



Australian Government  
Department of Agriculture  
and Water Resources

# Review of the Intergovernmental Agreement on National Drought Program Reform

IGA Review Working Group



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# Summary

In May 2013 the Australian, state and territory primary industries ministers agreed the [Intergovernmental Agreement on National Drought Program Reform](#).

The IGA was developed in recognition of Australia's history of drought events and the increasing likelihood of such conditions, and that farm businesses need to prepare for drought, rather than rely on governments' response as an exceptional circumstance (EC).

This report assesses implementation of the IGA against its stated principles, objectives and outcomes.

The report includes an overview of jurisdictions' focus since the inception of the IGA, analysis of the appropriateness of programs and stakeholder feedback. From this, key findings have been developed.

Some findings include:

- The principles of the IGA provide for broad consistency. In a formal way, the IGA has captured a consistent, national policy vision for drought reform. Preparedness and risk management remain fundamental features of drought and rural assistance policy.
- Farm Management Deposits (FMDs) appear to be a valuable risk management tool, contrasting with new insurance products that are still relatively untested in the Australian market.
- There is value in improving collaboration and communication between governments to assist the development and implementation of effective programs across jurisdictions.
- More effective communication and delivery of support measures to farm businesses could be achieved by utilising established industry networks and holding more frequent consultation between governments and industry stakeholders.
- The IGA includes reporting requirements—there has been little formal public reporting on IGA outcomes and stakeholders would like to see public, consistent reporting across jurisdictions to improve transparency.
- There is strong support for wellbeing (social support) services, which are an important component of the IGA—similarly, the provision of income support programs such as Farm Household Allowance (FHA) for farming families in times of hardship (this program also provides for training and is focussed on mutual obligations). Further consideration is needed to determine whether extension or targeting of support to the wider community affected by the impact of a long-term drought event should be an area for future reform.
- Stakeholders expressed a need to establish communication mechanisms to assist farmers understand and access all drought and other rural support available to them in their jurisdictions. The working group recognised the complementary role industry stakeholders could play in tailoring communication to the needs of the farm businesses.
- Extension services such as the Rural Financial Counselling Service (RFCS) have been successful across all jurisdictions, with farm businesses and industry bodies very

supportive of counsellors. The services provide advice and business strategies to producers managing through drought. Other state-based extension services contributing to the IGA's objectives include Queensland's Drought Community Support Package and Wellbeing Service; Tasmania's Rural Alive and Well outreach services; Western Australia's Regional Men's Health initiative; New South Wales' Rural Resilience Program and Rural Adversity Mental Health Program; as well as various drought extension services and drought response programs throughout Victoria and South Australia.

- National farm business training has experienced low overall participation rates; however, where training was tailored to meet different regions' needs, and designed in cooperation with farm businesses and industries, participation rates improved. An example of targeted assistance to build capacity to improve adaptability and risk management was the provision of tailored assessments and reports for carrying capacity and property development options for the Northern Territory cattle industry.

Under the IGA, governments have shifted away from in-drought assistance based on emergency circumstances, towards measures encouraging farm businesses to manage risk and prepare for future challenges, including drought.

# 1 Background

In 2008 Australian, state and territory primary industries ministers agreed drought support based on EC was no longer appropriate in the face of a variable climate. In the same year, the Australian Government commissioned a national review of drought policy to help inform decisions on how to better support farm businesses. The review included an economic assessment of drought support measures by the Productivity Commission; an assessment of the social impacts of drought on farm families and rural communities by an expert panel; and a climatic assessment by the Bureau of Meteorology and the CSIRO.

The review found drought conditions in Australia were likely to occur more often and be more severe. It also recommended restructuring drought assistance programs to help farm businesses prepare for drought rather than waiting until they are in crisis to offer assistance. In response to these reviews in May 2010 the Australian and Western Australian governments announced a pilot of drought reform measures in parts of Western Australia.

The pilot was conducted from 1 July 2010 to 30 July 2012. The pilot tested a range of measures to assist farm businesses in moving from a crisis management approach to a risk management approach to farming. It also trialled wellbeing services tailored for farming families and rural communities. An independent panel review of the pilot in 2011 confirmed a move to programs with a focus on risk management and preparedness was appropriate.

In May 2013 the Australian, state and territory primary industries ministers agreed the IGA.

The IGA encourages a shift away from reactive assistance based on climatic conditions towards support to encourage preparedness and risk management, as well as income support for those in financial hardship. It aims to help farm businesses prepare for, and manage, the effects of drought and other challenges.

The IGA outlines roles and responsibilities for implementing this new approach. It provides principles, objectives and outcomes, and the roles and responsibilities of governments in providing drought and rural assistance. This helps to guide a nationally consistent approach to drought policy development and program delivery.

The framework agreed by primary industries ministers included: a farm household support payment; continued access to FMDs and taxation measures; a national approach to farm business training; a coordinated, collaborative approach to the provision of wellbeing services; and tools and technologies to inform farmer decision-making.

In 2015 through the Agricultural Competitiveness White Paper, the Australian Government reaffirmed its commitment to the IGA. All jurisdictions have indicated their continued support for the IGA as a valuable policy.

The IGA expires on 1 July 2018 and provides for a review to assess progress made by the parties towards the agreed outcomes 12 months prior to its completion. This is not intended to review Australia's national drought policy, but reviews the efficacy of the IGA as a guide to implementation of current programs relating to drought preparedness and in-drought assistance.

## 2 How the review was conducted

In July 2017 the Agriculture Ministers' Forum (AGMIN) agreed terms of reference ([Appendix B](#)) for a review of the IGA, to assess the progress made by the parties towards the agreed outcomes.

Ministers further agreed the review would be led by a working group, comprising officials from each jurisdiction. The group is chaired by the Assistant Secretary, Farm Support Division within the Australian Government Department of Agriculture and Water Resources. Secretariat support is provided by the Drought Policy team within the Farm Support Division.

The working group met six times to monitor review progress, and to discuss jurisdictional progress towards the IGA's outcomes. Each jurisdiction (including the Australian Government) prepared a summary and self-analysis of measures available in their state or territory.

In August 2017 letters to key industry stakeholders ([Appendix C](#)) invited them to assess the value of the IGA and parties' progress toward the agreed outcomes. The invitation explained the review was not intended to be a review of Australia's national drought policy and was not seeking to replicate prior substantial processes leading to its development.

Summaries of the 14 written submissions received are included in this report ([Appendix D](#)).

The working group also discussed the review with stakeholders in their respective jurisdictions, reporting back on verbal feedback received.

At a meeting on 10 November 2017 the working group agreed an approach for the final version of the draft report to progress to AGMIN by the end of 2017.



### 3 Jurisdiction self-assessment

In entering the IGA, jurisdictions recognised a common interest in reforming drought-related programs and working together to help farm businesses manage risk and prepare for future challenges. This has translated to a clear focus on delivering reform across jurisdictions, along with ensuring appropriate wellbeing services are accessible to farm families.

For the purposes of the review of the IGA, each jurisdiction self-assessed their drought-related programs. The assessments outline relevant programs of each jurisdiction, how the measures relate to the IGA and the associated policy principles.

The assessment focus was on the appropriateness of each program against the IGA and effectiveness of the program. Efficiency was not assessed, recognising this process is a review of the IGA and not an assessment of the management of different programs to establish if or how they could be run more efficiently.

This is an important distinction, with a number of jurisdictions conducting separate review processes of their programs. The jurisdictional self-assessments have supported this review's analysis and key findings.

#### **Australian Capital Territory**

##### **Preparedness**

The Australian Capital Territory (ACT) has 160 rural landholders and 38,887 hectares under rural lease (approximately 15 per cent of the ACT). The ACT Government's primary focus has been on delivery of programs and activities in partnership with the Australian Government under the National Landcare Program (NLP). A number of NLP activities have been provided to the ACT and region with the involvement of New South Wales Government (in particular South East Local Land Services and the Office of Environment and Heritage).

Most effective initiatives in improving landholders' capacity to manage business risk include rural grants (on-farm trials and demonstrations), field days, training, provision of information on natural resources (soil, vegetation and climate) and facilitating farmer networks. At least 40 per cent of ACT landholders have participated in a field day, training workshop and/or receiving a rural grant over the past five years.

The ACT Government found there was no interest in landholders receiving formal qualifications available under National Business Training. However, there was high interest in training through the Regional Landcare Facilitator, with activities designed through engagement of local landholders and tailored to landholder needs. Key areas of interest have been: maintaining groundcover including stocking rates and total grazing pressure; healthy soils; farmer networks; and preparing for climate variability and climate change.

The ACT also has relatively high access to off-farm income opportunities, of which many rural landholders take advantage.

## **In-drought support**

The ACT has not provided any in-drought support since the signing the IGA (2013). Less than 20 ACT landholders received nationally available support through the Farm Household Allowance (FHA) or concessional loans.

## **Social support services**

Rural landholders in the ACT live in close proximity to social services providing to the Canberra community. No specific services are provided for landholders.

## **New South Wales**

Under the New South Wales \$300 million Drought Strategy (2015) and Drought Framework (2016), support for primary producers experiencing drought is available through six key areas: finance, skills and training, animal welfare assistance, information, research and development, and wellbeing. The initiatives under the Strategy link strongly to the IGA.

In 2016 the Independent Pricing and Regulatory Tribunal released a [Drought Program Evaluation Framework](#) for assessing existing and proposed drought assistance programs for consistency with the principles of the IGA and other indicators.

## **Preparedness**

The centrepiece of the Drought Strategy (2015) is the Farm Innovation Fund, which provides long-term low-interest loans to primary producers for permanent on-farm infrastructure that addresses identified risks to the farm including climatic variation.

The Farm Business Skills Professional Development Program provides the opportunity to acquire the knowledge and skills to build improved resilience and adaptability in the agricultural business. It provides exposure to new ideas, tools and techniques businesses can use.

A range of products and services are available to primary producers, including young farmers, with a focus on building the skills and knowledge of agricultural businesses to manage risk, improve financial and business planning or increase decision-making capacity. The \$6 million, four-year Young Farmer Business Program launched in July 2017 aims to increase the number of young people in agriculture and fisheries across New South Wales, and improve their business skills and confidence in decision-making.

The NSW Department of Primary Industries partnered with the NSW Office of the Small Business Commissioner for a project using design thinking methodology to understand how farmers plan and make decisions about risks including seasonal variations. This project identified that farmers prefer to engage face-to-face and then online as a source of information for those farmers with time, connectivity and willingness to search for information. Farmers were supportive of concepts of decision-making tools, farm business forums and low interest infrastructure loans.

The *Farm Debt Mediation Act 1994* (NSW) is also an important safeguard for farmers in times of drought and other hardship. The Act requires that lenders offer mediation to farmers before taking enforcement action in relation to a farm mortgage and farm debt in default. The NSW Act was reviewed in 2017 and minor amendments are likely in 2018.

## **In-drought support**

New South Wales provides information about drought through the 'DroughtHub', a one-stop online destination for information about the services and support available. New South Wales has also developed an Enhanced Drought Information System (EDIS) to provide a suite of robust meteorological, agronomic and hydrological drought indicators to assist reporting of drought status and enhance drought policy planning. New South Wales has also increased the number of weather stations and rain gauges providing weather data over the central and western parts of the state and is developing protocols to allow the use of third party weather station data.

In 2017 the New South Wales Government redefined and strengthened the role of the Regional Assistance Advisory Committee (RAAC). RAAC members include primary producers, representatives of non-government social support and advocacy organisations, agribusiness banking, Local Land Services and the Rural Financial Counselling Service. RAAC provides independent advice to the New South Wales Government and the Minister for Primary Industries on impacts of drought, and the New South Wales Government's Drought Strategy. RAAC's primary point of contact within the New South Wales Government is the Drought Interagency Working Group that comprises representatives from agencies involved in implementing the NSW Drought Framework.

As a result of the IGA, the New South Wales Government has significantly reduced the availability of transactional based subsidies. This has resulted in transport assistance being limited to:

- animal welfare incidents where animals are at significant risk
- a subsidy for the cost of transporting donated fodder, organised by community groups or other organisations, from within New South Wales to drought-affected properties.

The New South Wales Government, through the Department of Primary Industries, provides significant support in terms of drought-related technical information and provides monthly seasonal conditions reporting to assist with farmer, departmental and New South Wales Government decision-making.

## **Social support services**

A range of services are available to support the wellbeing of New South Wales primary producers and their families delivered through the New South Wales Government, Australian Government, private and not-for-profit sectors.

In particular the Rural Resilience team works in partnership with farming communities and service providers across New South Wales to strengthen farming networks, share information and deliver relevant initiatives to build personal and business resilience skills and knowledge, assisting farming communities to move forward in a positive direction. The New South Wales Government provided additional funding under the drought strategy to meet specific farming community needs related to drought and other adverse events.

## **Transformation and prevention**

New South Wales has established a Global Ag-Tech Ecosystem (GATE Innovation Centre) at the Orange Agricultural Institute. The centre will fast track the development of agricultural technology to increase connectivity, productivity and resilience. Activities will span the life cycle

of development including incubator and accelerator functions and beyond, to link with venture capital and investment funds for commercialisation. The GATE grew from collaboration with research and technology providers, universities and ag-tech accelerator, Sparklabs Cultiv8.

New South Wales engages with Australian Government climate change law and policy initiatives. The New South Wales Climate Change Policy Framework includes a target of net-zero emissions by 2050. This target also contributes to achieving Australia's intended nationally determined contribution under the United Nations Framework Convention on Climate Change (UNFCCC) of reducing emissions 26 to 28 per cent below 2005 levels by 2030. New investment and job opportunities are available in advanced energy, transport, carbon farming and environmental services. For example, under the Emissions Reduction Fund (ERF), the centrepiece of the Australian Government's Direct Action Plan to reduce emissions, three auctions secured 115 contracts in drought-affected western New South Wales for \$565 million of carbon abatement and provided contracts for \$2.55 billion in financial incentives for landholders to reduce emissions or enhance sequestration, mainly through avoided land clearing.

## **Northern Territory**

The Northern Territory has a vastly different set of approaches to drought compared with other Australian jurisdictions. This is shaped by the nature of the resident industries (For example irrigated horticulture and extensive cattle grazing). In addition, the geographic distribution of these operations stretches from the monsoonal tropics of the Top End, south to the arid zone of central Australia; and a small stakeholder population (only a few hundred primary production entities), relative to the size of the overall landmass. Drought is a redundant concept for Northern Territory horticulture as it is a system largely based around irrigated production systems based on ground aquifers, which are controlled under the Northern Territory Government water management plans. Drought impact has the most relevance to the Northern Territory cattle industry, particularly in regard to the drier production zones of the Barkly and central Australian regions.

Capacity building and early warning are the emphasis of the Northern Territory Government drought related programs delivered by the Department of Primary Industry and Resources. Other functions affected by the Department include Concessional loans and supporting the RFCS, which is delivered by Rural Business Support South Australia.

## **Capacity building**

Capacity building programs in the pastoral sector feature the following activities:

- Carrying capacity assessments for cattle stations—this program provides customised assessments and reports for sustainable livestock carrying capacity and property development options. It also enhances land managers' understanding of the productivity of native and naturalised pastures in the Northern Territory, and how these are affected by seasonal conditions. Ongoing service is provided on request. Twelve extensive pastoral businesses took up the service in 2016–17. In addition, carrying capacity, stocking rate and land management advice was provided to more than 30 entities involved in the sector (For example producers, advisers, government agencies, real estate agents and land valuers).
- Grazing Land Management courses—regionally-customised and accredited training courses developed by Meat & Livestock Australia, are delivered by the Department to further

develop the knowledge and skills of producers in sustainably and profitably using natural resources for beef production. These are done on request from industry groups. Topics include climate, seasonal patterns, pastures, stocking rate management, carrying capacity, fire and weed management. Ten extensive pastoral enterprises undertook this training in 2016–17.

### **Early warning**

The Department produces a Quarterly Feed Advisory Outlook. Outlooks reflect a region-by-region summary of current feed conditions, pasture growth data, emerging drought or fire risk, and seasonal outlook across the entire Northern Territory. It is distributed via email to industry bodies, industry advisers, consultants and public servants. It is also posted on the department's website. Outlooks are issued every March, June, September and December.

### **Australian Government Farm Business Concessional Loans Scheme**

Drought assistance Concessional Loans of \$5 million in loan funds are available for the Northern Territory. However, no applications have been received. The scheme is to be extended until 30 June 2018.

### **Rural Financial Counselling Service**

The RFCS provides free independent and confidential support and business analysis to Northern Territory producers and small rural businesses. The program is majority funded by the Australian Government with a contribution from the Northern Territory Government. Support has been provided to a number of producers, including those who have experienced financial difficulties as a result of drought.

## **Queensland**

For most of the term of the current IGA, Queensland has been in drought. The drought declared area of the state peaked at close to 88 per cent, and currently around 66 per cent of the state remains drought declared.

Because of the commencement of this severe drought, expenditure on long-standing in-drought assistance programs commenced prior to the signing of the IGA.

Queensland uses a multi-agency response which delivers in-drought support through the Drought Assistance Package (the Package). In the current drought, new support measures were introduced and the level of in-drought support expenditure delayed the introduction of planned drought resilience and preparedness programs until there had been an improvement in seasonal conditions and a reduction in in-drought support outlays.

### **Preparedness**

The Drought and Climate Adaption Program (DCAP) was introduced in 2016–17 and aims to deliver Queensland's commitments in the IGA to improve the resilience and preparedness of producers to drought and adapt to a changing climate. In addition to its IGA-related objectives, DCAP also delivers for the agriculture sector component of the Queensland Climate Adaptation Strategy (Q-CAS). DCAP is a partnership approach with other agencies, universities, regional bodies and industry to deliver projects aimed at improving weather and seasonal forecasts in northern Australia; develop decision support tools to manage climate risk including insurance

options; and provide training for using the new forecasts, tools and strategies as a part of improved farm risk management practices.

DCAP is funded at \$3.5 million per year to 2020–21. External partners are providing substantial financial and in kind contributions to DCAP.

The Queensland Government offered training courses to lead to accredited competencies consistent with those outlined in the National Business Training component of the IGA. However, the uptake was poor as producers did not consider the commitment required for formal qualifications a priority. DCAP therefore offers more targeted training through benchmarking programs that identify and meet management priorities and needs, and subsequently is delivering courses on natural resource and pasture management, livestock management, managing for climate workshops, climate adaptation planning and other forms of risk management training identified as useful by the producer.

### **In-drought support**

The Package is cross-agency funding of in-drought assistance to drought affected producers, families and communities. Around \$150 million in assistance has been delivered in the current drought. The 2017–18 provision for the Package is \$34.6 million.

The Drought Relief Assistance Scheme (DRAS) is delivered by Department of Agriculture and Fisheries and is the largest drought assistance measure in the Package with around \$80 million in expenditure this drought, and provision of \$20 million in 2017–18. DRAS provides freight subsidies on fodder and water while drought declared, and for restocking and returning from agistment after the declaration is revoked. DRAS freight subsidies have been available since the 1960s and the objectives of the scheme do not include drought preparedness and resilience.

The Emergency Water Infrastructure Rebate (EWIR) is funded as part of DRAS. Eligibility for the EWIR is to primarily address urgent animal welfare needs. The scheme has secondary benefits through improved pasture utilisation and potentially, future drought resilience.

Currently, additional RFCS support for drought-affected communities, and drought management workshops is funded through DRAS. This support is in addition to the on-going co-funding arrangement of the RFCS program from year to year.

Other in-drought business support measures provided by other agencies include land rent and water licence waivers, and discounts on electricity charges for irrigators.

### **Social support services**

The package's community in-drought support is delivered primarily through the Community Assistance Program grants, with the aim of strengthening the resilience of drought-affected communities by revitalising existing community support mechanisms. Community building activities are delivered to drought affected communities through grants to local government and non-government organisations, with funding at \$4 million per year.

Family in-drought support during the current drought has prioritised mental health support, initially through a Royal Flying Doctor Service program. Family in-drought support is now a permanent activity through the Tackling Regional Adversity through Integrated Care (TRAIC)

program. The TRAIC program provides regional support for local mental health activities through resources and grants in drought affected or natural disaster impacted communities.

For remote high school students, a 25 per cent drought supplement for the Living Away From Home Allowance has been introduced.

These programs are complementary to the Australian Government provided national support through the FHA and the RFCS.

## **South Australia**

South Australia's agriculture, food, wine and forestry industries are a vital part of the state's economy, the largest export sector and a major employer. In 2015–16, they generated about \$21 billion in revenue, accounted for 52 per cent of the state's merchandise exports, and employed about 150,000 people or one in five working South Australians.

### **Preparedness**

Planning and preparedness for adverse events (including drought) is an ongoing endeavour through the delivery of Primary Industries and Regions SA's (PIRSA's) core business to assist primary industries and regions to grow and innovate. PIRSA's approach to working with primary industries and primary producers ensures it has the networks and intelligence required to support effective recovery programs. Connection to stakeholders will be enhanced over time through the implementation of PIRSA's Modern Extension Framework.

The South Australian Government response to adverse events, including drought, planning for such events and developing resilience in our primary production sectors will now be guided by PIRSA's Adverse Events Recovery Framework for Primary Production with a specific component referring to drought that aligns to the IGA approach. The framework has been developed as a response to a Drought Risk Assessment process involving state-wide, and regional risk assessment processes, using the National Emergency Risk Assessment Guidelines process.

Individual projects initiated in support of recent events, and to enhance preparedness include:

- the creation of tools and technologies fact sheets and website content to support primary producers with information for decision-making
- participation in the national approach to farm business training, which led to the development of the national 'Farm Business Management Skill Set'
- PIRSA-funded training (Strategic Business Review) to grow the Farm Business Skill Set and build the business skills of primary producers to not just be prepared for droughts, but to be as profitable and resilient as possible at all times through good business and risk management.

### **In-drought support and social support services**

In-drought and social support services have been guided by a Drought Senior Officers Group (SOG) who convene to plan for future drought response, monitor impacts from drought events and coordinate responses when required. The SOG maintains an ongoing 'coordinated collaborative approach to the provision of social services' and provides a policy position for all of state government to adhere to for planning and responding to (amongst others) drought events.

Through the SOG, targeted programs with particular success include:

- the Far North Drought Response Program (2014) associated with funding for water infrastructure, pest control and business training, delivered in partnership to assist local community and agricultural producers manage drought events and maintain business viability
- the Upper South East Drought response program (2015–16) associated with the implementation of an assistance package, including a regional drought coordinator and regional steering committee to assist local community and agricultural producers manage drought events and maintain business viability.

PIRSA has maintained capacity to deliver national programs including the administration of the Drought Concessional Loans Scheme to assist commercially viable drought affected farm businesses in South Australia to continue to operate through drought conditions, recover once the season breaks and prepare for future droughts.

## **Tasmania**

Agriculture is a key pillar of the Tasmanian economy, with an annual farm gate value of \$1.48 billion dollars in 2015–16. Agricultural land occupies 1.611 million hectares—or nearly one quarter of the state. Despite accounting for less than one per cent of Australia’s surface area, the state contains about 12 per cent of Australia’s freshwater resources. However, rainfall is unevenly distributed across the state with a strong west-to-east gradient. Like the rest of Australia, Tasmania experiences significant climate variability, including periodic drought.

In the period from the signature of the IGA until the commencement of the review, Tasmania experienced one period of extremely dry conditions affecting large areas of the state. In 2015–16, 10 dry months were followed by two wet months with the period from September 2015 to April 2016 being the driest eight months on record.

Alignment with the IGA and the SCoPI principles was a primary consideration and filter used in the selection of initiatives implemented in response to the dry conditions. The selection of initiatives was also informed by lessons from a Tasmanian Government evaluation of drought assistance measures implemented in the period 2007–2009. A key lesson from both the IGA and the evaluation was the need to avoid transactional subsidies, such as fodder transport subsidies, which can contribute to perverse outcomes during drought.

The initiatives implemented reflect the SCoPI principles and processes for in-drought support, consensus that in-drought support should be provided through a phased approach, tailoring the type or level of support provided to farmers and/or rural communities as conditions change. Most of the initiatives reflected an increase in existing measures to address growing demand.

An exception is the 2015 Ministerial Policy on Water Resource Management During Extreme Dry Conditions developed to address the identified needs of irrigators facing imminent crop failure.

## **Preparedness**

The Tasmanian Government provided \$44,000 to the Tasmanian Farmers and Graziers Association (TFGA) to tackle feed and fodder shortages during dry conditions. The online feed and fodder register—[tasfodder.com.au](http://tasfodder.com.au)—provides a mechanism for farm businesses wishing to buy or sell a variety of feed and fodder types within Tasmania that also provides information



relevant to farmers managing dry conditions. This service encourages self-reliant business management and assists with preparedness for climate variability.

Through the Pathways to Profit Program the Tasmanian Government provided \$80,000 to Rural Business Tasmania to deliver a training program to introduce risk management into farm planning and support farmers in developing a farm plan. The modules were aligned to the farm business management skill set developed as part of the IGA.

The Tasmanian Government is continuing to provide a 75 per cent subsidy in up-front charges for irrigation electricity connections to enable farm businesses to plan ahead and invest in on-farm irrigation.

The Department of Primary Industries, Parks, Water and Environment has established a web page ([dpiipwe.tas.gov.au/seasonal](http://dpiipwe.tas.gov.au/seasonal)) to assist farmers manage seasonal conditions. This includes free downloadable resources on managing dry conditions.

### **In-drought support**

The Ministerial Policy on Water Resource Management Policy During Extreme Dry Conditions appropriately balances consumptive water needs and environmental water needs during extreme dry conditions. This policy is designed to minimise hardship for farming enterprises and regional Tasmania, whilst protecting water for critical human and stock requirements and significant environmental assets. A survey of water users on their experiences during the

2015–16 irrigation season, post water restrictions, indicates the policy's effectiveness in assisting a significant number of irrigators finish crops that would otherwise have been impacted by a lack of water.

This policy is consistent with objectives 8(a) and 8(b) of the IGA.

### **Social Support Services**

The Tasmanian Government has a number of initiatives to improve social support services, in line with the IGA objective of providing appropriate social support services for farming families, including:

- Rural Alive and Well (RAW) outreach services—employing a team of Outreach Workers to service rural Tasmania, including the Bass Strait islands, helping individuals, families and the community through mental health issues, with a focus on suicide prevention. The RAW outreach program proactively utilises community networks to identify and offer support to individuals who may be at risk.
- Rural Business Tasmania (RBT) support to King and Flinders Islands—enabling rural financial councillors to travel to and from King and Flinders Islands in 2016. This was an extension of the Rural Financial Counselling Service (RFCS).
- Rural Relief Fund (administered by RBT)—the Tasmanian Government contributed to this fund, which provides eligible families with grants of up to \$2,500 for basic necessities in times of crisis and financial hardship. The fund is not a drought-specific program and is able to respond flexibly to a range of crises.

## Victoria

When Victoria signed the IGA in 2013 this was a significant shift in Victoria's policy and governance for the provision of drought support. To support this shift, the Victorian Government developed a 'Drought Preparedness and Response Framework' (the framework).

The key features of the framework are:

- flexibility in responding to drought, depending on the degree and impact of drought in different regions and industries
- a focus on people through support targeting the welfare needs of individuals, families and communities
- early and ongoing programs and incentives to help farm businesses build capacity, adapt and be self-reliant, rather than providing direct business subsidies
- a formal, strategic process for developing and implementing drought assistance informed by regional and industry leaders.

The framework aims to provide timely intervention helping farming communities to be better prepared for, and capable of responding to, difficult seasonal conditions. The assistance programs and services provided to support Victoria's communities, farmers and businesses complement those available through the Australian Government.

In the five years since signing the IGA, Victoria can reflect positively on the direction of its drought policy, provision of drought support and national alignment. The IGA has provided Victoria the flexibility to adopt a variety of approaches for drought preparedness and response extending beyond farmers and has underpinned the decision to phase out direct business subsidies. An evaluation of the 2015–17 Victorian Government Drought Package (worth \$27 million) supports these findings.

### Preparedness

The Victorian Government has a Victorian Agricultural Advisory Council (VAAC) to advise the Minister for Agriculture on agriculture industry pressures, seasonal and economic conditions and impacts, and industry and rural adjustment. VAAC plays a key role in advising government in its preparation for and response to adverse agriculture events.

The Victorian Government, through Agriculture Victoria, produces a range of climate information products to improve climate literacy of farmers and advisors as well as increase the application of seasonal risk tools in decision-making. Last year Agriculture Victoria surveyed recipients of 'The Break' newsletter, one of the seasonal risk tools. Based on 650 responses:

- 94 per cent responded it has improved their ability to manage seasonal variability and risk
- 96 per cent responded it has improved their knowledge and understanding of seasonal climate variability
- 90 per cent responded it provides them with information they can't find elsewhere.

Consistent with the rationale of the IGA and in recognition adverse events are likely to occur more often, preparedness and informed decision-making underpins the delivery of farmer-focused extension activities in Victoria.

## **In-drought support and social support services**

When a government response to drought is considered necessary, the Drought Interdepartmental Coordination Group (DICG) is convened to determine the scope, extent and nature of support to be provided. The DICG is made up of senior executives across the Victorian Government representing the agriculture, health, education, environment, water, regional development, employment and the small business portfolios. At an operational level, the DICG plays a key role providing oversight to the Victorian Government's response to drought.

The 2015–17 Drought Package provided \$27 million of funding to provide support to communities affected by drought. The Drought Package consisted of 21 programs focused on six priorities areas:

- Farm business support
- Small business support
- Individual and family support
- Community and regional development
- Water security support
- Local employment support.

With the expectation of Small Business support, the allocation of funding was relatively even, ranging between 17–25 per cent of the total funds. Examples of funded programs include: Drought Extension Services; Stock Containment Area Grants; Small Business Financial Counsellors; Back to School Grants; Road Rehabilitation Works; Water Infrastructure Grants; and Drought Employment Program. The recent evaluation of the drought package found programs already planned for or those that leveraged existing activities and/or capabilities, were highly effective. This finding underpins the Victorian Government's efforts and focus on its preparedness activities as part of core business.

## **Western Australia**

Western Australia began its research trial into preparedness and resilience measures for farm businesses and rural communities with the 2010 Pilot of Drought Reform Measures (the pilot). Since the IGA was signed in 2013, the Western Australian Government has continued that commitment while also adopting a rural community and social support-based approach for a number of the state-based measures.

Consistent with its ongoing consultative approach, in August 2017, the Department of Primary Industries and Regional Development consulted with government, industry and rural communities on the 2017 season and the information and services currently available to rural business and communities in Western Australia.

Information on the services provided to farming families under the IGA was well received at this event.

There were three clear themes generated by the consultation:

- social support for women and children

- financial counselling and support for rural small business (like those provided to primary production businesses) would be worthwhile
- responses must aim to empower local communities to identify issues, develop and provide localised solutions to address the needs of the community and leverage local communication networks.

Western Australia continues to monitor conditions, provide appropriate information and work to address the themes as identified.

## **Preparedness**

The Western Australian Government has developed a Building Farm Business Capacity Project linked with 8(c) of the IGA—a national approach to farm business training. Over time, it has been adapted to meet the specific needs of Western Australian farm businesses making it a more effective measure. Since the pilot, more than 1,200 farm businesses have taken advantage of this project, and since the IGA began in 2013 over 480 businesses have now accesses the training measure.

Training material was developed and tailored to meet the specific needs of industry groups while maintaining the agreed national core competencies. Western Australia engaged universities, TAFE, industry training providers and agricultural consultants to deliver the training with flexibility on timing and location of delivery close to farms and in rural and remote communities. These providers offer, in addition to extensive industry experience, executive business coaching skills and included leading topic experts who also engaged when required and where appropriate.

The training modules are informed by the National Farm Business Management Skill Set and are offered as either single or up to six day training programs. Materials are reviewed and updated annually. Additional modules developed to meet reported needs, (for example, more advanced financial management training) and to support continuous innovation and business improvement (refreshing strategic plans, DVD video products).

Training is delivered to small groups with an adult action learning focus and a high facilitator to participant ratio to ensure tailored individual support. Training was also offered in Vietnamese to meet the needs of a specific industry.

The Western Australian Government provides tools and technologies designed to enhance and support business management, knowledge, decision-making and profitability of farm businesses.

The eConnected Grainbelt initiative is providing better flow of information in the grains industry including improved decision support tools, training in the use of electronic decision tools and better network connectivity. Western Australia has also invested \$28 million into Doppler radar infrastructure and an additional 100 weather stations to improve available information and timely decision-making.

A number of other tools are under development to enable insurance products to be developed and utilised to better manage farm business risks and incomes.

## **In-drought support**

The last time Western Australia invested state government funding into in-drought support measures was with the \$7.8 million State Financial Assistance Scheme in early 2013. The scheme consisted of the following support measures:

- \$5.0 million for Farm Support Payments
- \$1.5 million for Social Support and Rural Counselling Service
- \$0.3 million for Community Support Grants
- \$1.0 million for Farm Exit Support Grants.

The financial support payments were grants of \$25,000 to eligible broadacre farm businesses in the Wheatbelt.

Community support grants of \$10,000 were offered to 17 shires to support community activities and events.

Wellbeing and rural counselling service payments were available to organisations providing wellbeing and counselling services for farm business families and rural communities within the Wheatbelt.

The Farm Exit Support was a grant payment of \$20,000 per eligible farm business to those who sold their farm businesses.

Since the establishment of the IGA in 2014, Western Australia has only supported and promoted the agreed outputs available under the IGA to farm businesses and farming families.

Any other state government funding provided in addition to these IGA measures has had a preparedness and capacity building approach through rural community and wellbeing measures.

## **Social support services**

A Senior Officers' Social Support Group provides a coordinated and collaborative approach to the provision of social services in Western Australia through across government and inter-departmental leadership on strategic issues relating to health and wellbeing for rural and regional communities. Issues include events described as 'exceptional events', and may be prolonged and will cause hardship in rural and regional communities, that will impact on the level of demand for support services in those communities (for example, drought, or the global financial crisis).

This governance supports delivery of social support services (IGA objective 6(d)) and a framework approach (IGA objective 6(e)).

Western Australia also has a Regional Men's Health initiative, which is a multi-disciplinary health promotion / education program that also offers personal advocacy support aiming to foster improvements in the wellbeing and the physical and mental health of rural families and communities. This delivers social support consistent with objective 6(d) of the IGA, with effectiveness linked to its engagement model.

## Australian Government

The Australian government provides targeted support and financial assistance to farm businesses and rural small businesses. Some programs involve mutual obligations to encourage farm businesses to adopt better-practices and approaches to managing their businesses.

In delivering under the IGA, the Australian Government has emphasised preparedness and risk management, while also providing assistance and support to farm businesses during times of hardship. In the longer term, these programs are designed to improve the ability of farm businesses to manage risks and support their families and communities.

### Preparedness

The Australian Government has delivered on the IGA commitment (8(b)) to provide FMDs. FMDs are a tax-linked risk management tool designed to help farm businesses to manage their financial risks, meet their business costs in low-income years, and increase their self-reliance when dealing with climate variability and market fluctuations.

As at 30 June 2017 FMD holdings reached their highest level of \$6.09 billion, up by more than 20 per cent from the previous high recorded on 30 June 2016 of \$5.07 billion (as reported by authorised deposit-taking institutions). There is evidence of farm businesses drawing on these deposits in times in hardship. In addition to FMDs, the Australian Government provides a number of tax measures to support farm businesses including income tax averaging, specific tax deductions, accelerated depreciation and deferral of profits.

The RFCS is an Australian Government program. It has a proven track record of assisting clients experiencing financial crisis. The RFCS provides financial counselling and ensures farmers, fishing enterprises, forestry growers and harvesters, and small, related business operators have access to other appropriate services. To ensure providers can deal with increased demand, supplementary funds are allocated on a needs basis.

The RFCS assists eligible clients to understand their financial position and the viability of their enterprise. The RFCS provides support for clients to manage their business risks through: helping to identify financial and business options (including government programs); helping to negotiate with lenders; helping to develop an action plan and referring to accountants, agricultural advisers and educational services. The RFCS has a demonstrated role in helping farm families in hardship to access and maximise the benefit of their time on FHA.

The Australian Government's Managing Farm Risk Programme (MFRP) was initiated to support farm businesses manage drought and other production risks by encouraging a more diverse and mature insurance market in Australia. This program is at its half-way point and is currently under review.

To support farm business decision-making the Australian Government has funded a number of projects including providing better seasonal forecasts, based on a new, significantly enhanced seasonal forecasting model through the Bureau of Meteorology. For the first time, forecasts will be available to bridge the gap between the existing seven-day weather forecast and the one-to-three-month climate outlooks.

## **In-drought support**

The Australian Government funds drought-specific concessional loans, which are time-limited loans at a concessional interest rate, available to assist eligible farm businesses in times of financial hardship as a result of drought conditions. Drought-specific concessional loans schemes commenced in June 2014. Following the closure of the first drought-related concessional loans scheme, subsequent schemes have been altered and expanded to better capture target recipients. As at 31 October 2017 more than \$430 million in drought specific concessional loans have been approved to 754 farm businesses across the three schemes since June 2014.

The Australian Government is establishing the Regional Investment Corporation (RIC) to deliver up to \$2 billion in farm business concessional loans, and the \$2 billion National Water Infrastructure Loan Facility. Through the establishment of the RIC, the Australian Government will streamline the administration of farm business loan arrangements to ensure they are delivered in a nationally consistent and efficient manner.

Under the Drought Communities Program (DCP), the Australian Government is providing \$35 million over four years (July 2015 to end June 2019) for 'shovel-ready' local infrastructure initiatives providing work opportunities in communities impacted by drought. Funding is targeted at infrastructure projects providing employment for people whose work opportunities have been impacted by drought; stimulate local community spending using local resources, businesses and suppliers; and/or provide a long-lasting benefit to communities and the agricultural industries on which they depend.

During drought there is increased pressure on farm businesses and families, so the Australian Government supported a Social and Community Support measure providing enhanced social and community support in up to 73 local government areas experiencing severe and prolonged drought in New South Wales, Queensland, Victoria, South Australia, Western Australia and Tasmania. This service is aimed at providing extra services via outreach services, community events and drought coordinators. Assistance raised awareness of mental health issues and support services, and provided direct support such as advice and counselling.

The Australian Government is providing funding assistance through the National Partnership Agreement for Pest Animal and Weed Management in Drought-affected Areas. The Agreement is a drought-related program and is part of the Australian Government's \$333 million drought assistance measure. The funding assistance is provided to relevant states, along with significant funding contributions from some of the states involved, for state-based and administered community-focused programs. With the level of knowledge and understanding they have of their pest animal and weed management issues, the states are best placed to implement these programs.

## **Social support services**

The Australian Government is committed to, and is delivering FHA under 12 (a) of the IGA. The FHA provides eligible farmers and farmers' partners experiencing financial hardship with income support, and assistance through financial planning and training for long-term financial improvements, for up to three cumulative years. As at 17 November 2017 the FHA has assisted over 7,675 farmers and farmers' partners.

Recipients are allocated a Farm Household Case Officer and are required to agree to, and comply with, mutual obligation requirements (including completing a Farm Financial Assessment and be willing to enter into a Financial Improvement Agreement), in line with the principles of the IGA.

## Analysis

The IGA has delivered a new focus for jurisdictions setting a policy approach of assistance to farm businesses to prepare for, adapt, and manage risks including drought, while providing appropriate support in times of hardship.

There is still a place for in-drought support and a number of programs across jurisdictions are in place. While jurisdictions have worked towards aligning these programs with the IGA and policy principles, some measures are less closely aligned.

## Preparedness

Preparedness and adaptability of farm businesses to manage risks, including drought, is a key theme of the IGA as demonstrated by the following objectives:

- 6(a) assist farm families and primary producers adapt to and prepare for the impacts of increased climate variability
- 6(b) encourage farm families and primary producers to adopt self-reliant approaches to manage their business risks

Preparedness and adaptability of farm businesses to manage risks is also demonstrated by the following outputs:

- 8(b) continued access to Farm Management Deposits (FMDs) and taxation measures
- 8(c) a national approach to farm business training
- 8(e) tools and technologies to inform farmer decision-making.

In addition, the former ministerial standing council's principles for reform in the IGA state 'government farm business support should assist farming businesses plan and prepare for the future. Farm business support will be based on a willingness by those businesses to prepare for the impacts of drought and climate change'.

A number of programs across jurisdictions are aimed at building farm businesses' capacity to manage risk and adapt to the changing Australian climate. This section covers findings from the self-assessment of measures provided by each jurisdiction.

## Farm business training

The approach taken to the IGA output 8(a)—a national approach to farm business training—has had limited effectiveness. This could be attributed to farm businesses viewing formal qualifications as unnecessary for the everyday running of their businesses or unlikely to increase business profitability. Most jurisdictions report greater participation rates where tailored training was developed to meet different regions' needs. Further, where training sessions are designed in cooperation with farm businesses and industries they are more effective in building capability-relevant experience. Under the common IGA themes of adaptability and preparedness, tailored training and delivery has optimised capacity building.



## Tools and technologies

All jurisdictions have been involved in developing tools and technologies to assist farm businesses to adapt to and prepare for the impacts of increased climate variability, in line with 8(e) and 14(b) of the IGA. The focus of relevant programs have primarily been directed towards:

- improved climate predictions and information, which is provided through projects such as the Australian Government's Improved Seasonal Forecasting Service Project, New South Wales' Seasonal Condition report and Queensland's Drought and Climate Adaptation Program
- decision-making tools and agricultural modelling, which is provided through projects such as South Australia's information portal, Queensland's Drought and Climate Adaptation Program and Western Australia's eConnect Grainbelt.

These projects link closely with the IGA and are important in assisting farm businesses prepare for and adapt to drought and increased climate variability. Jurisdictions have worked independently, developing tools based on specific localised conditions. While there is support for a local approach there may be value in considering whether this approach is always the most appropriate and efficient way to assist farm businesses. There may also be value in jurisdictions sharing approaches, techniques and lessons learnt.

Many of these programs are in their infancy, making assessment difficult; however, findings indicate varying degrees of success. Some feedback about the delivery of these programs indicates they do not always reach the target audience. Some farm businesses also find the need for internet access and computer literacy as barriers.

## Managing risk

The IGA encourages farm businesses to manage risk but does not include any direction relating to farm business insurance. Recently governments have investigated insurance as a risk management strategy. Named or single-peril insurance policies are well established, but the market for multi-peril and derivative products is in its infancy as demonstrated in the MFRP. Reported barriers to the uptake of these newer products include the cost and the variable treatment of stamp duty across jurisdictions.

Agricultural insurance is only one of many risk management tools available to farm businesses. Farm businesses may instead be choosing to mitigate their financial risk through diversification, the use of off-farm investments, FMDs or other risk management tools.

The continued access to FMDs is an Australian Government requirement under output 8(b) of the IGA. While FMDs aim to help farm businesses manage their financial risks and increase their self-reliance, they may also be used by farmers as a savings vehicle for retirement. Recent reductions in superannuation concessional contribution rates may have increased the attraction of FMDs. However, there is evidence farm businesses do draw down on their FMDs during lean years, as per the FMD Scheme's objectives, such as during the millennium drought. The working group agrees FMDs are an important tool in assisting farm businesses manage business risk including drought and should continue.

In addition to FMDs, the Australian Government has a number of tax measures for eligible farm businesses include income tax averaging, specific tax deductions, accelerated depreciation and deferral of profits. These measures are managed by the Australian Taxation Office and, while

they link to the IGA, many are available more broadly than to just farm businesses. This limits conclusions on sector-specific uptake and success of the measures. The working group supports the continuation of tax incentives aimed at assisting farm businesses.

### **Capacity building**

In this context capacity building involves increasing the abilities or resources of individuals to manage the various challenges associated with drought and is closely linked to training. This includes previously mentioned concepts such as managing business risk and natural resource management; however, it can extend to expert livestock husbandry technical advice, such as confinement feeding, and subsequent animal health and wealth considerations associated with managing stock through drought. This type of capacity building helps in maintaining the livestock sector's overall social licence to operate.

There are some programs where a holistic approach has been taken to assist farm businesses improve adaptability and risk management. The Northern Territory has focused on building the capacity of farm businesses by providing customised assessments and reports for sustainable livestock carrying capacity and property development options. The aim is to be more strategically and tactically responsive to weather and climate impacts on their native pasture systems. This approach has been tailored for large cattle stations in the Northern Territory and is labour-intensive. However, aspects of this service could be repacked to suit other regions.

### **Financial counselling**

The RFCS is an Australian Government program. It is majority funded by the Australian Government, with a contribution from all state governments and the Northern Territory Government. It has a proven track record of assisting farm businesses experiencing financial crisis. The RFCS provides financial counselling to farm businesses and ensures they have access to other appropriate services through the provision of information and referrals. Program reviews have found participants have an improved understanding and abilities in relevant business planning, strategic and decision-making areas after undertaking the program.

### **In-drought support**

While there is a focus in the IGA on preparedness and adaptation, in-drought support still has a place as reflected in IGA Objective 6(e). In addition, to guide jurisdictions in the development of programs, the IGA includes principles and processes for in-drought support.

A component of the IGA was to move away from EC and the use of drought declarations. While most jurisdictions now use other measures to determine rainfall deficiencies, such as the Bureau of Meteorology's Rainfall Deficiency Analyser, Queensland still uses drought declarations for some support measures.

### **Concessional loans**

Drought-specific concessional loans are time-limited loans at a concessional interest rate, available to assist eligible farm businesses in times of financial hardship as a result of drought conditions. Farm businesses are only eligible for a concessional loan if they have adequate security, are considered commercially viable into the future, and must be able to return to a commercial lender once the concessional loan period is finished. This encourages farm businesses to take self-reliant approaches to managing their risks. The Australian Government holds a maximum of 50 per cent of a farm businesses' debt, with the rest remaining with a

commercial lender. This ensures government is not the lender of last resort, and allows loan recipients to maintain relationships with their bank.

Drought-specific concessional loans have been well received with substantial uptake in some regions, requiring additional loan funding allocations to be provided. There is support for the continuation of such loans. The working group considers such a scheme should continue into the future, but a strong emphasis on preparedness and self-reliance must remain.

There may be some differences in the way jurisdictions administer loans. When established, the RIC will deliver national consistency and efficiently assess and administer loans.

### **In-drought subsidies**

There are a number of in-drought subsidies available in some jurisdictions (including reimbursement or waivers of charges) available to farm businesses comprising of:

- electricity service charge associated with existing water connections
- water licence fee rebates
- freight subsidies for fodder water and livestock.

These subsidies are intended to remove pressure on farm businesses in times of drought; however, such subsidies generally do not encourage preparedness and risk management approaches. Previous analysis completed by the Productivity Commission shows these types of subsidies are not considered efficient. They also do not meet the principle for in-drought support: (b) occur where there is a clear role for government and deliver a net public benefit. Some of these subsidies were established prior to the signing of the IGA, but have not subsequently been ceased.

### **Community drought programs**

There are a number of community based in-drought programs aiming to strengthen the resilience of drought-affected communities including the:

- Drought Communities Programme—administered by the Australian Government providing funding for local infrastructure projects in communities impacted by drought
- Queensland's Community Drought Support package, administered by the Department of Communities, Child Safety and Disability Services on behalf of the Department of Agriculture and Fisheries, aims to strengthen the resilience of drought-affected communities by revitalising existing community support mechanisms.
- National Partnership Agreement for Pest Animal and Weed Management in Drought-affected Areas providing Australian Government funds to state-administered programs, with contributions from some of the states involved.

Other jurisdictions also promote a community-based approach for some measures. The IGA principles and processes for in-drought support state the measures should occur where there is (a) a clear role for government and deliver a net public benefit and (b) address recognised welfare needs. The IGA does not prescribe how these should be administered, with this approach allowing governments to provide targeted support and utilise existing services.

Further investigation to the efficacy of this approach could be valuable. Jurisdictions sharing approaches, techniques and lessons learnt from different approaches could contribute to program efficiency and effectiveness.

### **Social support services/non-drought support**

Wellbeing services for farm businesses are a key theme of the IGA as demonstrated by objective 6(d) ensure that appropriate social support services are accessible to farm families and outcome 7(b) farm families are supported in times of hardship. These reflect the move to supporting farm businesses in times of hardship, not specifically drought.

There are two specific IGA outputs relating to social support services:

- 8(a) a farm household support payment
- 8(d) a coordinated, collaborative approach to the provision of social support services.

### **Hardship Assistance**

Although the FHA is a key component of the IGA, it is not only related to drought. The first of the FHA recipients who have completed their cumulative three years stopped receiving payments on 29 June 2017. As part of continuous improvement and evaluation, the program is being evaluated. Initial findings indicate participants felt the FHA has improved their financial situation. Farmers and farmers' partners are 'positive' about their future and recognise the need for skills development and business modelling to improve their farm business.

Tasmania provides eligible farmers with grants for basic necessities in times of crisis and financial hardship, and is not drought dependent. The Tasmanian Government notes the Rural Relief Fund is an established, effective and efficient vehicle for providing assistance to rural families during times of crisis.

There is strong support for farmers to have access to a household support payment with recognition of the special circumstances of farm businesses, and is not reliant on drought.

### **Broader wellbeing measures**

In addition to in-drought services there are a number of other jurisdictional wellbeing programs including mental health programs, such as Western Australia's Regional Men's Health initiative and Tasmania's Rural Alive and Well (RAW) outreach services. These recognise the isolation often associated by those on farms and the difficulties associated with accessing more conventional services. The offering of these services is generally well received and aligns with the IGA objectives.

New South Wales' Rural Resilience Program is a community based project that partners with farming communities and service providers across New South Wales. The program aligns with a number of IGA objectives. The program aims to strengthen networks, exchange information and deliver relevant initiatives that build personal and business resilience skills and knowledge. To better improve coordination/collaboration between service providers and ensure farmers' needs are met, the program currently engages with 21 Rural Support Networks across New South Wales.

During 2016–17 over 150 workshops and events were delivered to 6,322 New South Wales farmers with 83 per cent of respondents to a post-activity survey, stating they were likely to change something as a result of attending the activity.

During 2018 several Rural Support Networks will trial rapid rural assessment processes to identify farming communities and industries struggling to adapt to change.

For broader social services there appears to be a preference for utilising existing community organisations, which links with the principles and process for in-drought support (f) enable links with other measures or between service providers. However, cross-jurisdiction collaboration is limited. Noting many issues may be similar, there may be value in sharing information related to service delivery models and social issues.

## 4 Stakeholder responses

Throughout August and September 2017 key stakeholders received a letter from the chair of the working group, requesting their assessment of the value of the IGA, and parties' progress towards the agreed outcomes (refer [Appendix C](#)).

A total of 14 submissions were received and a summary is at [Appendix D](#). Submissions indicated broad support of the IGA, support for continuation of an IGA, with positive views of the focus of the IGA on farm sector preparedness and risk management.

### Analysis

The working group found several commonalities among stakeholder submissions. In engaging with governments, stakeholders used the opportunity to comment on programs and policy. Lesser focus was directed to reviewing governments' performance against the IGA.

The majority of stakeholders were generally supportive of a continuance of the IGA in some form to continue to shift away from emergency in-drought assistance to preparedness and risk management activities. They recognised the move away from EC declarations as a crucial change.

The highly variable nature of government communication and engagement and lack of transparency around the measuring and monitoring of programs under the IGA, and the IGA as a whole, was highlighted.

Stakeholders raised various concerns around the red tape, time delays and costs to farm businesses associated with applying for assistance such as the FHA and concessional loans.

Several stakeholders strongly endorsed measures such as FMDs as successful risk management tools. A continuation of the RFCS in providing a coordinated, collaborative approach to the provision of counselling to a range of clients who are suffering financial hardship was also endorsed.

However, they were keen for governments to work more effectively in cross-jurisdictional collaboration and information sharing between the Australian, state and territory governments, and between governments and industry using existing expertise and networks.

Stakeholders noted the need for a new approach to farm business training programs to increase resilience to climate variability, to improve take-up. One stakeholder suggested this measure could benefit by utilising expertise in the small business space.

Some of the other suggestions and comments (and responses) were:

- to consider the adoption of the AgForce Agricultural Business Cycle concept in any future agreement
  - AgForce presented the model to the Australian Government and various industry groups and it was discussed by the working group. Alignment of the model with future policy is a more appropriate consideration for governments.
- increasing the professional qualifications and capability of RFCS counsellors

- As a minimum, RFCs must have (or if newly employed, be working towards) a Diploma of Financial Counselling. Providers must support and mentor their staff to ensure they each have a suitable skill set to effectively deliver the service to clients.
- establishing a national model of compulsory farm debt mediation to assist farmers re-establish financial viability or exit the industry as appropriate
  - The process currently varies across Australia. The Australian Government is consulting the states and territories about the best process for developing a nationally harmonised approach to farm debt mediation.
- the use of insurance products such as multi-peril crop insurance as a tool to build farmers' capacity to mitigate risks
  - Refer to Findings 17 and 18 for more information.
- placing more pressure on financial institutions to offer the use of FMDs as an offset against primary production debt.
  - The Australian Government has been consulting with finance sector stakeholders about the reasons more financial institutions are not offering FMD loan offset accounts with the view to facilitate better offering of these where possible.

## 5 Review findings

The IGA's success has relied heavily on the Australian, state and territory governments actively participating and reframing policy. It has helped to clarify the roles and responsibilities of governments and guide the provision of drought and rural support programs for farm businesses across Australia. The findings discussed in this section have been developed by the working group following an assessment of drought-related programs and consideration of stakeholder feedback.

### **Change in policy direction**

The IGA has driven a change in policy direction for the Australian, state and territory governments.

#### **Finding 1**

The working group concluded the IGA has led to a shift away from an emergency response paradigm of drought assistance and eligibility, towards measures encouraging preparedness and risk management.

#### **Finding 2**

Among the suite of financial risk management tools available, FMDs are seen as a valuable tool for farm businesses to manage those risks, meet their business costs in low-income years, and increase their self-reliance when dealing with climate variability and market fluctuations. It did note the pressure that can be applied at a jurisdictional level as conditions continue to deteriorate over an extended period.

#### **Finding 3**

The working group agreed the introduction of FHA is a noticeable improvement away from EC support to provision based on need. It allows eligible farmers and farmers' partners experiencing financial hardship to access income support, taking into account their special circumstances, irrespective of drought. It requires mutual obligation responsibilities, which are also key to the IGA.

#### **Finding 4**

The working group and stakeholders agreed the provision of tools and technologies are valuable in assisting farm businesses to adapt to and prepare for increased climate variability. In order to improve the take-up of these tools, better communication with farm businesses and cross-jurisdictional data collection and sharing on the relevance and delivery of programs is required. This will assist with benchmarking policies and programs.

### **Collaboration**

In the IGA's preliminaries, it states 'In entering this agreement, the Commonwealth and the states and territories recognise that they have a common interest in reforming drought-related programs and need to work together to help farmers manage risk and prepare for future challenges'. Shared roles and responsibilities implies there should be 'ongoing cooperation and collaboration between the Commonwealth, states and territories to achieve the objectives of this agreement'.



### **Finding 5**

The working group recognised a number of very successful programs have been implemented across Australia and there is value in improving collaboration between governments to ensure these lessons can assist in the development and implementation of effective programs across jurisdictions. It found the success of some of the early measures under the IGA could partly be attributed to the extensive government and industry engagement carried out prior to the IGA's inception.

### **Finding 6**

In order to collaborate more effectively across governments, the working group saw value in an ongoing jurisdictional working-level forum to meet biannually or annually to facilitate information sharing, particularly through in-depth, case study-focused discussions. A jurisdictional forum could report annually to the Agriculture Senior Officials' Committee (AGSOC) Drought Task Group (DTG).

## **Consistency**

In setting an overall policy direction, the IGA encourages a consistent policy approach. Under 'shared roles and responsibilities' all governments are responsible for 'considering ways that current programs related to the objectives of the agreement could be delivered more efficiently and effectively'. Consistency could also be seen as avoiding duplication of products or programs across Australia, which could be facilitated by increased collaboration between jurisdictions (as per previous paragraphs).

However, it is noted the IGA does, and should continue, to allow some flexibility for jurisdictional/regional differences.

### **Finding 7**

The principles of the IGA provide for broad consistency, including: 'there should no longer be EC declarations or lines on maps'. In a formal way, the IGA has captured a consistent national policy vision for drought reform.

### **Finding 8**

Stakeholders and some jurisdictions suggested there could be greater consistency in the administration of assistance measures, citing the concessional loans schemes as an example.

Guidelines have been put in place by the Australian Government for consistency across jurisdictions. While there may be some administrative differences, the same loan conditions apply nationally. Additionally, once established, the RIC will deliver national consistency and efficiently assess and administer loans.

### **Finding 9**

Stakeholders noted the Australian Rainfall Deficiency Analyser (ARDA) does not always represent conditions on the ground due to distances between official weather stations and the variability of rainfall being experienced. There is currently a Bureau of Meteorology project underway, with the NSW Rural Assistance Authority, to develop an improved rainfall analysis scheme for Australia and ingest selected third party data within New South Wales. This will improve the quality of the rainfall analyses which are fed into the ARDA.

The ARDA does, however, move away from ‘lines on maps’ (as mentioned in the IGA principles) where whole regions are declared to be in drought.

## **Transparency**

The IGA states ‘parties to the agreement will report against their roles and responsibilities to senior officials and ministers’. Arrangements for monitoring and evaluation were included in each jurisdiction’s implementation plan (a requirement of states and territories within the IGA); however, there has been no formal of outward-facing mechanism for reporting progress.

### **Finding 10**

The need for greater transparency around governments’ performance and reporting measures and outcomes against the IGA was noted by both the working group and stakeholders. Some stakeholders suggested an annual report to measure progress against the IGA outcomes be made publicly available.

The working group acknowledged a consistent reporting framework would support an ongoing assessment of the individual effectiveness of programs, overall program mix and responsibility, and overall efficacy at delivering IGA objectives. Governments should consider more formal annual reporting to AGSOC on drought and rural assistance in the future.

## **Wellbeing services**

One of the IGA’s objectives is to ‘ensure that appropriate social support services are accessible to farm families’ with the output for ‘a coordinated, collaborative approach to the provision of social support services’.

Jurisdictions were able to point to programs with success in providing wellbeing services to drought-affected farm businesses such as Queensland’s Drought Community Support package and Drought Wellbeing Service, Western Australia’s Regional Men’s Health Initiative, Tasmania’s Rural Alive and Well outreach services and New South Wales’ Rural Resilience Program.

The February 2009 Productivity Commission report acknowledged an Expert Social Panel observation that drought can hit rural communities particularly hard. ‘At times the Panel found it difficult to separate the social impacts of dryness from the longer term socio-demographic trends contributing to a decline of some rural populations. It was clear from the Panel’s assessment that drought has an impact on the wellbeing of farm families, rural businesses and communities.’

### **Finding 11**

Governments could consider the current and potential future availability of wellbeing services for the broader rural communities affected by the impact of a long-term drought event.

### **Finding 12**

The working group acknowledge the large number of services in this space, particularly around mental health. However, an apparent lack of coordination could be addressed through better engagement, communication and reporting.

## **Improving communication**

During this review, stakeholders highlighted the highly variable nature of government communication and engagement. The word ‘communication’ does not appear in the IGA, rather it is expressed in terms of ‘collaboration’. However, the two have different meanings from stakeholder and jurisdiction perspectives: ‘collaboration’ is seen as governments consulting with each other and/or industry bodies, whereas ‘communication’ is the sharing of information about the availability of government assistance with farmers, industry bodies and the wider community.

### **Finding 13**

Stakeholders expressed a need to establish communication mechanisms to assist farm businesses to understand and access all drought support available to them in their jurisdictions.

The working group found the communication jurisdictions have undertaken has supported meeting the IGA outcomes, including through raising awareness of programs. While governments undertake programs and set policy direction, industry stakeholders have a complementary role in tailoring communication to the needs of the groups they represent.

### **Finding 14**

The working group supported building upon the sharing of information via websites on the availability and range of assistance, with a strategic approach including through trusted industry bodies (such as Research and Development Corporations or the RFCS).

## **Capacity building and extension**

The IGA has a clear objective to ‘encourage farm families and primary producers to adopt self-reliant approaches to manage their business risks’, with an output to implement ‘a national approach to farm business training’. Each state and territory is responsible for encouraging the delivery and uptake of the national approach to farm business training.

The Australian Government worked with jurisdictions and AgriFood Skills Australia in late 2013 to develop a national farm business training skill set. The skill set included four units of competency: develop and review a business plan; monitor and review business performance; support and review business structures and relationships; and manage risk.

States and territories have put in significant resources, both in terms of financial support and course development. As a result, there are significant numbers of training programs in all jurisdictions aligned with the skill set.

Where jurisdictions have programs in place aligned to the skill set, uptake has not been as high as expected.

Extension services such as the RFCS have been successful in all regions, with farm businesses and industry bodies very supportive of counsellors.

### **Finding 15**

Working group members agreed an increased emphasis on capacity building would equip farm businesses to promote preparedness and risk management. This would recognise the diverse suite of capacity-related options, not limited to a national training approach. Some of these

broader examples included subject areas such as business management training, production agriculture and natural resource management practices. However, it is acknowledged there needs to be a desire, on the part of the farmer, to take part in the training activity.

### **Finding 16**

The RFCS is strongly supported by stakeholders as one of the primary mechanisms providing support and referral services to farm businesses during difficult times, including drought. The RFCS has had a positive impact for farming families.

### **Finding 17**

Stakeholders would like to see a consistent national approach to farm business training, and the IGA includes this. There are various programs provided in each jurisdiction, but a uniform 'national approach' has not been effective as farm businesses do not see formal qualifications as a prerequisite to running a successful business. The working group noted where training products were flexible and more tailored by the relevant jurisdiction to farm businesses' needs, uptake has been more successful. Similarly to Finding 15, it is noted farmers often access training that is enjoyable for them, rather than what may be beneficial to the running of their business.

## **Insurance as a risk management tool**

The IGA does not contain specific wording on farm business insurance. A recent meeting of the DTG requested that insurance as a risk management tool be considered in the course of the review.

### **Finding 18**

Stakeholders commented on the low uptake of the MFRP and new insurance products such as multi-peril crop insurance. Reported barriers to the take-up of these new insurance products include the inconsistent treatment of taxes across jurisdictions and high costs. The working group noted there is a review underway of the MFRP.

### **Finding 19**

The working group assessed farm business insurance as an emerging consideration beyond the express scope of the IGA, noting it was one of a suite of available risk-management options for farm businesses. Insurance products and availability are more relevant to governments' future consideration of reform.

## **Changing climate**

The first objective in the IGA states the aim to 'assist farm families and primary producers adapt to and prepare for the impacts of increased climate variability'. Ministers' principles acknowledge 'farm business support will be based on a willingness by those businesses to prepare for the impacts of drought and climate change' and recognise 'the importance of maintaining and supporting the natural resource base during drought and climate change'.

'Observed regional trends in rainfall and temperature can seem small when compared to daily, monthly and seasonal climate variability. However, such changes in the average climate, experienced over multiple decades, can have a significant influence on ecosystems, agriculture and the built environment. In particular, the changing nature of rainfall and temperature extremes can, and likely will, have a noticeable impact.'

The provision and continued development of tools such as those provided by the Bureau of Meteorology acknowledge the importance of farm businesses being able to manage a changing climate.

### **Finding 20**

Stakeholders recognise that drought is becoming an increasingly common feature of Australia's climate. The working group noted preparedness and risk management remain a relevant and fundamental policy approach for drought and rural assistance. Continued investment in improving tools and technologies around monitoring and forecasting drought will assist in understanding and managing the changing risk.

## 6 A future framework

An overarching theme for the IGA review was the extent to which the framework is fit for the future.

Governments have achieved progress over the last four years in developing assistance for farm businesses in line with the IGA's objectives and principles. It is also clear that the IGA focused their commitment towards a path of reform and continuous improvement.

Industry continues to adapt and respond to the agricultural landscape, driven in large part by changing climatic conditions, as well as emerging trade and market access opportunities.

The findings in this report point to some areas for potential consideration by governments in charting the next phases of reform such as:

- greater emphasis on the changing climate and preparedness—since the inception of the IGA this has been a focus of policy settings, and stakeholders and jurisdictions alike agree that there should not be regression into a scenario of reactive responses providing in-drought assistance
- regular inter-jurisdictional collaboration to facilitate information sharing, which could help achieve consistency across jurisdictions—consider retention of the IGA Review Working Group (or similar) to meet regularly
- establishment of a formal yearly reporting framework against an agreed set of performance indicators to ministers
- more emphasis on wellbeing measures, with thought given to providing support to the wider community affected by the impact of a long-term drought event
- enhancement/continual improvement/refinement of communication mechanisms or avenues to raise awareness of available support measures
- a changed approach to farm business training to allow for localised needs while focusing on the themes of capacity building, preparedness and risk management (for example, production agriculture, farm business management, natural resource and climate risk management)
- the scope of an IGA, recognising not only farm businesses experience the effects of drought, but farm families and local rural communities are impacted and comprise support networks for our farm businesses.

# Appendix A: Intergovernmental Agreement on National Drought Program Reform

The full text of the [Intergovernmental Agreement on National Drought Program Reform](#) is available on the Department of Agriculture and Water Resources website.

# Appendix B: Terms of reference for the review

## Introduction

The Intergovernmental Agreement on National Drought Program Reform (IGA) was signed in 2013 by the Australian, state and territory governments. Under the agreement, the Exceptional Circumstances arrangements were closed with governments committing to implement measures to support farm families in times of hardship and help farmers better prepare for drought and manage their business risks.

The signing of the IGA followed a number of substantial drought policy review and reform processes, including the 2008 National Review of Drought Policy and 2010 pilot of drought reform measures in Western Australia. A review of the IGA will aim to build on, and not replicate, these substantial bodies of work.

## Scope

- How has the IGA influenced drought programs delivered by each jurisdiction?
  - How have programs aligned to the IGA?
  - What has worked and why?
  - What has not worked and why?
  - What processes did jurisdictions use to implement in-drought support, and could these be improved?
  - Is the document clear and easy to understand?
- Are there opportunities for stronger collaboration within and between governments, and with industry and non-government organisations?
- As contemplated in the IGA, should the agreement be extended or otherwise varied?
  - What, if any, changes to the IGA would be beneficial?
  - How can we improve the measurement of outcomes?

## Authority

The review will be conducted by a sub-committee of the AGSOC Drought Task Group, at the request of Agriculture Ministers' Forum.

## Timeframe

A final report will be presented to the Agriculture Ministers' Forum by the end of 2017.

## Governance/reporting

The Australian Government Department of Agriculture and Water Resources will provide secretariat support for the sub-committee conducting the review.



## Appendix C: Stakeholder invitation

Dear Mr/Ms [name]

The Commonwealth and all state and territory governments have commenced a joint review of the Intergovernmental Agreement on National Drought Program Reform (IGA), which is due to expire on 1 July 2018.

Since its establishment in 2013, the IGA has helped to shape a more nationally consistent approach to farmer assistance policy and programmes across governments. The agreement was designed to shift the focus away from emergency in-drought assistance, and outlines governments' commitments to support farmers to better prepare for and manage risks, including drought. It also recognises that farm families should have access to a time-limited household support payment that takes farmers' special circumstances into consideration.

The IGA review presents an opportunity for all Australian governments to reaffirm their agreement to long-term farm support policy principles, consider if and how the national approach could be improved and, in doing so, provide farmers with some ongoing certainty about government support in relation to drought and hardship.

We would like to engage with your organisation, as a key stakeholder, to assess the value of the IGA and parties' progress towards the agreed outcomes. It is important to note that the IGA review is not intended to be a review of Australia's national drought policy.

We will not be seeking to adjust the generosity of existing support measures or replicate the substantial previous review processes that led to the development of the IGA, including the 2008 National Review of Drought Policy, the Western Australian Drought Pilot Review and the extensive work and engagement undertaken through the Australian Government's Agricultural Competitiveness White Paper process.

On 26 July 2017, the Agriculture Ministers' Forum agreed a terms of reference for the review. These are attached to inform your evaluation and help guide your feedback.

This review is being led by a working group, comprising officials from each jurisdiction, which will report to ministers at the end of 2017. The working group representative for [state or territory] is [contact] from [agency]. [Contact] is available to answer any questions you might have and to discuss the implementation of IGA outputs in your state. [She/he] can be contacted by phone on [number] or via email at [email].

All feedback and contributions to the IGA review should be directed to the working group secretariat at [IGAreview@agriculture.gov.au](mailto:IGAreview@agriculture.gov.au) by [date].

[The New South Wales/Victorian Government is conducting its own review of drought arrangements in that state. This work is separate to the IGA review. However, should you wish to discuss this review, [contact] remains happy to assist.]

I appreciate your participation in this important process, which will assist governments to help farmers manage risk, and prepare for future challenges.

## Appendix D: Stakeholder consultation submission summaries

### **AgForce Queensland Farmers**

AgForce Queensland Farmers (AgForce) is a rural group representing beef, sheep and wool and grain producers in Queensland, facilitating the long-term growth, viability, competitiveness and profitability of those industries.

AgForce supports in principle the aims and outcomes of the IGA. It implied a lack of transparency around measurement and monitoring of progress towards the IGA's outcomes. AgForce recommends a review of policy and supporting measures, requesting industry involvement in that assessment should the review reveal limited progress to date.

In making mention of existing programs, AgForce is critical of the FHA application process, and states that the benefits of concessional loans are not substantive enough to warrant borrowers leaving existing banking relationships.

However, AgForce strongly supports the RFCS and FMD Scheme.

AgForce also recommends that signatories to the IGA commit to further developing and adopting the AgForce Agricultural Business Cycle concept in the next iteration of the IGA—the approach aims to move from crisis response to empowering producers to better manage climate risks and requires farmers to self-nominate their position in the drought cycle, which may result in unexpected outcomes.

AgriFutures (formerly known as Rural Research and Development Corporation)

Formally declined the working group Chair's invitation to provide a submission.

### **Australian Bankers' Association Inc.**

The Australian Bankers Association Inc. (ABA) provides analysis, advice and advocacy for the banking industry, and contributes to the development of public policy on banking and other financial services. Their submission focuses on the financial aspects of IGA programs.

The ABA supports the current initiatives included within the IGA. The submission endorses FMDs as a successful risk management tool, and reported anecdotal feedback indicating that the FHA was particularly valued by farm families experiencing hardship.

No comments were provided on concessional loans due to the current status of the Regional Investment Corporation, and questions about future loan administration. The ABA is hopeful that a focus on supporting viable farm businesses experiencing temporary financial difficulty is maintained.

Ongoing funding for the RFCS was supported; however, avenues to increase the professional qualifications and capabilities of counsellors were recommended.

A national model of compulsory farm debt mediation was recommended to provide greater certainty and ensure the fair treatment of all farmers. The ABA suggests that farm debt mediation can help farmers in financial difficulty to re-establish viability, or exit the industry. The process currently varies across Australia; however, results in New South Wales (where they have had a legislated system since 1994) have indicated that 90 per cent of mediation cases result in an agreement between the bank and the farmer.

The ABA further recommend an expansion of government programs to improve financial literacy and farm business management techniques, and has undertaken to work with governments and rural stakeholders on future improvements to financial literacy information for farmers.

## **National Farmers' Federation**

The National Farmers' Federation (NFF) is the national peak body representing farmers and agriculture across Australia, with membership comprising Australia's major agricultural commodities across the breadth and length of the supply chain. Individual farmers join their respective state farm organisations, which form the NFF. They represent Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management.

The NFF welcomed the opportunity to put forward a submission, and had further opportunity to expand on their comments through a face-to-face meeting with the Department of Agriculture and Water Resources. They compiled a submission covering the span of IGA objectives and supporting programs, and made 22 recommendations.

The NFF strongly supports programs that effectively promote drought preparedness such as FMDs and farm management training. Similarly, the provision of assistance to effectively manage drought are essential, such as concessional loans and the RFCS.

Some of the issues that arose from the NFF's submission included:

- application processes for FHA and concessional loans are considered complicated and difficult for farmers to complete
- concessional loans compare unfavourably to interest rate subsidies, with benefits not sufficient enough to risk existing relationships with lenders
- there should be more focus in the IGA on building farmers' capacity to mitigate risks through using tools such as multi-peril crop insurance
- the IGA should consider the establishment of the Regional Investment Corporation with regards to more consistent delivery of concessional loans, making them more effective as a tool for drought preparedness, and in-drought support and recovery
- more transparency by governments is recommended via a consistent, publically available reporting framework.

## **NSW Farmers**

NSW Farmers is a state-based policy and advocacy body representing commodities across all sectors of agriculture. It provides services to, and advocates on behalf of, farmers and rural communities across New South Wales.

NSW Farmers divided its submission into IGA priorities, and assistance it would be looking to the New South Wales Government to provide.

IGA priorities included: consistency of assistance across jurisdictions; shorter processing times for assistance applications; better communication mechanisms to assist farmers to understand the range of available support; establish an evaluation framework that provides outcomes-based performance reporting to industry stakeholders; and provide additional drought assistance triggers as well as the Bureau of Meteorology's Rainfall Deficiency Analyser.

Suggestions for state government assistance included: best practice assessment of concessional loans and streamlining the delivery of all assistance; assist in the development of insurance products through measures that will lower premiums; improve the information available to farmers to improve financial literacy and risk management; and ensure a continuation of assistance is available during a recovery phase.

## **NSW Rural Assistance Authority**

The Rural Assistance Authority (RAA) is a statutory body under the *Public Finance and Audit Act 1983* (NSW), administering assistance measures to rural producers and small business in regional NSW through programs that encourage self-reliance and adaptation to change. While the rural sector is its core client, the RAA is also responsible for small businesses that have suffered loss or damage due to natural disaster.

The RAA acknowledges that the IGA is an important document that has helped shape a more consistent approach to assistance programs, shifting focus away from emergency in-drought assistance to drought preparedness. An example given was transport assistance, which has largely disappeared other than specific animal welfare issues not dependent on drought.

However, the RAA suggests improvement could be made in cross-jurisdictional collaboration and information sharing between the Australian, state and territory governments to ensure the most effective programs are duplicated across borders.

## **NSW Regional Assistance Advisory Committee**

The Regional Assistance Advisory Committee (RAAC) provides advice on the vulnerability of rural communities to climate-related downturns, and advice on potential farm business, farm family and community support response programs and initiatives direct to the New South Wales Government.

The RAAC agrees that the IGA is an important document to shape more consistent assistance programs across jurisdictions. It has done this by shifting focus away from emergency in-drought assistance to preparedness programs that help farmers meet future challenges of drought.

However, the RAAC suggests that there should be more prescriptive wording for states and territories to provide clearer guidance for Australian Government programs.

The RAAC proposes that the review should take the opportunity to improve cross-jurisdictional collaboration between the Australian, state and territory governments.

## **Northern Territory Department of Primary Industry and Resources—Rangeland Program**

The Department of Primary Industry and Resources (DPIR) provides practical advisory services to assist beef producers to manage climate variability and drought preparedness. This is achieved through training, stocking rate management, property development advice, customised climate and risk modelling and information products.

DPIR supports drought preparedness schemes (such as FMDs) over EC or compensation schemes, and would welcome Australian Government assistance to provide direct incentives for producers to participate in training programs that would increase resilience to climate variability and drought.

## **Queensland Rural and Industry Development Authority**

The Queensland Rural and Industry Development Authority (QRIDA) provides specialist government financial and advisory support including the Australian Government's concessional loans scheme to both Queensland and the Northern Territory. It is broadly supportive of a renewal of the IGA.

QRIDA considers that all schemes it administers throughout Queensland and the Northern Territory are aligned with the IGA, providing a level of consistency in government drought policy, irrespective of jurisdiction.

Programs that encourage farm business planning and preparedness are supported, with the desire for an increased emphasis in the IGA as a vehicle to strengthen collaboration across states to achieve preparedness and long-term sustainability.

QRIDA are broadly supportive of a recommendation to renew the IGA.

## **Rural Business Development Corporation (WA)**

The Rural Business Development Corporation (RBDC) is a statutory body that administers approved government assistance schemes to primary producers and rural businesses in Western Australia, currently administering concessional loans.

The RBDC has been involved in numerous farm business training programs for some time (since the 1980s), and this has impacted on the behavioural changes necessary for farm businesses to manage business risk. It believes that farm business training is the key to the success of the IGA, as other measures can only be utilised successfully with a good understanding of farm business management.

The RBDC suggests more attention could be directed to understanding how the states and territories are performing in the delivery of farm business training, with more collaboration having the potential to improve outcomes.

Other suggested improvements include more detailed analysis of FMDs; more attention given to wellbeing services where there are no performance indicators or data available; the establishment of a government working group dedicated to the monitoring and effectiveness of available tools and technologies; and the elimination of the Bureau of Meteorology's analyser 'lines on maps' to allow concessional loan applications to demonstrate their individual eligibility.

The RBDC believes that a cost:benefit analysis should be undertaken to determine the benefits of concessional loan schemes to industry, not just to the individual farm business. It suggests that the Australian Government needs to be mindful of how the scheme is conducted with the proposed shift to national delivery under the Regional Investment Corporation.

## **Rural Business Tasmania (including RFCS Program Committee)**

Rural Business Tasmania (RBT) is a not-for-profit organisation, delivering support services to rural and regional enterprises including the RFCS Tasmania. Its objectives are closely aligned to the IGA, seeking to assist farm businesses when in financial hardship due to crisis such as drought.

RBT considers the IGA has greatly influenced in-drought support via the FHA and concessional loans, and is supportive of a continuation of the IGA.

Some issues are noted with the FHA including: a long wait for clients accessing the help line; complexity of application process; delay in receiving payment; and a query about the benefit of the provision of farm financial assessments.

The system in Tasmania of a fortnightly review by an approval panel for concessional loan applications tends to extend the process unnecessarily. The RBT agrees that continuation of FMDs is beneficial.

An area of priority focus identified was stronger implementation and increased promotion to primary producers of farm business training—utilising expertise in the small business space could benefit this.

The submission suggests further collaboration of government, industry bodies and non-government organisations would utilise existing expertise and networks, thus assisting implementation of IGA reforms.

## **Rural Financial Counselling Service—Gippsland (Victoria)**

The RFCS in Gippsland currently employs rural financial counsellors, offering free financial counselling to eligible primary producers, fishers and small rural businesses.

Recent regional dairy round table discussions found that during pressure events, governments are required to shift the focus from farmer preparedness to measures that provide a quick response.

The objectives of the RFCS program align well with the IGA to assist farmers achieve financial stability.

Although a better support scheme than the previous EC support, issues faced by clients include difficulty in obtaining the FHA due to the volume of paperwork required and time taken to access the assistance. Improvements could be achieved by removing waiting times, issuing payments within two weeks of application and allowing leniency in the time required to provide formal supporting documentation.

Mention was also made of the improvement in the usage of the Rainfall Deficiency Analyser as compared to the previous drought declaration process when applying for concessional loans.

## **Rural Financial Counselling Service—NSW Central Region**

The NSW Central Regional RFCS provides counselling across approximately 52 per cent of New South Wales.

The submission commented on a desire to know what the performance indicators were for the RFCS against the IGA, and to learn actual outcomes and outputs of the program.

Anecdotal evidence from FHA recipients indicates difficulty in accessing consistent support due to the reduced number of Department of Human Services (DHS) case officers. The effectiveness of the referral network linking DHS FHA clients to the RFCS program should be reviewed for effectiveness.

In order to provide a better submission, more time could have been provided to research what was delivered under the IGA in terms of farm business training; uptake appears to be limited.

It would be desirable for the IGA review to investigate inhibitors to training uptake and seek improvement in this area.

Improvements in interagency collaboration and information sharing at all government levels would improve outcomes for clients, as well as avoiding a double-up of service provisions across agencies (for example, FHA case officers and RFCS).

## **Tasmanian Farmers and Graziers Association**

The Tasmanian Farmers and Graziers Association (TFGA) is Tasmania's state farmer organisation/lobby group owned and governed by farmers. It develops and reviews policy through the board, committees (cereal and seeds, poppies, environmental policy, climate change, game management, native vegetation, water, weeds and forestry), commodity councils (dairy, meat, wool, agriculture and vegetable) and annual general meetings.

The TFGA is generally comfortable with progress being made toward the IGA's objectives, including encouraging farmers to be self-reliant and build capacity in preparedness. One of the TFGA's driving objectives is the pursuit of improvement and sustainability—encouraging farmers to be self-reliant and build capacity to prepare for drought.

TFGA stakeholders' feedback also confirmed a need to promote stronger collaboration between all stakeholders and service providers.

## **Victorian Farmers' Federation**

The Victorian Farmers' Federation (VFF) is Australia's largest state farmer organisation, consisting of a board of directors, and a member representative general council. It is a lobby group dedicated to the interests of farmers and making a difference to communities. It consists of seven commodity groups (dairy, livestock, grains, horticulture, chicken meat, eggs and pigs) and four committee groups (water, land management, farm business and rural development, and farm security).

The VFF is supportive of policies that promote self-reliance, while acknowledging there are circumstances of severe and prolonged drought that are difficult to prepare for.

Programs such as the FMD scheme and farm management training are seen as effectively promoting preparedness. The VFF is also largely supportive of additional safety nets in funding for the RFCS in Victoria, and for the FHA ensuring eligible farmer households receive necessary assistance.

The submission is critical of assistance provided where 10 local government areas were eligible for many of the drought schemes—‘lines on a map’ eligibility, which is contradictory to the IGA’s principles.

The VFF would like to see more pressure placed on financial institutions to offer the use of FMDs as an offset against primary production business debt.

Increased cooperation is required between state and federal governments to ensure timely response to drought—for example, bilateral negotiations causing delays in roll-out of concessional loans, and variances in state start dates.

Further clarity in the IGA is required to better define the roles and responsibilities of the states and territories in the IGA, to obtain a clear division of responsibility.

The adoption of a consistent reporting framework that is made publically available would clarify progress made towards achieving the IGA’s objectives.



# Glossary

Term	Definition
ABA	Australian Bankers Association
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
accelerated depreciation	Depreciation of fixed assets at a fast rate early in their useful lives – reducing the amount of taxable income early in the life of an asset so tax liabilities can be deferred.
AGMIN	Agriculture Ministers’ Forum
AGSOC	Agriculture Senior Officials’ Committee
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DCP	Drought Communities Programme
DHS	Department of Human Services
DPIR	Department of Primary Industry and Resources
DRAS	Drought Relief Assistance Scheme
drought-declared	A district that is officially recognised as being affected by drought and eligible for relief payments and other benefits.
DTG	AGSOC Drought Task Group
Exceptional Circumstances/EC	Conditions required to grant additional powers to governments to alleviate or mitigate unforeseen hardship. Specific areas are considered to be experiencing worse than normal drought conditions.
EWIR	Emergency Water Infrastructure Rebate
farm businesses	In this review farm business represent the different terminology used across jurisdiction and industry, it includes: farmers, primary producers, producers, and rural land holders.
FHA	Farm Household Allowance
FMD	Farm Management Deposit
hardship	Referenced in this document as financial hardship—a person may not have readily available funds according to a specified limit, and/or they cannot reasonably be expected to sell or borrow against assets to improve their financial position.
in-drought support	Government assistance made available during a drought event—reactive assistance to provide short-term relief.
Intergovernmental Agreement on National Drought Program Reform (IGA)	An agreement between the Australian and state and territory governments. The agreement aims to guide governments in providing assistance measures based on preparedness and risk management.
jurisdictions	Australian and states and territories.
lines on maps	Regional or local government areas deemed to be affected by drought.
LMA	Land Management Agreements

<b>Term</b>	<b>Definition</b>
MFRP	Managing Farm Risk Programme
MPCI	Multi-peril crop insurance
NFF	National Farmers' Federation
objectives	Goals or aims outlined in the IGA.
preparedness	The state of having been prepared for circumstances often beyond control or unexpected.
program	An assistance measure provided by the Australian, state or territory governments.
QRIDA	Queensland Rural and Industry Development Authority
RAA	Rural Assistance Authority
RAAC	Regional Assistance Advisory Committee
RAW	Rural Alive and Well
RBDC	Rural Business Development Corporation
RBT	Rural Business Tasmania
recipients	Farmers or farm businesses who have benefited from government assistance.
RFCS	Rural Financial Counselling Service
RIC	Regional Investment Corporation
SOG	Senior Officers' Social Support Group
stakeholders	Industries with an interest in the agriculture portfolio known to or affiliated with government departments.
submission	Letters or reports sent to the working group in response to an invitation.
TFGA	Tasmanian Farmers and Graziers Association
VFF	Victorian Farmers' Federation