

## **MDB IRRIGATION MANAGEMENT GRANT – QUESTIONS AND ANSWERS**

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### **How much is the Grant?**

The Irrigation Management Grant is a taxable grant of up to \$20,000.

### **Is the Grant income and asset tested?**

There is no income test.

The off-farm asset test is the same as for Exceptional Circumstances Interest Rate Subsidy at the time of application. This means that if you are applying between 25 September 2007 and 30 September 2008 the total off-farm assets of all the members of the farm enterprise must not exceed \$750,000.

Assets essential to the running of the farm enterprise are exempt.

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### **Who is qualified to receive the Grant?**

To qualify for the Irrigation Management Grant an individual must:

- be a farmer - that is, have a right or interest in a farm (i.e. not be employed as a farm manager) and have been a farmer for two years prior to lodging the application;
- be an irrigator – that is:
  - hold an active license for irrigation entitlement, or
  - have derived income from irrigation activities within the three years prior to the date of application, or
  - would have derived an income from irrigation activities were water allocations not significantly reduced, or
  - have incurred expenses on irrigation activities within the three years prior to the date of application;
- be a member of an irrigation enterprise in the Murray-Darling Basin, or
  - be an irrigator who draws water directly from the Murray-Darling Basin and has no alternative source of irrigation water;
- contribute a significant part of labour and capital to the irrigation enterprise;
- reside in Australia;
- have a current ABN;
- meet an off-farm assets test that is the same as that applying to the Exceptional Circumstances Interest Rate Subsidy at the time of the claim being lodged; and
- have identified the activities that form their farm plan for managing reduced water allocations..

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### **Who should apply for the Irrigation Management Grant?**

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The grant is available to the farming enterprise but is paid to an individual on behalf of the enterprise.

Only persons of at least 18 years of age who reside in Australia can receive the Irrigation Management Grant.

Applicants subject to bankruptcy proceedings at the time of application will not be eligible to receive the Irrigation Management Grant

### **I have more than one farming enterprise - can I get a grant for each enterprise?**

No. Applicants who own/lease/operate more than one irrigation enterprise will only be eligible for one grant.

### **My spouse and I have two farming enterprises between us - can we get two grants between us (i.e. each of us get a Grant for one enterprise)?**

Depending on the business structures of the two enterprises, and provided there are two separate applications, one in the name of each enterprise - yes.

### **Who is an irrigator?**

Farmers who:

- hold an active licence for irrigation entitlement; or
- can demonstrate they have derived income from irrigation activities within the three years prior to the date of the grant application; or
- can demonstrate they would have derived an income from irrigation activities were water allocations not significantly reduced; or
- can demonstrate they have incurred expenses on irrigation activities within the three years prior to the date of application.
  - The Irrigation Enterprise must be in the Murray Darling Basin or draw water directly from the Murray-Darling Basin and have no alternative source of irrigation water.

### **What can I use the money for?**

Assistance is available to help irrigators undertake a range of activities that respond to temporarily reduced water allocations and improve on-farm practices to maximise production for the water that is available.

Eligible activities are:

- piping, troughs and associated activities for stock and domestic water;

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- fixed water charges;
- sinking/extending/refurbishment of bores (and pumps);
- pruning activities to minimise the impact of low water allocations;
- reconfiguring irrigation systems;
- equipment replacement to maintain irrigation systems (including computer software, piping and pumps);
- costs associated with implementing water efficient crop options; and
- laser leveling.

### **What can't I use the money for?**

Assistance will NOT be paid for:

- the purchase or leasing of vehicles;
- purchasing water or fodder;
- refinancing existing loans;
- accounting fees; or
- purchase or service of assets not directly involved in the operation of the farm enterprise.

### **How do I apply?**

Application forms will soon be available on the Centrelink web site, at Centrelink offices and through Rural Services Officers and Rural Financial Counsellors.

Once these are available an Irrigation Management Grant application form must be lodged with Centrelink to receive the payment.

If you have called the Drought Hotline or the Murray Darling Basin Assistance and Referral Line and left your contact details a claim form will be posted to you once they are available.

### **What information do I need to supply?**

It depends on whether your circumstances have already been assessed by Centrelink.

To determine eligibility applicants will be required to lodge a full application (including supporting documentation) and 100 points of identification (as per Centrelink Proof of Identity guidelines).

If you are currently receiving:

- Farm Help Income Support;

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- Exceptional Circumstances Relief Payment;
- Prima Facie Interim Income Support; or
- Professional Advice and Planning Grant;

there will be an abridged process as Centrelink will have already determined part of your eligibility. This process includes details of irrigation activities, your ABN and how you plan to spend the grant.

### **How is the grant paid?**

Grants will be paid by direct deposit into a farm account.

### **Is the payment taxable?**

Yes.

The grant forms part of the income for the irrigation enterprise. Customers should retain a copy of the grant advice for taxation purposes. Consult your taxation advisor if necessary.

### **When is the grant available?**

The grant will be payable for eligible activities undertaken between 1 July 2007 and 30 June 2009 provided the application is lodged by 31 March 2009.

### **When must the claim be made by?**

Applications must be lodged by 31 March 2009.

### **When must the money be spent by?**

Grants must be spent by 30 June 2009.

### **How will this impact other Centrelink payments I receive?**

Business income (including grants and associated expenses) is assessed in the usual manner for determining other Farm Household Support and Social Security payments.

The grant is included as taxable company income for tax purposes. As the purpose of the grant is to purchase a business asset/pay business expenses, the grant is expected to offset business expenses.

### **How is the grant linked to my farm plan?**

A formal business or drought management plan is not required, however the Irrigation Management Grant application must identify the activities that would form part of a farm plan for managing reduced water allocation.

### **I recently did some work on the farm, can I get reimbursement through the grant?**

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Provided that:

- you meet the eligibility criteria:
- the work was completed on or after 01 July 2007;
- the work is for one or more of the eligible activities; and
- you can provide proof of purchases

you can claim for reimbursement for this work, up to a maximum of \$20,000.

### **My farm is a partnership arrangement – can both partners apply for the grant?**

No.

Only one member of a farming enterprise will be eligible to access the grant on behalf of the farm enterprise. The applicant must have discussed applying for this grant with all members of the enterprise.

### **I've already received Professional Advice and Planning Grant - can I still apply for the Irrigation Management Grant?**

Receiving Professional Advice and Planning Grant does not prevent claims for the Irrigation Management Grant. Irrigators who have developed a business plan using the Professional Advice and Planning Grant programme may use these plans to identify the eligible activities when lodging their application.

### **What do I need to include on my application by way of evidence of the work I wish to complete?**

The application must include the activity type; estimated cost and date you plan to implement the changes the Irrigation Management Grant will provide.

### **I'm receiving Farm Help or Exceptional Circumstance Relief Payment – can I still apply for the grant?**

Yes.

Accessing an existing Centrelink program or service does not preclude a customer from accessing the Irrigation Management Grant. Farmers who are already receiving one of these payments will already have provided much of their details to Centrelink and will have an abridged process.

Irrigators who have developed a business plan using the Farm Help Pathways programme, may use these plans to identify the eligible activities when lodging their application.

Irrigators who have not yet accessed the Professional Advice and Planning Grant are encouraged to test their eligibility and use this grant to develop a drought management or business plan that identifies water management strategies.

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### **I didn't qualify for ECRP because my/my partner's income was too high. Can I still get the Irrigation Management Grant?**

The Irrigation Management Grant does not require you to be in receipt of income support. Provided you meet the farmer and irrigator tests and the combined off-farm assets for all farming enterprise members is less than \$750,000 you may be eligible.

### **Why are there restrictions on what I can spend the Grant on?**

Assistance is available to help irrigators undertake a range of activities that respond to temporarily reduced water allocations and improve on-farm practices to maximise production for the water that is available.

### **Do I need to prove that I have spent the money on activities that would form part of my farm plan?**

Applicants may be asked to provide this proof, therefore they must retain documentary evidence that demonstrates the expenses incurred to undertake the approved activity. This will assist with any fraud detection activity and any audits.

### **Can the grant be used to purchase water?**

No.

The Irrigation Management Grant cannot be used to purchase water.

### **How will Centrelink keep track of whether irrigators are spending the grant on approved activities?**

Irrigators will be required to keep receipts of the relevant work completed on their farms.

### **I'm an irrigator outside the MDB - can I receive this grant?**

Yes, provided you are located in an EC-declared area and draw water directly from the Murray-Darling Basin for irrigation purposes.

### **When will the information workshops be held?**

Details of the information workshops will be posted on the Department of Agriculture, Fisheries and Forestry's website at [www.daff.gov.au/agriculture-food/drought](http://www.daff.gov.au/agriculture-food/drought) when available. Details will also appear in your local press and be available through your local Rural Financial Counsellor or Rural Services Officer.

### **Which body/group/department is providing this assistance?**

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Centrelink is administering this grant on behalf of the Department of Agriculture, Fisheries and Forestry.

### **Can the grant be used for implementing other systems on my farm?**

No. The grant is targeted at improving water management practices.

There are specific guidelines around what the grant can be used for. These include:

- piping, troughs and associated activities for stock and domestic water;
- fixed water charges;
- sinking/extending/refurbishment of bores (and pumps);
- pruning activities to minimise the impact of low water allocations;
- reconfiguring irrigation systems;
- equipment replacement to maintain irrigation systems (including computer software, piping and pumps);
- costs associated with implementing water efficient crop options; and
- laser leveling.

Assistance will NOT be paid for:

- the purchase or leasing of vehicles
- purchasing water or fodder;
- refinancing existing loans;
- accounting fees; or
- purchase or service of assets not directly involved in the operation of the farm enterprise.

### **I'm an Irrigator but how do I know that I'm in the Murray Darling Basin?**

Maps are available from the Department of Agriculture, Fisheries and Forestry's website at [www.daff.gov.au/agriculture-food/drought](http://www.daff.gov.au/agriculture-food/drought). Or call the MDB hotline on 1800 050 015