (other than up to 40 hectares of farm land and the principal home (if any) on the same land title) and any off-farm assets, minus any liabilities (which will include any termination fees, legal and other costs associated with the sale of water entitlements). The pre-approval process undertaken by Centrelink will assist you to determine the value of your net assets.

**Q: If I choose to stay on the farm but cease irrigated farming, can I diversify into dryland farming?**

**A:** Yes, if you stay on the farm you undertake to cease irrigated farming, but you may still undertake dryland farming activities. However, it should be noted that farmers who receive the small block irrigators exit grant will not be eligible for any future Exceptional Circumstances assistance or other agricultural exit grant packages delivered by the Australian Government.

**Q: Can I sell the land after taking the exit grant?**

**A:** Yes, you can sell the land after taking the exit grant. However, even if the land is sold it cannot be used for irrigation for a period of five years after receiving the small block irrigators exit grant. The removal of permanent plantings and other on-farm production-related infrastructure is also a condition of the exit grant.

**Q: During the five years after I take the small block irrigators exit grant, am I permitted to work as an employee on someone else's irrigation farm?**

**A:** Yes. The requirement relates to the ownership of an irrigation farming business, not to the nature of an applicant's future employment.

**Q: I have an entitlement to draw groundwater water via a bore. Do I have to, or can I, offer this entitlement to the Australian Government for purchase under the package?**

**A:** The Australian Government is not seeking to purchase groundwater entitlements. If you have groundwater entitlements that are tradeable separate from land, you will need to sell these in the water market.

If you are unable to trade your groundwater entitlements, you will need to close your bore and decommission all the infrastructure you use to access groundwater, other than where you can demonstrate that it will henceforth be used only to access water for stock and domestic purposes. The cost of this work can be reimbursed from the grant available under the package for removal of permanent plantings and other irrigation-related infrastructure.

A condition of receiving the exit grant is that you will not be permitted to use water from these or any other sources for irrigation purposes for a period of at least five years.

**Q: I have an entitlement in Victoria to intercept overland flows for my farm dam. Do I have to, or can I, offer this entitlement to the Australian Government for purchase under the package?**

**A:** The Australian Government is not seeking to purchase entitlements to intercept overland flows. If you have entitlements to intercept overland flows that are tradeable separate from land, you will need to sell these in the water market.

If you are unable to trade your entitlements to intercept overland flows, you will need to decommission all the infrastructure you use to access them, other than where you can demonstrate that they will henceforth be used only to access water for stock and domestic purposes. The cost of this work can be reimbursed from the grant available under the package for removal of permanent plantings and other irrigation-related infrastructure.

A condition of receiving the exit grant is that you will not be permitted to use water from these or any other sources for irrigation purposes for a period of at least five years.

**Q: What are the arrangements for provision of stock and domestic water? Am I entitled to retain my access to stock and domestic water? Will there be a limit on how many megalitres I may retain?**

**A:** The package will not prevent access to stock and domestic water on a property. An irrigator will be allowed to retain an entitlement to access stock and domestic water on their property according to the existing regulations that apply in their state.

**Q: I am in South Australia and, inline with current state requirements for temporary trade of water entitlements, I have leased my entitlement to someone else. Am I still able to offer to sell my permanent water entitlement to the Australian Government?**

**A:** Yes. You are eligible to offer to sell your water entitlement to the Australian Government.

In South Australia leasing an allocation to another irrigator is currently achieved by leasing the entitlement for the duration of the irrigation season (or another time period agreed by the two parties). In this case the irrigator may not be able to establish a settlement date for the water entitlement until the entitlement is back in his or her control at the end of the lease period (unless the third party agrees to terminate the lease earlier). This will affect the settlement date but it does not mean that the irrigator is ineligible to offer the water entitlement for sale to the Australian Government or to apply for the Small Block Irrigators Exit Grant Package.

## More Information

The Centrelink Hotline number for those irrigators wishing to obtain further information on the package is 1800 050 015.

For more information on the *Restoring the Balance in the Murray-Darling Basin* program can be obtained by calling 1800 218 478, or visit [www.environment.gov.au/waterpurchasing](http://www.environment.gov.au/waterpurchasing).

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