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Drought relief application made easier with CPA Australia's information kit

CPA Australia has compiled a comprehensive drought assistance information kit to help farmers and rural businesses in exceptional circumstances (EC) apply for financial support during one of Australia's worst droughts in history.

Australia's largest accounting body has partnered with ANZ to distribute this information through its regional and rural branches.

CPA Australia Director Public Practice, Peter Docherty said, "This information kit describes the types of drought relief offered by the Australian Government and clarifies the application process, which can be quite daunting for many applicants. It specifies the eligibility criteria for each type of drought relief, directs applicants to government websites for further information, provides contact details for enquiries and is free of charge."

CPA Australia's information kit will be useful for drought-stricken farmers and small business owners who are unaware or seeking to determine what kind of the financial assistance may be available for them. And for those having difficulties completing the application forms, accountants can advise them.

Mr Docherty said, "CPAs are already helping their clients with the application process for drought relief which requires financial and budgeting information. An accountant can help make sense of complex information and ensure that it is translated into the format required for the form.

"We encourage farmers and small businesses who are affected to apply for drought relief. The drought has been, and continues to be a problem. Farmers and businesses must be aware of the help available."

ANZ Managing Director, Regional, Rural and Small Business Banking, Rob Goudswaard said ANZ is committed to helping its customers and their communities, wherever possible, manage these exceptionally tough times.

"While we are working with our customers on strategies to manage the financial burden caused by the drought, we are pleased to partner with CPA Australia in helping extend the reach of this information and make it available to anyone who is affected," Mr Goudswaard said.

Mr Docherty said situations described by CPAs in regional areas have demonstrated that the Government's financial assistance can be of enormous help to farmers and rural businesses.

Case study 1

A CPA's client purchased a farm machinery manufacturing business a few years ago. Machinery sales over the last six months have been minimal. The client was not aware that he could receive any assistance and was being chased by his bank to make repayments. The CPA completed an interest rate subsidy application for him and he received an \$83,000 subsidy.

Mr Docherty said, "Some farmers have the advantage of being well-informed about the drought relief through their networks, like an accountant, a friend or a supplier. Those who lack these networks may not be informed – and this is often the case with smaller regional businesses who don't have these regular contacts. This illustrates the need for an information kit that explains the options available."

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Case study 2

A CPA’s client has a cropping and grazing enterprise. Two years ago, additional land was purchased to expand what was a profitable farm and additional borrowing of \$800,000 was undertaken. Two bad years of drought followed, producing trading losses after interest. The outlook for this season was looking disastrous as working capital was used to survive. There were not enough funds to finance the sowing of the next crop. An Interest Rate Subsidy was applied for in February and the CPA’s client called in mid-May to say that \$100,000 had been paid into his account from the Rural Finance Agency.

These funds will put the client in a position of being able to pay loan interest commitments if the season does not break – or to pay interest and also finance the sowing of the 2007/8 crop if a break occurs. The CPA was also able to have the client’s outstanding tax deferred without interest and is now working with him to develop budgets and action plans to consider two options: recovery after rain or the survival if it hasn’t rained. If detailed plans are required, the CPA will look at helping the client access the Professional Advice and Planning Grant to pay for this work.

“Many accountants encourage their clients to put together basic information for their application. When the process becomes too complicated and an accountant is asked to assist, there is a cost involved. But farmers and business owners will receive good value from the work done. Accountants can take the hard work out of the application process so the client can get on with seeing to their business. They can also monitor the application process and resolve any issues quickly for the client,” said Mr Docherty.

“We are encouraging our members to let their clients know of the financial assistance available and to advise them about their application for drought relief.

“The more people who are aware of the benefits available, the more positive outcomes that regional businesses will have during this tough period,” said Mr Docherty.

CPA Australia’s drought assistance information kit is available at any ANZ regional or rural branch and copies can be downloaded from CPA Australia’s Media Centre on www.cpaustralia.com.au or on the rural section of www.anz.com.

To find a CPA in your local area, visit www.cpaustralia.com.au and click on “Find a CPA”.

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