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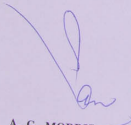
CABINET DECISION

No. 4393

Submission No.: 3754

Title: INFORMATION PAPER - POTENTIAL COST
OF DROUGHT ASSISTANCE FOR 1984/85

Cabinet noted the information.



A. G. MORRIS
Secretary to Cabinet.

26 November 1985

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FOR CABINET

SUBMISSION No: 3754

Title:	POTENTIAL COST OF DROUGHT ASSISTANCE FOR 1985/86.
Minister	MINISTER FOR PRIMARY PRODUCTION
Purpose:	INFORMATION PAPER
Relation to existing policy:	DROUGHT ASSISTANCE IS DETERMINED BY CABINET DECISIONS 1313 AND 1514 OF 9 SEPTEMBER 1980 AND 28 JANUARY 1981 RESPECTIVELY.
Timing/legislative priority:	NIL
Announcement of decision, tabling, etc:	N/A
Action required before announcement:	NIL
Staffing implications, numbers and costs, etc:	NIL
Total cost:	1985/86 APPROXIMATELY \$800 000

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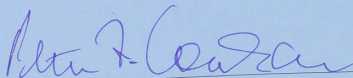
Department/Authority LAW

COMMENT ON CABINET SUBMISSION No.

TITLE: POTENTIAL COST OF DROUGHT ASSISTANCE FOR 1985/86

COMMENTS:

There appear to be no constitutional or legal barriers to the proposal.



SIGNED: PETER F. CONRAN

DESIGNATION: ACTING DIRECTOR, EXECUTIVE & POLICY UNIT

DATE: 23 September, 1985 **CONFIDENTIAL**

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Department/Authority.....TREASURY.....

COMMENT ON CABINET SUBMISSION No.

TITLE:POTENTIAL COST OF DROUGHT ASSISTANCE FOR 1985/86.....

COMMENTS:

Treasury supports the submission. Cabinet should note that while the submission reflects current policy, the expenditure of \$800,000 on this item will further reduce budget flexibility.



SIGNED: R C MADDEN

DESIGNATION: UNDER TREASURER

DATE: 26.9.85

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NORTHERN TERRITORY OF AUSTRALIA

G.P.O. BOX 4396
DARWIN N.T. 5794
TELEPHONE: 89 6172

SECRETARY
DEPARTMENT OF THE CHIEF MINISTER

20 September 1985

Secretary,
Department of Primary Production,
GPO Box 4160,
DARWIN N.T. 5794



Attention : Ms Alison Faulkner, Executive Officer,
Secretariat

DRAFT CABINET SUBMISSION -
POTENTIAL COST OF DROUGHT ASSISTANCE

I refer to your letter of 17 September 1985 concerning the above draft Cabinet Submission, and advise that I have no particular comment to make.

R.D. ALLEN
for Secretary

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Department/Authority LANDS

COMMENT ON CABINET SUBMISSION No.

TITLE: POTENTIAL COST OF DROUGHT ASSISTANCE

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.....

COMMENTS:

The Department of Lands supports the submission.

SIGNED: *R. H. Brockman*

DESIGNATION: Head of Secretariat

DATE: - 3 OCT 1985

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Northern Territory Development Corporation

Development House
25 The Esplanade
G.P.O. Box 2245 Darwin,
Northern Territory
Australia 5794

Tel: 089-89 4211
Telex: AA 85397



From the Office of the Chairman

017:ROLET3:TG

15th October 1985

Department of Primary Production,
GPO Box 4160,
Darwin
N.T. 5794

Attention: Ms Alison Faulkner, Secretariat

RE: DRAFT CABINET SUBMISISON - POTENTIAL COST OF DROUGHT ASSISTANCE

Thank you for the opportunity to comment on this redrafted Cabinet Submission.

We feel the following point should be included in the Submission. Although the amount of \$25,000 is adequate for the first application, the applicant may, after DPP/NTDC inspection, apply for up to two or three loans in the first year, recognising that the existing guidelines state that it is generally expected that the upper limit will not exceed \$25,000 in any one year.

Apart from this, we are satisfied that the redraft has taken account of our previous comments.

Yours faithfully,


RAY McHENRY

CONSERVATION COMMISSION OF THE NORTHERN TERRITORY

HEAD OFFICE: GAP ROAD, ALICE SPRINGS,
P.O. BOX 1046, ALICE SPRINGS,
N.T. 5750 AUSTRALIA
TELEPHONE: (089) 50 8211
TELEX: PARKS AA81191, VOCADEX: (089) 52 5390



Handwritten initials and signature:
T
mmz

OUR REF:

YOUR REF:

85/322/101

20 September 1985

Secretary,
Department of Primary Production,
G.P.O. BOX 4160,
DARWIN N.T. 5794

POTENTIAL COST OF DROUGHT ASSISTANCE

Thank you for the opportunity to comment on this Cabinet Submission. This Commission has nothing to add.

Handwritten signature:
Anthony Thomas

W. A. Thomas
DIRECTOR

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THE ISSUES

1. To inform Cabinet of the potential cost of drought assistance in 1985/86.

BACKGROUND

2. Cabinet Decision No. 1313 of 9th September 1980 directed that drought assistance to properties in the Barkly Tablelands and Victoria River pastoral districts is available in the first year of drought, subject to approval by the Minister for Primary Production. Properties in the Alice Springs pastoral district are not eligible until the second consecutive year of drought.
3. The Northern Territory becomes eligible for Commonwealth contributions under the Natural Disaster Relief Arrangements (NDRA) once expenditure on natural disaster relief exceeds 0.225% of the Northern Territory's Total Budget Sector Revenue and Grants in the financial year two years prior to the year of claim. For 1985/86 this means that the Commonwealth does not start contributing under the NDRA until Northern Territory expenditure exceeds \$1.83m.

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4. It is difficult to accurately predict the cost of a natural disaster prior to the event. The initial budget estimate for drought assistance in 1985/86 was \$150 000. Subsequent to the submission of this estimate, the failure of summer rains has been more widespread and more severe than initially anticipated.
5. To date, 11 properties in the Barkly Tableland and 2 in the V.R.D. have been drought declared in 1985. These properties are eligible for immediate assistance for subsidies on fodder freight and destocking freight, and for concessional carry-on loans. Properties in the Alice Springs district are not eligible for assistance until they enter their second consecutive year of declared drought.
6. It is anticipated that none of the Barkly Tableland properties will be applying for concessional carry-on loans in 1985/86. However, the estimated cost of the freight subsidies for these properties based on current indications is in the range \$650 000 to \$800 000. The 2 drought declared properties in the Victoria River district have had carry-on loans totalling \$50 000 approved.

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CONSIDERATION OF THE ISSUES

7. Anticipated natural disaster expenditure for 1985/86 in the primary industry sector is:

Cyclone Sandy	\$ 150 000
Cyclone Gretel	\$ 500 000
1985 Drought	<u>\$ 800 000</u>
	<u>\$1 450 000</u>

This is less than the threshold at which the Commonwealth Government contributes to relief payments under the NDRA.

8. Under the current N.T. drought assistance scheme, properties in the Alice Springs district become eligible for assistance only when they enter their second consecutive year of declared drought.

Should the drought enter a second year in the Alice Springs pastoral district it is estimated that the total cost of the consequent assistance would be of the order of \$1m.

Approximately \$200 000 of this assistance would be paid in the 1985/86 financial year with the balance being payable in 1986/87.

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OPTIONS

9. The recommended option is for Cabinet to note that \$650 000 will be sought in additional appropriations in the First Budget Review to meet the cost of assistance to drought affected properties in 1985/86. Treasury has been alerted to the possibility of a similar request in 1986/87.

10. The alternative is to revoke Cabinet Decision No. 1313 and provide a lower rate of assistance. This would produce adverse industry reaction and is not recommended.

FINANCIAL CONSIDERATIONS

11. The initial estimate for Drought Assistance in 1985/86 was \$150 000.

12. The current estimate is in the range \$650 000 - \$800 000 based on applications received to date.

None of this expenditure can be recouped under the Natural Disasters Relief Arrangements.

EMPLOYMENT AND STAFF CONSIDERATIONS

13. Nil.

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COMMONWEALTH, STATE AND LOCAL GOVERNMENT CONSIDERATIONS

14. No implications.

CO-ORDINATION AND CONSULTATION

15. Treasury has been advised of the potential cost.

PUBLICITY

16. None recommended at this stage.

TIMING

17. Immediate as claims for assistance are currently being processed.

RECOMMENDATIONS

18. It is recommended that Cabinet notes the potential cost of \$800 000 for Drought Assistance in 1985/86.



MINISTER FOR PRIMARY
PRODUCTION

14/11/85

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