



Australian Government

A photograph of a dry, dusty landscape under a bright sun. A person in a red shirt and cap is standing on a white trailer, possibly loading or unloading sheep. A large flock of sheep is gathered in the foreground and middle ground. Long shadows are cast across the dry ground.

DROUGHT

IN AUSTRALIA

Coordinator-General for Drought's
advice on a Strategy for Drought
Preparedness and Resilience

DROUGHT IN AUSTRALIA

COORDINATOR-GENERAL FOR DROUGHT'S ADVICE ON A STRATEGY FOR DROUGHT PREPAREDNESS AND RESILIENCE	1
INTRODUCTION	3
THE SITUATION	3
WHAT SHOULD GOVERNMENT DO?	3
VISION AND FOUNDATIONS	5
PRIORITIES	5
RECOMMENDATIONS	6
1. STEWARDSHIP OF IMPORTANT NATURAL RESOURCES	8
1.1 SOIL, WATER, AND VEGETATION	8
1.2 WATER RESOURCES	9
2. INCENTIVES FOR GOOD PRACTICE	11
2.1 TAX INCENTIVES	11
2.2 DIVERSIFYING INCOME	12
2.3 RESEARCH AND DEVELOPMENT	12
OTHER RISK MANAGEMENT MEASURES	13
3. IMPROVING PLANNING AND DECISION MAKING	14
3.1 FINANCIAL COUNSELLING	14
<i>Farming businesses</i>	14
<i>Small businesses</i>	15
3.2 INCOME SUPPORT	15
<i>Expiring Support</i>	17
4. BUILDING COMMUNITY RESILIENCE	18
4.1 COMMUNITY LEADERSHIP AND PLANNING	18
4.2 DROUGHT RELATED STRESS AND MENTAL HEALTH	19
5. INFORMING FARMERS, COMMUNITIES AND GOVERNMENTS	20
5.1 DROUGHT INDICATORS AND SEASONAL CONDITIONS	20
5.2 INFORMATION AND ACCESS	22
6. GOVERNANCE, EVALUATION AND REVIEW	23
6.1 COMMON DEFINITIONS	23
6.2 GOVERNANCE, REPORTING AND REVIEW	23
6.3 DROUGHT COMMUNICATIONS FORUM	24
ANNEXES	25
1. SUGGESTED RECOMMENDATIONS IMPLEMENTATION MILESTONES	25
2. ISSUES CONSIDERED AND EXCLUDED	31
<i>Agricultural Insurance</i>	31
<i>Business and financial training</i>	32
<i>Education and Training</i>	32
<i>Access to support through charities and not-for profit organisations</i>	33
3. AUSTRALIAN DROUGHT POLICY HISTORY	34
4. LIST OF COMMONWEALTH GOVERNMENT DROUGHT PROGRAMS	36
5. TAX INCENTIVES FOR PRIMARY PRODUCERS	39
6. GUIDANCE FOR COMMUNICATING WITH FARMERS	42
7. INTERNATIONAL DROUGHT POLICY BENCHMARKING	44
8. STAKEHOLDER CONSULTATION LIST	46
9. GLOSSARY	51

Introduction

The situation

Australia's farmers are amongst the finest in the world. They are efficient, innovative, and resilient. They operate in a largely arid continent. They function without the significant financial support and protection available to their global competitors.¹ Their produce is world-class; 75% of it is exported.² They have increased the value of farm production in the last decade by 50%, to around \$60 billion today.³ They intend to reach \$100 billion by 2030.⁴

The Australian Government wants our farmers to continue to be successful and to maintain their competitive advantage. Stronger farmers mean stronger rural communities and a stronger economy.

In our dry continent drought is an enduring feature. It has been a regular, and challenging, experience for Australia's farmers and rural communities.

As a consequence of climate change drought is likely to be more regular, longer in duration, and broader in area. It means that farmers and communities who rarely see drought are likely to see it more often. And those that have been managing drought for many years may now see it intensify beyond their lived experience. Ultimately, the nation could see some areas of Australia become more marginal and unproductive.⁵

Drought impacts the productivity and profitability of farms.⁶ It affects businesses, communities and regions.⁷ Services and businesses suffer as less money is spent locally. Inevitably, some businesses close and people leave their communities seeking opportunities elsewhere.⁸

Drought also has significant social and environmental impacts. Stress often affects the health and wellbeing of farmers, their families and communities. For some farmers stresses can become chronic if decisions in the lead up to, and during, drought do not work out. The land may suffer with good management practices neglected or eschewed in favour of income, leading to degradation of natural capital, and in turn increasing the recovery challenge.⁹

What should Government do?

The lessons from previous droughts, academic research, and advice from farmers' representative groups tell us that preparing for drought rather than responding to it is the best approach.

¹ Department of Foreign Affairs and Trade 2019, Agricultural Trade, Department of Foreign Affairs and Trade, Canberra, viewed 28 March 2019, <<https://dfat.gov.au/trade/organisations/wto/Pages/agricultural-trade.aspx>>.

² Australian Bureau of Agricultural Resource Economics and Sciences 2018, ABARES Insights: Snapshot of Australian Agriculture, report prepared by T Jackson, K Zammit & S Hatfield-Dodds, Department of Agriculture and Water Resources, ABARES, Canberra.

³ *ibid.*

⁴ National Farmers' Federation 2018, Budget roadmap charts course for \$100 billion in farm production by 2030, media release 24 January 2018, viewed 28 March 2019, <<https://www.nff.org.au/read/5873/budget-roadmap-charts-course-for-100.html>>.

⁵ CSIRO and Bureau of Meteorology 2018, State of the Climate 2018, Bureau of Meteorology, Canberra, viewed 28 March 2019, <<http://www.bom.gov.au/state-of-the-climate/State-of-the-Climate-2018.pdf>>.

⁶ Australian Bureau of Agricultural Resource Economics and Sciences 2018, Analysis of 2018 drought, report prepared by S Hatfield-Dodds, N Hughes, A Cameron, M Miller & T Jackson, Department of Agriculture and Water Resources, ABARES, Canberra, ABARES Insights 2018;2.

⁷ DeBelle, G 2019, 'Climate Change and the Economy'. Speech by Deputy Governor, Reserve Bank of Australia, delivered at a public forum hosted by the Centre for Policy Development, Sydney, 12 March 2019, viewed 28 March 2019, <<https://www.rba.gov.au/speeches/2019/sp-dg-2019-03-12.html>>.

⁸ Bureau of Infrastructure, Transport and Regional Economics 2014, The evolution of Australian towns, Report 136, Department of Infrastructure, Regional Development and Cities, Bureau of Infrastructure, Transport and Regional Economics, Canberra.

⁹ Brown, K & Schirmer, J 2018, Growing resilience to drought: natural resource management as a resilience intervention, University of Canberra.

Accordingly, the 2018 National Drought Agreement focuses the support of the federal, state and territory governments on incentives that help the agricultural sector and communities to better prepare in order to successfully manage drought. This continues the policy direction established five years ago when governments moved from an approach of responding in drought, commonly referred to as exceptional circumstances, to supporting preparation.¹⁰

Farmers, communities and governments are continuing to work through this transition. Governments are refining their policies and programs as they better understand what works and what does not. Farmers and communities are adjusting to managing drought risks through preparation and planning. Some are well advanced, others are not.

A drought strategy would give direction to the 2018 National Drought Agreement's objectives. It should draw on lessons from the current drought and support the transition that is underway. It should acknowledge the impact of the changing climate. No significant shifts in the Australian Government's approach are needed. Rather a strategy should refine existing settings and programs. It would help to prepare Australia's agricultural sector and rural communities for what is ahead. It should emphasise the importance of information to underpin preparation and risk management. It should seek to avoid reactive, often late, crisis responses.

By encouraging the ingenuity and innovation that exists in rural Australia and combining it with the right government settings, Australia's farmers and rural communities can prosper into the future.

Major General Stephen Day DSC AM

Coordinator-General for Drought

2 April, 2019

¹⁰ Department of Agriculture and Water Resources 2019, Exceptional Circumstances Programs, Department of Agriculture and Water Resources, Canberra, viewed on 28 March 2019 <<http://www.agriculture.gov.au/ag-farm-food/drought/drought-policy/history/business-support>>.

Vision and Foundations

A strategy's vision should be:

To have farm businesses and rural communities that are prepared for, and capable of managing drought, in pursuit of a prosperous and sustainable future

This vision is only possible if governments, industry and communities recognise six foundations that underpin successful drought management. They should form the foundations of a strategy.

FOUNDATIONS
Drought is an enduring, regular feature of the Australian landscape. It is not a natural disaster.
While droughts are normal for Australia, drought conditions are likely to become more frequent, severe and longer due to climate change.
Farming is a business and drought is one of many business risks that should be managed.
Drought preparations must continue during times of no drought.
Policies and programs should focus on planning and preparation for future droughts and be developed with industry and communities.
Information, social, economic and environmental, about drought conditions and impacts should be collected and understood at the local level so that governments, communities, businesses and farmers can tailor their preparation, plans and responses.

Priorities

To achieve this vision the strategy should focus the Australian Government's drought policies and programs on five key priorities. Each priority targets a specific issue and should not be considered in isolation. By addressing all five priorities, the Government would refine existing settings to encourage preparation and build resilience.

1. Stewardship of important natural resources
To strengthen drought resilience in our agricultural sector and recognise the increasing challenge posed by a changing climate, a comprehensive understanding and strategic management of Australia's soil, vegetation and water resources is critical.
2. Incentives for good practice
The right research, regulatory and financial frameworks need to be in place to encourage farmers and communities to prepare and plan for drought.
3. Improving planning and decision making
Farmers and local businesses struggling with drought must understand their options and have the capacity to make decisions about their future. This will ensure that those businesses that are sustainable will prosper.
4. Building community resilience
Communities' resilience is in large part driven through their ability to plan for shocks and stresses. Effective planning, involving the community, needs strong leadership. Building leadership capability, with a focus on planning should strengthen a community's ability to cope and adapt to adverse events such as drought.
5. Informing farmers, communities and governments
Information that is accessible and can be applied at the local level is critical for preparation, planning and good decisions by farmers and communities.

Recommendations

1. Stewardship of important natural resources	
1.1	Building on work underway, regular, comprehensive and consistent assessments of Australia's natural resources should be undertaken to inform long term, regional natural resource management priorities to focus farm drought resilience investment and actions on the ground.
1.2	<p>A systematic and prioritised assessment of Australia's water resources should be undertaken to inform future management effort and investment, including:</p> <ul style="list-style-type: none"> evaluating each of the nation's surface and groundwater basins; and taking account of future challenges such as changes in climate, population, industry growth and environmental needs.
2. Incentives for good practice	
2.1	A review, underpinned by robust evidence, about the effectiveness of the Farm Management Deposits (FMD) scheme should be undertaken to inform any future changes.
2.2	Farm businesses should be encouraged to consider programs that provide supplementary income, such as carbon farming, environmental stewardship and renewable energy.
2.3	Research and development on drought should be strengthened through improved data collection, leadership and coordination to improve priority setting and target investment.
3. Improving planning and decision making	
3.1.1	A review of the Rural Financial Counselling Service (RFCS) should be undertaken before the next funding round to inform improvements to the program, ensure its services are sought during period of no drought, it has the capacity to respond quickly to increased demand, and address any barriers to uptake.
3.1.2	Financial counselling services should be extended to small businesses experiencing hardship in drought affected areas.
3.2.1	<p>A pilot program should be undertaken to test wrap-around support for new and long term Farm Household Allowance (FHA) recipients to make informed decisions about their futures, improve their ability to recover from significant events and transition off FHA.</p> <p>The pilot should test:</p> <ul style="list-style-type: none"> an enhanced triage model, using an integrated, single point of access, to support early identification of goals, financial and personal, for new FHA recipients; an intensive case management (ICM) model for recipients in receipt of FHA continuously for 12-18 months. The ICM would consider all needs such as financial support, health/mental health support, and education/training. The aim is to assist farmers make long term decisions about their business viability; Evaluation of the pilot with a particular focus on seeking behavioural insights into barriers/enablers to good decision making. <p>Based on the evaluation findings, consideration should be given to refining the FHA program.</p>
3.2.2	A non-government organisation should be engaged to provide time-limited targeted case management for Farm Household Allowance (FHA) recipients who are coming to the end of their four year eligibility period or have exhausted their FHA allocation.

Consideration should be given to a time-limited one-off subsistence payment to the farmers who have exhausted their FHA allocation and are not eligible for other government assistance. This grant should be separate from FHA and the broader income support system and require a commitment by the recipient to engage in the targeted case management outlined above.

4. Building community resilience

- 4.1 A pilot program to build community leadership capability, involving the development of a local adverse event plan, should be undertaken to build communities' capacity to adapt and cope with chronic stresses and acute shocks.

The pilot should include:

- funding for a not-for-profit organisation to work with local governments and communities to build formal and informal leadership capability within the community; and
- a requirement for the program to deliver an adverse event plan for the community with their involvement.

The pilot should be evaluated, with the findings informing consideration of a national program.

- 4.2 The Trusted Advocates Network Trial should be evaluated, with the findings informing consideration of national program to provide support for rural and regional communities.

5. Informing farmers, communities and governments

- 5.1 Two sets of indicators should be developed, in the following priority, to better inform:
- the Australian Government on regional and local conditions and assist drought preparation and response complemented by a response framework ; and
 - decisions by farmers and communities to manage and prepare for drought.

- 5.2 All government communication with farmers and rural communities on drought should be consistent with the research-backed principles at Annex 6.

6. Governance, evaluation and review

- 6.1.1 A definition of drought should be developed for internal use by Australian Government agencies to consistently direct resources and responses to farmers and communities in need.

- 6.1.2 The Australian Government should work with state and territory governments to better align the criteria to prove primary producer status for access to government programs and incentives to reduce red tape in the agricultural sector.

- 6.2.1 The Department of Agriculture and Water Resources should lead the development and implementation of a drought strategy and drive whole of government engagement on drought.

- 6.2.2 The Minister for Agriculture and Water Resources should report annually to Government on the implementation of a drought strategy and review the strategy after three years in consultation with other Ministers responsible for implementing recommendations.

- 6.3 The Department of Agriculture and Water Resources should continue to convene a cross government drought forum to manage consistent and comprehensive communications.

1. Stewardship of important natural resources

Australia has one of the driest and most variable climates in the world and the changing climate is exacerbating pressures on our natural resources. Effective and strategic management of Australia's soil, vegetation and water resources is critical to profitable farm performance, sustainability, and resilience to droughts.

1.1 Soil, Water, and Vegetation

Good management of natural resources improves long term drought resilience.¹¹ Activities such as improving and managing vegetation cover, pest and weed control, addressing soil acidification, native pasture establishment and efficient use of water directly improve drought resilience.

While management of natural resources has improved in agriculture, our natural resources remain under pressure. Climate change, and the increased frequency and severity of drought, is considered the most serious threat to land management.¹² This is because natural resources degraded during drought, when they are particularly vulnerable, will likely have less time to recover before the next significant dry period.¹³ Over time future productivity will decline as will the natural capital base.

Increased pressure on our natural resources comes at a cost to the national economy and regional communities.¹⁴ Strengthening our focus on good management of our soils and vegetation is needed to build drought resilience.¹⁵

Regional natural resource condition assessments have been undertaken by various scientists and bodies. Much of that available information is presented in the *Australia State of the Environment* reports. However, the scientific consistency and confidence in many of these assessments is low and their coverage across Australia is limited.¹⁶ Furthermore, those assessments that have been conducted have found that our soils are in a poor state especially in areas of high agricultural production.¹⁷ ¹⁸As a result, there is no comprehensive national understanding of the condition of our natural resources and areas under pressure. This limits our understanding of what practices work best in different regions and where they should be applied with changing climatic conditions.

There are opportunities to draw on work already underway nationally to provide more comprehensive natural resources data through development of environmental-economic accounts. These accounts will support public sector and business decision making at all levels.¹⁹

Undertaking regular comprehensive national assessments would identify priority areas for investment and action. This could include identifying those regions that are more degraded, likely to suffer greater drought impacts with climate change or where there is limited uptake of good practices. Setting clear regional priorities, based on comprehensive regional assessments would

¹¹ Brown & Schrimmer.

¹² Department of the Environment and Energy 2017, *Australia State of the Environment* 2016, Department of the Environment and Energy, Canberra.

¹³ Productivity Commission 2009, *Government Drought Support*, Productivity Commission Inquiry Report No.46, Productivity Commission, Melbourne.

¹⁴ Department of the Environment and Energy, *Impact of weeds*, Department of the Environment and Energy, Canberra, viewed 28 March 2019 <<http://www.environment.gov.au/biodiversity/invasive/weeds/index.html>>.

¹⁵ Brown & Schrimmer.

¹⁶ *Australia State of the Environment* 2016.

¹⁷ *Australia State of the Environment* 2016.

¹⁸ CSIRO 2017, *Priorities for improving soil condition across Australia's agricultural landscapes*, CSIRO, Australia.

¹⁹ Interjurisdictional Environmental-Economic Accounting Steering Committee for the Meeting of Environment Ministers 2018, *Environmental Economic Accounting: A Common National Approach Strategy and Action Plan*, Australian Government Department of the Environment and Energy, Australia.

build on the successes of Landcare and natural resource management regional bodies²⁰ by more effectively targeting drought resilience through their direct engagement with the farming sector and local communities.

Recommendation 1.1

Building on work underway, regular, comprehensive and consistent assessments of Australia's natural resources should be undertaken to inform long term, regional natural resource management priorities to focus farm drought resilience investment and actions on the ground.

1.2 Water Resources

Australia's finite water resources are under increasing pressure:

- Climate change is making water availability less predictable and secure;
- Increasing frequency and intensity of droughts;
- Population growth; it is estimated that national water use will double by 2050²¹;
- Growth in the agriculture sector and other sectors, such as mining, that are competing for water. It is estimated that agricultural water use will increase by 80 per cent by 2050.²²

Effectively managing our water resources is critical if Australian agriculture is to continue to grow and the industry and communities are able to manage future droughts.

State and local governments are largely responsible for water allocations, infrastructure, dams and urban water supply. The Australian Government supports state and local governments to deliver water infrastructure including through programs such as the \$1.3 billion National Water Infrastructure Development Fund and the \$2 billion National Water Infrastructure Loan Facility.

The Australian, states and territories have worked collaboratively over recent decades through the National Water Initiative and the Murray-Darling Basin Plan to better balance the use of Australia's surface and groundwater resources for the environment, communities and industries that depend on it. Work is also underway on improved management of our underground water resources.²³

However, while progress is being made, Australia has no strategic vision for management efforts and investment in water resources which recognises current and future needs and takes account of future challenges under various credible scenarios. It is important for investor and community confidence that the Government can articulate its approach to preparing for future water use.

Given the increasing and competing demands on our finite (and possibly reducing) water resources, the development of a systematic and prioritised assessment of national water resources is needed. This would gather data about the use and pressures on each water system to inform future management effort and investment. Such a national assessment would:

- build a national picture, based on each surface and groundwater basin;
- be undertaken in a prioritised sequence, over time;
- involve the states and territories, private sector and local communities and build on existing initiatives;
- provide confidence to investors and communities;
- provide a common understanding of the challenges and problems that the nation faces to facilitate stakeholder support for reform; and
- guide future investment and management efforts.

²⁰ The Department of the Environment and Energy and the Department of Agriculture and Water Resources 2017, Report on the Review of the National Landcare Program, The Department of the Environment and Energy and the Department of Agriculture and Water Resources.

²¹ CSIRO 2015, Australian National Outlook 2015, CSIRO, Australia.

²² CSIRO 2015, Australian National Outlook 2015, CSIRO, Australia.

²³ Development of the Great Artesian Basin Strategic Management Plan

Assessment of each surface and groundwater basin would: consider the likely impacts of climate change on water availability; and take account of existing and future pressures in the assessed area including population growth, industry growth and environmental needs.

It is important that existing work be recognised and that ongoing water assessments leverage work already undertaken. Governments have already undertaken extensive water assessments in some basins. For example, the Murray Darling Basin would be out of scope initially given the significant investment in this basin through the Murray Darling Basin Plan.

It is critical that sufficient time be made available to carry out the assessment given the complexities, significant research, data analysis and community consultation that would be required. The model could be initially tested in one basin and then progressively prioritised across other basins over time.

Recommendation 1.2

A systematic and prioritised assessment of Australia's water resources should be undertaken to inform future management effort and investment, including:

- evaluating each of the nation's surface and groundwater basins; and
- taking account of future challenges such as changes in climate, population, industry growth and environmental needs.

2. Incentives for good practice

The National Drought Agreement commits all governments in Australia to develop policies and programs that position farmers to plan for and manage risk; and prepare for, manage and recover from drought. Farmers use many strategies to manage risk, including maintaining relatively high equity levels, liquid assets and borrowing capacity, using inputs conservatively, diversifying across enterprises and locations, and earning off-farm income.²⁴

For its part, the Government currently assists farm businesses to manage risk and prepare for drought, through a wide range of tax incentives, concessional loans and investment. It also invests in research and development to support improvements in the productivity, profitability and sustainability of the agriculture industry.

2.1 Tax incentives

The Government offers generous tax incentives to primary producers, whether drought affected or not. These include industry-specific concessions, and concessions available to businesses more broadly. Tax management assistance is also available for drought affected businesses.

Incentives such as income tax averaging, income spreading and the Farm Management Deposits (FMD) scheme help primary producers to deal more effectively with uneven income flows, while others assist primary producers to invest in assets, including fencing, water and fodder storage to improve the business and to prepare for drought.

Treasury estimates that in 2016-17, about \$515 million in tax expenditures (defined as concessions, benefits and incentives delivered to taxpayers via the taxation system) was afforded to agriculture.²⁵ This estimate does not include other, non-sector specific, tax measures which may benefit agriculture (for example, small business concessions and R&D tax incentives). Annex 5 provides further information on the range of tax incentives available for primary producers.

The FMD scheme is one of the primary tools offered by Government to encourage primary producers' financial resilience. In consultations, primary producers identified the FMD scheme as a valuable tool to increase self-reliance. However, calls continue to be made for changes to FMDs. These include allowing small businesses or companies to use them or intergenerational transfer.

Currently, the contribution of FMDs to drought resilience is not clear, and it has been noted that FMDs may be used for tax planning. A review, based on robust analysis of data, to better understand their effectiveness should be conducted to inform any future changes.

The Australian National Audit Office (ANAO) is conducting a performance audit of the FMD scheme, due to report in June 2019, which may improve the Government's understanding of the effectiveness of FMDs and should contribute to any review.

Recommendation 2.1

A review, underpinned by robust evidence, about the effectiveness of the Farm Management Deposits (FMD) scheme should be undertaken to inform any future changes.

²⁴ ABARES Snapshot of Australian Agriculture 2018.

²⁵ The Treasury 2019, Tax Benchmarks and Variations Statement 2018, The Treasury, Canberra.

2.2 Diversifying income

Diversification is key to risk management in many sectors, including agriculture.²⁶ Diversifying on and off farm income can be an effective risk management strategy for a farm business, potentially providing supplementary income when drought may dry up other sources. Options are broad and can include new livestock and cropping products, forestry, energy and carbon farming and accommodation and tourism.

There are various government programs that support diversification many of which are location and environment dependent. Some, such as environmental stewardship and carbon farming programs, offer the additional benefit of maintaining the health of the soil and resilience when drought hits. Many farm businesses are not aware of the availability of these programs and the income diversification opportunities that they provide. Further work to increase awareness of their availability should increase uptake and improve income diversification.

Recommendation 2.2

Farm businesses should be encouraged to consider programs that provide supplementary income, such as carbon farming, environmental stewardship and renewable energy.

2.3 Research and development

Research and development (R&D) informs improved and new ways of farming, more efficient water use, better management of natural capital, adaptation to climate change and sustainable business models. Investment in R&D across the agricultural sector has been, and will continue to be, critical to managing and preparing for drought.

Ernst & Young (EY) was commissioned by the Australian Government to develop a shared vision to best position the Australian agricultural innovation system for the future. Their report, *Agricultural Innovation – A National Approach to Grow Australia's Future* was released in March 2019.

The report shows that while Australia has a good R&D reputation, our system is complex and involves numerous Australian Government and state departments, Rural Research and Development Corporations, committees and boards. A lack of coordination across these bodies is resulting in a siloed approach to setting priorities and direction. It also found that the existing R&D portfolios are largely focused on applied, commodity specific and incremental innovations.

The Productivity Commission also identified that there is a need for better data on rural R&D funding and expenditure.²⁷ This applies to drought R&D expenditure. Without data about what drought research is being conducted, its focus, and relevance to different commodities, our ability to understand whether there are gaps is limited. Improved information would also allow priorities to be set for R&D effort.

To support this, EY recommend shared priorities across the system be established to guide innovation investment and activities. They also recommend that the balance of public investment should shift towards transformational and cross-sectoral outcomes. In setting priorities and considering issues that cut across sectors, consideration should be given to R&D to improve drought preparedness and resilience.

²⁶ J Anton & K Shingo, 'Measuring Risk in Agriculture and Implementing Good Risk Management Policies' Australian Farm Institute Policy Journal, vol. 9, no. 4, 2012.

²⁷ Productivity Commission 2011, Rural Research and Development Corporations, Productivity Commission Inquiry Report No.52, Productivity Commission, Melbourne.

Recognising these needs, the Australian Government has committed \$2.9 million over three years from 2019-20 to establish an advisory panel to drive national leadership of agricultural innovation and to promote transformational R&D to boost productivity and support long-term jobs in the agriculture sector. As part of its work, the panel will consider improving data collection and looking at both industry specific and cross cutting research.

Recommendation 2.3

Research and development on drought should be strengthened through improved data collection, leadership and coordination to improve priority setting and target investment.

Other risk management measures

Some stakeholders have called for tax incentives and subsidies for insurance premiums and for the Government to invest further in business and financial training.

Insurance can significantly reduce the financial risk that a farmer faces from production loss.²⁸ It is clear that the best role for government is to support insurance uptake and development by improving agricultural data availability. However, government intervention in the insurance market is likely to distort market signals that should inform farmers' action and drive structural adjustment. There is also no available evidence of either an uptake in coverage or a pass-through in reduced premiums for consumers in those states that have abolished stamp duty on multi-peril crop insurance.

On business and financial training, states and territories are responsible for encouraging the delivery and uptake of capacity-building programs under the National Drought Agreement.

Further analysis of these two issues is at Annex 2.

²⁸ Department of Agriculture and Water Resources 2015, Agricultural Competitiveness White Paper, Department of Agriculture and Water Resources, Canberra.

3. Improving planning and decision making

The welfare of individuals, families and communities in many regions is inextricably linked to the success of farmers and farm businesses. For farmers and small businesses, drought can seriously erode income, increase rural poverty, increase both on and off-farm workloads, exacerbate health and welfare issues, overload service providers and affect access to education.²⁹

Research indicates that when people are under stress they may experience cognitive overload and find it more difficult to make decisions.³⁰ Their comprehension of information may also be compromised. Consequently, when farmers are given advice under stress, they may find it harder to understand the implications of this information, and make decisions. Change under these circumstances is likely to be more challenging, as people have a tendency to stick to the status quo.

As a result, governments should focus on investment in, and planning for, the wellbeing of individuals, families and communities during good times. Early intervention can counteract the worst effects of the drought, and build strength and resilience ahead of future droughts.

When developing interventions for farmers, their families and communities, local solutions should be considered. Research indicates that the factors prompting farmers' actions and choices are heavily influenced by their social and informal network.³¹ Counsel from a trusted source has been found to be an effective method to increase the persuasiveness and credibility of a message.³² Informal settings create a safe space for farmers to reach out for support.

3.1 Financial counselling

Farming businesses

The Rural Financial Counselling Service (RFCS) has been in operation since 1986. It provides free financial counselling nationally to farmers, fishing enterprises, forestry growers and harvesters and small agricultural related businesses in, or at risk of, financial hardship. Hardship may be the result of drought or other circumstances.

The RFCS is principally funded by the Australian Government, with contributions from the states and territories. The RFCS currently employs around 120 rural counsellors, who, on average, assist more than 5,000 clients each year.³³ They aim to assist clients to understand their financial position, the viability of their enterprise, and develop and implement plans to become self-sufficient. This assistance can also help businesses make decisions about their operation, which in some cases may be to exit the industry if long-term financial security is not achievable.

The RFCS is a valued service, with reviews finding participants' business planning and strategic decision making improves with assistance.³⁴ Consultations revealed a perception that the RFCS

²⁹ B Alston & J Kent J, Social Impacts of Drought, a report to NSW Agriculture, Centre for Rural Social Research, Charles Sturt University, 2004.

³⁰ B Long 2013, Understanding Farmer Decision Making and Adoption Behaviour, Grains Research & Development Corporation, viewed 28 March 2019 <<https://grdc.com.au/resources-and-publications/grdc-update-papers/tab-content/grdc-update-papers/2013/02/grdc-updatepaper-long2013-decisionmakingandadoption>>.

³¹ A Baumgart-Getz, L Prokopy & K Floress, 'Why farmers adopt best management practice in the United States: a meta-analysis of the adoption literature', *Journal of Environmental Management*, vol. 96, 2012, pp. 17-25.

³² K Blackstock, J Ingram, R Burton, K Brown, R Slee, 'Understanding and influencing behaviour change by farmers to improve water quality', *Science of the Total Environment*, vol. 408, 2009, pp. 5631-5638.

³³ As at 31 December 2018, Department of Agriculture and Water Resources

³⁴ Department of Agriculture and Water Resources 2018, *Review of the Intergovernmental Agreement on National Drought Program Reform*, Department of Agriculture and Water Resources, Canberra, p. 20.

service is stretched during drought and additional resources are required during events when hardship in the agricultural sector increases.

Barriers to the takeup of drought and other risk management assistance offered by governments have been identified. In particular, attributional biases (for example, pride and shame) may prevent primary producers from accessing RFCS services.³⁵

Ahead of the next funding round in June 2020, the Department of Agriculture and Water Resources (DAWR) plans to review the operation and structure of the RFCS to assess the efficiency and effectiveness of funding and services in meeting the program's objectives. This review will seek to determine what improvements can be made to the program and how services are delivered. The review should assess the funding model to ensure RFCS providers are sought during periods of no drought, can respond to increased demand during drought and address barriers to uptake.

Recommendation 3.1.1

A review of the Rural Financial Counselling Service (RFCS) should be undertaken before the next funding round to inform improvements to the program, ensure its services are sought during period of no drought, it has the capacity to respond quickly to increased demand, and address any barriers to uptake.

Small businesses

During drought, small business operators experience financial stress due to reduced spending in affected communities. In consultations, concerns were consistently raised about the survival of small businesses in these communities. In particular, it was noted that farmers and farm related businesses have access to the RFCS. However, equivalent support is not provided for other small businesses.

Governments provide a range of small businesses support, including general advice, mentoring and tools. However, access for rural and regional areas is patchy, and most are not designed to provide intensive financial counselling support or for the circumstances found in rural communities. Most states have piloted, or put in place, time limited programs to provide small business support, often as an adjunct to the RFCS. While the RFCS can support small businesses, under the current guidelines they are limited to supporting farm related businesses.

Financial Counselling Australia advise that financial counsellors who support individuals are seeing an increase in contact from small business, but are unable to assist due to licensing exemptions. The recent Review of the Coordination and Funding of Financial Counselling Services across Australia undertaken by Louise Sylvan AM FAICD, also reflected anecdotal evidence of an increase in demand for financial counselling for small business. It noted that further exploration of this need, and ways to address it, would be appropriate.

Recommendation 3.1.2

Financial counselling services should be extended to small businesses experiencing hardship in drought affected areas.

3.2 Income Support

Under the National Drought Agreement, the Australian Government is responsible for delivering time-limited household support.

³⁵ Cotching, H., Perlesz, L., Betros-Matthews, D. & Truong, A. 2019, Research project: *Better supporting farmers during drought*, Behavioural Economics Team of the Australian Government, Department of the Prime Minister & Cabinet, Canberra.

DROUGHT IN AUSTRALIA

Through the Farm Household Allowance (FHA) program, the Australian Government provides a safety net for all farmers in financial hardship, not just those impacted by drought. The FHA program commenced in July 2014 and has provided support to over 11,100 people. As at 27 March 2019, 6,399 people were on payment.

The FHA provides support to farmers and their partners up to a maximum of four cumulative years while they take action to address their long-term financial security. As with all income support payments, there are activity requirements or mutual obligations that must be completed in order to remain eligible for payments. For FHA, these mutual obligations are designed to encourage decision making around financial viability and independence and include the completion of a Farm Financial Assessment (FFA) and Farm Improvement Agreement (FIA).

The limited duration is intended to avoid welfare dependence. However, around 15 per cent of farmers on payment are already receiving their last year of FHA, with some of these having already claimed some form of previous support. This raises questions about how effectively the current FHA settings support decisions around financial independence, whether through farm business improvement or exiting the sector.

In September 2018, the Australian Government appointed an independent panel to review the current settings of the FHA program. The Panel's report determined that further work is required to rebuild the FHA to meet its dual objectives of providing income support and assisting with decision making around financial viability. The Panel found that the current mutual obligation requirements are not sufficiently helping people make change and a number of recipients are not fully engaging in these processes, or benefiting from the voluntary activity supplement.

The review panel proposed that a revised farmer centric approach to the mutual obligation component of FHA would assist farmers to make informed decisions about their financial viability. While the FHA is an important safety net, the settings should encourage self-reliance, facilitate recovery and reduce the risk of long-term welfare dependence. Consistent with the framework outlined below, earlier and more intensive intervention at key stages could better support farmers and their families to make decisions about their future.

Intervention Framework ³⁶		
Early Intervention	Intervention at critical stages	Intervention for long term welfare recipients
Effectively triage people who first enter the system to identify those who are able to regain independence and assist them to do so quickly.	Prevent people from transitioning between payment types through proactive and effective intervention at critical stages.	Identify and assist long term welfare recipients who have capacity to reduce their dependence on the system, to do so.
Application of the Framework to FHA		
An enhanced triage and initial assessment model, using an integrated, single point of access, to support early identification of goals, both	Intensive case management (ICM) model for recipients who have been in receipt of FHA continuously for 12-18 months to consider all needs such as financial support,	Time-limited, targeted case management for FHA recipients who are coming to the end of their four year eligibility period. This targeted case management

³⁶ PWC 2016, Valuation Report 30 June 2015 Baseline Valuation, prepared for the Department of Social Services, Canberra, viewed 28 March 2019 < https://www.dss.gov.au/sites/default/files/documents/09_2016/baseline_valuation_results_report_accessible_version_12_july_2016_2pwc_2.pdf>.

financial and personal, for new FHA recipients.

health/mental health support, and education/training. The aim is to assist farmers make long term decisions about their business viability.

needs to be comprehensive and include business support, health and wellbeing support, and education/retraining.

Recommendation 3.2.1

A pilot program should be undertaken to test wrap-around support for new and long term Farm Household Allowance (FHA) recipients to make informed decisions about their futures, improve their ability to recover from significant events and transition off FHA.

The pilot should test:

- an enhanced triage model, using an integrated, single point of access, to support early identification of goals, financial and personal, for new FHA recipients;
- an intensive case management (ICM) model for recipients in receipt of FHA continuously for 12-18 months. The ICM would consider all needs such as financial support, health/mental health support, and education/training. The aim is to assist farmers make long term decisions about their business viability;
- Evaluation of the pilot with a particular focus on seeking behavioural insights into barriers/enablers to good decision making.

Based on the evaluation findings, consideration should be given to refining the FHA program.

Expiring Support

Further assistance should be considered for recipients who are coming to the end of their four year eligibility period, with support due to lapse between August and December 2019. A targeted case management program separate to the FHA, delivered by a non-government organisation, should assist this group to make decisions about their future farm business viability. The targeted case management needs to be comprehensive and include business, health and wellbeing support, and education/retraining. It should be made available as soon as possible and continue to be available for a time limited period once the payment period ceases.

Consideration should also be given to whether some financial assistance for household expenses (including access to concession cards) is warranted once the FHA payments cease. If transition support payments are considered needed, they should be time-limited, separate from FHA and directly linked to a farmer engaging in the case management process with a clear end date.

Recommendation 3.2.2

A non-government organisation should be engaged to provide time-limited targeted case management for Farm Household Allowance (FHA) recipients who are coming to the end of their four year eligibility period or have exhausted their FHA allocation.

Consideration should be given to a time-limited one-off subsistence payment to the farmers who have exhausted their FHA allocation and are not eligible for other government assistance. This grant should be separate from FHA and the broader income support system and require a commitment by the recipient to engage in the targeted case management outlined above.

4. Building Community Resilience

4.1 Community Leadership and Planning

As noted earlier, farmers and their fortunes are closely connected with those of their local communities. As a result, prolonged periods of drought present a significant challenge to those communities where agriculture is a dominant sector.

The City Resilience Framework³⁷ notes that resilience is achieved when the capacity of individuals, institutions, businesses, and systems within a community can survive, adapt, and grow, no matter what kinds of chronic stresses and acute shocks they experience.³⁸ Community resilience is about making a community stronger, in both good times and bad, for the benefit of all.

Informal leaders can play an important role in driving community discussions on relevant issues and developing solutions that can inform broader formal decision-making processes.³⁹ Formal leadership by local governments through comprehensive and inclusive planning, provides continuity and also helps communities cope better.

The Coordinator-General for Drought has observed that communities with strong leadership from local government and within the community are coping better with the pressures brought by drought. However, the varying size and capacity of local governments impacts the ability of local communities to undertake the community-led planning processes to lessen the effects of drought.

A dedicated investment in local leadership capability, of both formal and informal leaders, could strengthen local planning ability. Local community-based planning for adverse events, including drought would improve preparation, management and recovery from those events. Planning for drought should consider water supply and quality, projects to buoy the local economy and maintain community cohesion and drought support coordination.

There are a number of government programs designed to support rural and regional communities. Programs that support capacity building, including leadership development, would help communities strengthen their resilience through planning.

To support drought planning, incentives could be provided through future government funding to regional communities to undertake adverse event (stress and shock) planning.

Recommendation 4.1

A pilot program to build community leadership capability, involving the development of a local adverse event plan, should be undertaken to build communities' capacity to adapt and cope with chronic stresses and acute shocks.

The pilot should include:

- funding for a not-for-profit organisation to work with local governments and communities to build formal and informal leadership capability within the community; and
- a requirement for the program to deliver an adverse event plan for the community with their involvement.

³⁷ The Rockefeller Foundation and ARUP 2014, City Resilience Framework, ARUP, London, viewed 28 March 2019 <<https://www.rockefellerfoundation.org/report/city-resilience-framework/>>.

³⁸ Shocks are typically considered single event disasters, such as fires, earthquakes, and floods. Stresses are factors that pressure a community on a daily or reoccurring basis, such as drought, chronic food and water shortages, an overtaxed transportation system, or high unemployment.

³⁹ Code, D, Turnbull, G, SVA Quarterly 2017, Features of successful community leadership programs, SVA Quarterly, viewed on 28 March 2019 <<https://www.socialventures.com.au/sva-quarterly/features-of-successful-community-leadership-programs/>>.

The pilot should be evaluated, with the findings informing consideration of a national program.

4.2 Drought related stress and mental health

Drought can be a major source of stress for farmers and their communities. For farmers, seeing their crops fail, selling breeding stock, long hours of feeding animals and land deteriorate can take its toll. Communities, in particular small business owners, experience similar stresses as business slows and budgets tighten.

Research indicates that farmers are more likely to try and manage stress and mental health issues themselves rather than to seek help from the health system.⁴⁰ While existing programs and policies provide options for farmers to access clinical services and mental health professionals, farmers prefer to initially talk to someone who is trusted and seek their advice on where to go for help.

This is consistent with the findings of the World Health Organisation (WHO) that informal health care has a key role in supporting people experiencing stress and psychological distress. This is because it provides an initial, non-threatening pathway to care for people who may not access, present or interact with the health system.⁴¹

Governments have invested in mental health support in rural areas, including specifically for mental health to help farmers and communities deal with the stress and uncertainty of drought. Even so, people often do not know where to start when seeking help. Providing training and support to a trusted member of a community can provide a safe option for people to seek help and gain assistance in navigating available services.

While not specifically addressed here but noted in the Senate Inquiry,⁴² clinically led mental health treatment and prevention programs in rural communities need to be developed with communities so that they reflect local issues and challenges. During times of drought this becomes particularly important, the longer term and more indirect mental health implications of drought are harder to measure and monitor making it necessary to commit to a sustained long term response and investment.

On 29 March 2019, the Australian Government announced a Trusted Advocates Network Trial⁴³ which enables Primary Health Networks in nine communities in drought affected areas to support and train trusted community leaders to provide initial mental health support and referral to community members in need.

Recommendation 4.2

The Trusted Advocates Network Trial should be evaluated, with the findings informing consideration of national program to provide support for rural and regional communities.

⁴⁰ Brew, B, Inder, K, Allen, J, Thomas, M, Kelly, B. 'The health and wellbeing of Australian farmers: a longitudinal cohort study'. BMC Public Health (2016) 16:988DOI 10.1186/s12889-016-3664-y

⁴¹ Mental Health Policy and Service Guidance Package, World Health Organization (WHO), "Organization of Services for Mental health," page 34, WHO 2003a.

⁴² Community Affairs Reference Committee, Accessibility and quality of mental health services in rural and remote Australia (December 2018) https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/MentalHealthServices/Report

⁴³ <http://www.health.gov.au/internet/ministers/publishing.nsf/Content/health-mediarel-yr2019-mckenzie022.htm>

5. Informing farmers, communities and governments

Information, its accuracy, availability and accessibility, cuts across every drought issue. To make early and informed decisions, governments, farmers and communities need to be able to access quality, local and easy to understand data. Information from government, whether data or about initiatives and programs, needs to be communicated in the right way, through the right channels and at the right time to reach its audience.

5.1 Drought indicators and seasonal conditions

An objective of the National Drought Agreement (NDA) is to provide government, communities, industry and the public with access to common sources of quality, drought-related information and data to improve decision making. While there is significant information available, more is needed, particularly improved forecasts and local information.

The Bureau of Meteorology (BoM) regularly assesses how the availability and use of localised data can be increased, such as improved calibration of radar and satellite images. Recognising that confidence in forecasts is increased when they are based on locally acquired weather and other data, BoM is designing its observation and computer networks so that they can use third-party (e.g. farmer) observations. This will also help to improve the accuracy of weather forecasts. In the near future, it is envisaged that local data will be combined with BoM forecasts to provide forecasts for individual farms.

Drought indicators to provide early insight into emerging conditions, trends and patterns could assist governments to respond to drought and communities and farmers when they are managing and preparing for drought. However, developing drought indicators is challenging:

- Drought is dependent on the type of agricultural industry and its location. What may be drought in one area or on one property is not necessarily drought in other areas or on other properties.⁴⁴
- Information may not be regionally specific, readily available or integrated. In particular, there are gaps in seasonal and future climate change forecasting at the regional and local level.
- Expectations about what an indicator means can be difficult to manage.

Nonetheless, the Australian Government should look to develop a set of indicators that it can use internally to flag changing conditions and emerging impacts. These should be used to inform a framework that will guide how the government might respond, such as increasing services in affected areas. Importantly, the drought indicators and complementary framework should not be made public, used to declare regions in drought and/or lead to automatic government support as this would result in inequities.⁴⁵

Drawing on the indicators for government, work should be undertaken to develop a set of indicators to inform farmers, industry, not for profit organisations and the community and help them manage and prepare for drought. These drought indicators would provide a common picture of emerging trends and conditions and may provide key information for decisions, or trigger community/farm drought plans.

Currently, climatic data is rarely considered with economic and social information. Indicators that combine this information would provide a more holistic understanding of the situation on the

⁴⁴ Bureau of Meteorology and CSIRO, Drought Exceptional Circumstances: an assessment of the impact of climate change on the nature and frequency of exceptional climatic events, Bureau of Meteorology and CSIRO, Canberra, 2008.

⁴⁵ Productivity Commission 2009, Government Drought Support.

DROUGHT IN AUSTRALIA

ground and early signs of farm businesses and communities experiencing (or likely to experience) increasing stress. Qualitative data to supplement and test quantitative indicators about local conditions could be collected from communities themselves through local government, charities and trusted community members.

Potential examples could include:

Category	Relevance	Possible indicators
Climate and seasonal forecasts	Drought occurs whenever seasonal conditions are unable to support agricultural activity over an extended period.	<ul style="list-style-type: none"> • Rainfall deficiency • Temperature • Water storage levels • Soil moisture • Climate change trends for these indicators
Agricultural economic data	Agricultural economic information can be used to assess the potential impact of dry conditions. While the current drought has had a significant impact on production the higher than average commodity prices have resulted in farm incomes not being impacted, to date, as much as previous droughts. ⁴⁶	<ul style="list-style-type: none"> • Commodity price forecasts • Production volumes • Farm Management Deposit holdings • Input costs (e.g. water prices, grain prices)
Community level economic and social conditions	Regional communities' vulnerability to dry conditions differ. Some communities are more resilient to drought than others. ⁴⁷ Social indicators would provide early signs of farm businesses and communities experiencing (or likely to experience) greater levels stress.	<ul style="list-style-type: none"> • Economic diversity • Education attainment • Unemployment rates • RFCS caseloads • Demand for charity, mental health services • Small business income

The development of indicators, and an approach to interpreting the indicators, will require extensive consultation to ensure they are useful and trusted.

Recommendation 5.1

Two sets of indicators should be developed, in the following priority, to better inform:

- the Australian Government on regional and local conditions and assist drought preparation and response complemented by a response framework; and
- decisions by farmers and communities to manage and prepare for drought.

⁴⁶ ABARES, Analysis of 2018 drought.

⁴⁷ Drought Policy Review Expert Social Panel 2008, It's About People: Changing Perspective. A Report to Government by an Expert Social Panel on Dryness, Report to the Minister for Agriculture, Fisheries and Forestry, Canberra.

5.2 Information and Access

Arming farmers and farming communities with information to make decisions and prepare for drought, especially during the good years, should help reduce the impact of drought in the future. Governments must ensure farmers have access to the information they need to prepare for the next drought and are aware of the range of government support available.

The development of the National Drought Map⁴⁸ and FarmHub⁴⁹ are providing governments, industry and communities with consistent information to inform decisions about the drought.

Research⁵⁰ has shown that government communication with farm businesses, families and rural communities should align with the following principles (further detail is provided in Annex 6):

- High-level messaging on drought preparedness, in-drought support and natural resource management should be consistent across Australian Government agencies, with communications activity coordinated across these agencies to make it easier for audiences to access information and the services they require.
- Communication should be consistent, where it makes sense, to avoid confusion or contradiction. Governments and non-government organisations should seek to align their key messages.
- Communications on drought and drought preparedness should be delivered at all times, not just during drought.
- Communications should be tailored to farmers' business needs, focusing on the value proposition of the service or support being communicated.
- Local intermediaries and trusted advisers are highly influential and should be a key delivery channel as part of a multi-channel approach.
- Drought communications should be region-specific and align with drought indicators as they are developed, as outlined in Recommendation 5.1.

These principles could also be shared and adopted by other organisations, including charities and non-government organisations, as well as state, territory and local governments.

Recommendation 5.2

All government communication with farmers and rural communities on drought should be consistent with the research-backed principles at Annex 6.

⁴⁸ <https://map.drought.gov.au>

⁴⁹ <https://farmhub.org.au/>

⁵⁰ Cotching, H., Perlesz, L., Betros-Matthews, D. & Truong, A. 2019, Research project: *Better supporting farmers during drought*, Behavioural Economics Team of the Australian Government, Department of the Prime Minister & Cabinet, Canberra.

6. Governance, evaluation and review

6.1 Common definitions

Drought

Within the Australian Government, a wide range of definitions for drought exist as government programs and policies define drought differently. These definitions vary in climatic data, time periods, agricultural employment and other measures. A common definition used across the Australian Government would help consistent, timely and equitable allocations of responses. It should be a classified working definition and not be made publicly available. Doing so would risk it being interpreted as a drought declaration tool or as a trigger for public support.

Recommendation 6.1.1

A definition of drought should be developed for internal use by Australian Government agencies to consistently direct resources and responses to farmers and communities in need.

Farmer/primary producers

Australian, State and Territory governments offer many programs to assist farmers to prepare for, manage and recover from drought. These programs use different criteria to define eligible farmers, farm businesses and/or primary producers. When interacting with government, producers must provide the same, or very similar, information over and over to prove their eligibility. Consultations revealed strong interest in reducing the red tape associated with proving primary producer eligibility for programs and support. Work should be undertaken by governments to align eligibility requirements, recognising that some elements may be program specific.

Recommendation 6.1.2

The Australian Government should work with state and territory governments to better align the criteria to prove primary producer status for access to government programs and incentives to reduce red tape in the agricultural sector.

6.2 Governance, reporting and review

The Department of Agriculture and Water Resources (DAWR) should lead development, implementation and whole-of-government coordination of a strategy. Respective departments and agencies as identified in Annex 1 should be responsible for implementation and delivery of each recommendation in consultation with relevant counterparts. To maintain engagement and consistency across Government on drought issues, and develop and implement a strategy, DAWR should establish an interdepartmental committee.

The Minister for Agriculture and Water Resources should report to Government annually on implementation of a drought strategy to ensure accountability and drive progress. A strategy should be reviewed after three years to ensure it remains fit for purpose.

Any review should include an evaluation of Government programs operating during this current drought to inform future program design and policy development.

Recommendation 6.2.1

The Department of Agriculture and Water Resources should lead the development and implementation of a drought strategy and drive whole of government engagement on drought.

Recommendation 6.2.2

The Minister for Agriculture and Water Resources should report annually to Government on the implementation of a drought strategy and review the strategy after three years in consultation with other Ministers responsible for implementing recommendations.

6.3 Drought communications forum

On his appointment, the Coordinator-General for Drought was asked to engage with drought affected communities, including through clear, effective and visible communication on available support. It was quickly recognised that there were a number of programs and supports already in place, but information was not always accessible, consolidated, in a digestible format or communicated in context with other Government measures.

Consequently, people were confused about what they were hearing and reading, and those who were eligible for support were either unaware of the support or choosing not to seek assistance. There were also conflicting narratives about the severity and impact of the drought in the public domain.

To maintain confidence in communities and ensure meaningful support reached farmers, a government coordination group for communications activities was established. It drove better communication of government support, new methods of delivering information and aligned Australian Government agencies' messaging.

This forum should be maintained. It should ensure that agencies continue to coordinate messaging and communication in line with the principles outlined in recommendation 5.2. The forum should work closely with the National Farmers' Federation to update and promote FarmHub as the primary source of information on drought.

The forum should ensure that communication strategies and activities are responsive to changing conditions and aligned to the drought indicators once the system is mature (recommendation 5.1).

Recommendation 6.3

The Department of Agriculture and Water Resources should continue to convene a cross government drought forum to manage consistent and comprehensive communications.

Annexes

1. Suggested Recommendations implementation milestones

Recommendations	Milestones	Timeline	Agencies responsible
1. Stewardship of important natural resources			
1.1 Building on work underway, regular, comprehensive and consistent assessments of Australia's natural resources should be undertaken to inform long term, regional natural resource management priorities to focus farm drought resilience investment and actions on the ground.	<ul style="list-style-type: none"> Establish a working group with states and territories and NRM groups to develop a process for undertaking the assessment (building on existing structures). Develop the framework for NRM regular assessments. Complete first assessment. Identify proposed priorities areas. Undertake the assessment. 	<ul style="list-style-type: none"> By August 2019 By early 2020 By the end of 2020 By July 2021 Every five years 	<ul style="list-style-type: none"> Department of the Environment and Energy (lead) Department of Agriculture and Water Resources
1.2 A systematic and prioritised assessment of Australia's water resources should be undertaken to inform future management effort and investment, including: <ul style="list-style-type: none"> evaluating each of the nation's surface and groundwater basins; and taking account of future challenges such as changes in climate, population, industry growth and environmental needs. 	<ul style="list-style-type: none"> Develop a plan to undertake the national assessment. Finalise the national assessment. 	<ul style="list-style-type: none"> By early 2020 By 30 June 2023 	<ul style="list-style-type: none"> Department of Agriculture and Water Resources (lead) Department of Infrastructure, Regional Development and Cities Department of the Environment and Energy
2. Incentives for good practice			
2.1 A review, underpinned by robust evidence, about the effectiveness of the Farm Management Deposits (FMD) scheme should be undertaken to inform any future changes.	<ul style="list-style-type: none"> Commence work on improving data collection (including removing any barriers) and analysis of the FMD scheme, following release of the ANAO audit report. Enhanced data and information is used as the basis for a review of FMDs. 	<ul style="list-style-type: none"> Second half of 2019 Within three years 	<ul style="list-style-type: none"> Department of Agriculture and Water Resources (lead) Treasury Australian Taxation Office Australian Prudential Regulation Authority
2.2 Farm businesses should be encouraged to consider programs that provide supplementary income, such as carbon farming, environmental stewardship and renewable energy.	<ul style="list-style-type: none"> Use existing methods, such as FarmHub, to provide targeted information to farmers and communities on opportunities available. 	<ul style="list-style-type: none"> By December 2019 	<ul style="list-style-type: none"> Department of the Environment and Energy (lead)

			<ul style="list-style-type: none"> Department of Agriculture and Water Resources
2.3 Research and development on drought should be strengthened through improved data collection, leadership and coordination to improve priority setting and target investment.	<ul style="list-style-type: none"> The advisory Panel will consider drought R&D as part its work. 		<ul style="list-style-type: none"> Department of Agriculture and Water Resources (lead) Department of the Environment and Energy Bureau of Meteorology CSIRO Rural Research & Development Corporations Innovation and Science Australia
3. Improving planning and decision making			
3.1.1 A review of the Rural Financial Counselling Service (RFCS) should be undertaken before the next funding round to inform improvements to the program, ensure its services are sought during period of no drought, it has the capacity to respond quickly to increased demand, and address any barriers to uptake.	<ul style="list-style-type: none"> Complete review of RFCS so adjustments can be made ahead of the next funding round. New arrangements are in place. 	<ul style="list-style-type: none"> By mid-year 2019 By July 2020 	<ul style="list-style-type: none"> Department of Agriculture and Water Resources
3.1.2 Financial counselling services should be extended to small businesses experiencing hardship in drought affected areas.	<ul style="list-style-type: none"> Consideration of options to extend services to small businesses. 	<ul style="list-style-type: none"> By December 2019 	<ul style="list-style-type: none"> Department of Jobs and Small Business (lead) Department of Social Services
<p>3.2.1 A pilot program should be undertaken to test wrap-around support for new and long term Farm Household Allowance (FHA) recipients to make informed decisions about their futures, improve their ability to recover from significant events and transition off FHA.</p> <p>The pilot should test:</p> <ul style="list-style-type: none"> an enhanced triage model, using an integrated, single point of access, to support early identification of goals, 	<ul style="list-style-type: none"> Commence and evaluate pilot project. 	<ul style="list-style-type: none"> January 2020 to January 2022 	<ul style="list-style-type: none"> Department of Agriculture and Water Resources (lead) Department of Human Services

<p>financial and personal, for new FHA recipients;</p> <ul style="list-style-type: none"> an intensive case management (ICM) model for recipients in receipt of FHA continuously for 12-18 months. The ICM would consider all needs such as financial support, health/mental health support, and education/training. The aim is to assist farmers make long term decisions about their business viability; Evaluation of the pilot with a particular focus on seeking behavioural insights into barriers/enablers to good decision making. <p>Based on the evaluation findings, consideration should be given to refining the FHA program.</p>			
<p>3.2.2 A non-government organisation should be engaged to provide time-limited targeted case management for Farm Household Allowance (FHA) recipients who are coming to the end of their four year eligibility period or have exhausted their FHA allocation.</p> <p>Consideration should be given to a time-limited one-off subsistence payment to the farmers who have exhausted their FHA allocation and are not eligible for other government assistance. This grant should be separate from FHA and the broader income support system and require a commitment by the recipient to engage in the targeted case management outlined above.</p>	<ul style="list-style-type: none"> Advice to Government on options. 	<ul style="list-style-type: none"> Mid-2019 	<ul style="list-style-type: none"> Department Agriculture and Water Resources (lead)
4. Building community resilience			
<p>4.1 A pilot program to build community leadership capability, involving the development of a local adverse event plan, should be undertaken to build communities' capacity to adapt and cope with chronic stresses and acute shocks.</p> <p>The pilot should include:</p>	<ul style="list-style-type: none"> Commence and evaluate pilot project. 	<ul style="list-style-type: none"> Late 2019 to June 2022 	<ul style="list-style-type: none"> Department of Infrastructure, Regional Development and Cities (lead)

<ul style="list-style-type: none"> • funding for a not-for-profit organisation to work with local governments and communities to build formal and informal leadership capability within the community; and • a requirement for the program to deliver an adverse event plan for the community with their involvement. <p>The pilot should be evaluated, with the findings informing consideration of a national program.</p>			
4.2 The Trusted Advocates Network Trial should be evaluated, with the findings informing consideration of national program to provide support for rural and regional communities.	<ul style="list-style-type: none"> • Commence and evaluate pilot project. 	<ul style="list-style-type: none"> • July 2020 to June 2022 	<ul style="list-style-type: none"> • Department of Health
5. Informing farmers, communities and governments			
<p>5.1 Two sets of indicators should be developed, in the following priority, to better inform:</p> <ul style="list-style-type: none"> • the Australian Government on regional and local conditions and assist drought preparation and response complemented by a response framework; and • decisions by farmers and communities to manage and prepare for drought. 	<ul style="list-style-type: none"> • Establish a government working group to identify and develop climatic, economic and social indicators and a complementary response framework. • Establish a working group, including industry experts and state and territory representatives to develop indicators for farmers and communities to use a decision support tool to manage and prepare for drought. • Undertake broader consultation on a suite of indicators. • Implement a trial of proposed indicators. 	<ul style="list-style-type: none"> • By August 2019 • From early 2020 • July 2020 • End 2020 	<ul style="list-style-type: none"> • Department of Agriculture and Water Resources (lead) • Department of the Environment and Energy • BOM • CSIRO • ABARES • Department of Infrastructure, Regional Development and Cities • Department of Social Services • Department of Human Services
5.2 All government communication with farmers and rural communities on drought should be consistent with the research-backed principles at Annex 6.	<ul style="list-style-type: none"> • Drought communications coordination forum (recommendation 6.3) to ensure Government communications is based on the guidance at Annex 6. 	<ul style="list-style-type: none"> • Ongoing 	<ul style="list-style-type: none"> • Department of Agriculture and Water Resources (lead) • All agencies with drought related preparedness and support programs and policies

6. Governance, evaluation and review

6.1.1 A definition of drought should be developed for internal use by Australian Government agencies to consistently direct resources and responses to farmers and communities in need.	<ul style="list-style-type: none"> Develop a common definition of drought that can be used by Government when in drought support is provided in consultation with experts. 	<ul style="list-style-type: none"> By the end of 2019 	<ul style="list-style-type: none"> Department of Agriculture and Water Resources (lead) Department of Infrastructure, Regional Development and Cities Bureau of Meteorology
6.1.2 The Australian Government should work with state and territory governments to better align the criteria to prove primary producer status for access to government programs and incentives to reduce red tape in the agricultural sector.	<ul style="list-style-type: none"> Identify the range of eligibility criteria used for Australian Government drought programs. Identify criteria that can be aligned for Australian Government drought assistance programs, noting some programs may have specific legislative requirements, and begin to make changes. Work with states and territories, through the Agriculture Ministers' Forum, towards development of consistent language and criteria. 	<ul style="list-style-type: none"> By Dec 2019 By mid-2020 From August 2019 	<ul style="list-style-type: none"> Department of Agriculture and Water Resources (lead) Treasury Australian Tax Office
6.2.1 The Department of Agriculture and Water Resources should lead the development and implementation of a drought strategy and drive whole of government engagement on drought.	<ul style="list-style-type: none"> Establish an interdepartmental committee to guide development and implementation of a strategy and maintain engagement and consistency on drought. 	<ul style="list-style-type: none"> June 2019 	<ul style="list-style-type: none"> Department of Agriculture and Water Resources (lead) All agencies with drought related programs and policies
6.2.2 The Minister for Agriculture and Water Resources should report annually to Government on the implementation of a drought strategy and review the strategy after three years in consultation with other Ministers responsible for implementing recommendations.	<ul style="list-style-type: none"> Clear, transparent and regular progress reporting to Government. Public release of progress reports, as agreed by the Government. Input to the Government's reporting responsibilities as part of the National Drought Agreement requirements. Review of the Strategy. 	<ul style="list-style-type: none"> Annually Annually Annually After three years 	<ul style="list-style-type: none"> Department of Agriculture and Water Resources (lead) All agencies with drought related programs and policies
6.3 The Department of Agriculture and Water Resources should continue to convene a cross government drought forum to manage consistent and comprehensive communications.	<ul style="list-style-type: none"> Department of Agriculture and Water Resources takes over as chair. The forum is to establish a protocol for engagement and coordination with states, territories, local government and non-government organisations. 	<ul style="list-style-type: none"> From April 2019 By August 2019 	<ul style="list-style-type: none"> Department of Agriculture and Water Resources (lead) Department of Human Services (co-chair)

			<ul style="list-style-type: none">• Department of Infrastructure, Regional Development and Cities• Australian Taxation Office• Department of Health• CSIRO• BoM• Other agencies as required
--	--	--	--

2. Issues considered and excluded

Agricultural Insurance

Farming is inherently risky, particularly in Australia where fluctuating seasonal conditions can be compounded by commodity price and exchange rate movements. Australian agricultural businesses have high rates of output volatility compared to overseas competitors⁵¹ and other businesses operating within the Australian economy.⁵² Insurance is one risk management tool that primary producers can employ.

In Australia, named peril insurance products are common, with a number of companies providing insurance against hail, frost and fire risks.⁵³ Single named peril hail and fire insurance has high uptake in Australia (approximately 75 per cent for broad acre crops and 40 per cent for industrial crops and viticulture in 2009).⁵⁴

However, multi-peril crop insurance (MPCI) – which covers a wide range of adverse events including drought – has low uptake. For example, *Deloitte* estimated only 1 per cent of NSW farmers took up MPCI for winter crops in 2015-16.⁵⁵

Reviews have attributed low uptake to information and participation problems. ABARES notes that only the riskiest or most drought prone farms may sign up for insurance and that farmers with insurance may put less effort into preparing for and managing drought. These issues can result in higher premiums and lower uptake.⁵⁶ MPCI also involves problems around systemic risk, as many farmers can be simultaneously affected by drought, providing limited opportunities for insurers to spread risk among a group of clients.⁵⁷

Another issue in the MPCI market is inequity across states relating to varying stamp duties. New South Wales, South Australia and Victoria have introduced stamp duty exemptions for new MPCI policies to encourage insurance. Queensland (9%), Western Australia (10%), Tasmania (10%) and Northern Territory (10%) continue to collect stamp duty.

Some stakeholders have called for tax incentives and subsidies for MPCI premiums. However, this type of intervention in the market is likely to distort market prices and incentives; impede farmer adaption to climate change; and erode market signals that should inform farmers' action and drive structural adjustment. As a result, losses from adverse weather events may be higher, resulting in higher costs to governments and taxpayers.⁵⁸

There is also no available evidence of either an uptake in coverage or pass-through in reduced premiums for consumers in those states that have abolished stamp duty on MPCI.

In the United States, where crop insurance has been subsidised by government since 1983, the indemnities paid by the public insurer plus administration costs are three times the premiums paid by farmers.⁵⁹ The Congressional Budget Office has projected spending on proposed crop insurance programs at US\$78 billion over the next 10 years.⁶⁰

⁵¹ Keogh, M, 'Including Risk in Enterprise Decisions in Australia's Riskiest Businesses'. *Farm Policy Journal*, Vol. 9 No. 11. (2012)

⁵² Productivity Commission, 'Trends in Australian Agriculture', Productivity Commission Research Paper, Canberra. (2005)

⁵³ Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), 'Options for insuring Australian agriculture' (September 2012), pg 8.

⁵⁴ Deloitte, 'Multi-peril crop insurance in Australia: barriers and opportunities — Agribusiness Bulletin', <https://www2.deloitte.com/au/en/pages/consumer-industrial-products/articles/multi-peril-crop-insurance-australia-barriers-opportunities.html> (accessed 7 February 2019)

⁵⁵ Deloitte, *Multi-peril crop insurance in Australia: barriers and opportunities — Agribusiness Bulletin*,

⁵⁶ Hughes, N. ABARES, 'https://theconversation.com/better-data-would-help-crack-the-drought-insurance-problem-106154' (accessed 26 March 2019)

⁵⁷ Productivity Commission, 'Government Drought Support', Productivity Commission Inquiry Report, No. 46 (2009), pg 207

⁵⁸ ABARES (2012)

⁵⁹ Productivity Commission (2009)

⁶⁰ Fullerton, D; Reif, J; Konar, M; Deryugina, T: 'Crop insurance is good for farmers, but not always for the environment', viewed 26 March <<https://theconversation.com/crop-insurance-is-good-for-farmers-but-not-always-for-the-environment-96841>>.

Government can, however, support insurance uptake and development by improving data availability. The Australian Governments Data Integration Partnership for Australia (DIPA) is contributing in this area, via a recently established project led by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) and the Australian Bureau of Statistics (ABS). This 2019-20 DIPA project plans to use government farm data sets to better understand the effects of climate variability, and produce new drought indicators which could be of value to insurance markets.

However, there remains much more that could be done over the longer-term to improve available weather and agricultural data to support insurance markets (see for example the 2015 ABS-ABARES agricultural statistics review).

Business and financial training

Business and financial training is an important part of building farmers' capacity to prepare for and manage risk. Improved business skills support the productivity, profitability and farm viability.

Under the National Drought Agreement, the Australian Government, states and territories are responsible for developing capability-building programs, tools and technologies to inform and improve farm businesses' decision-making and promote resilience.

States and territories are responsible for encouraging the delivery and uptake of capacity-building programs to improve farm businesses' skills and decision making that are flexible and tailored to farm businesses' needs. It has been found that where training is tailored to meet different regional needs, and designed with farm businesses and industries, participation rates improve.

Training aimed at building knowledge and skills to assist farmers to manage their businesses is delivered by both government and industry.

Education and Training

Education and training plays a critical role in building the social fabric of communities and developing social capital for economic prosperity. Access to high quality education and training for rural and regional communities will build resilience against further hardship, including drought.

Drought conditions place some families under considerable financial stress, resulting in difficulties maintaining education arrangements, including boarding school fees. The Joint Agency Drought Taskforce worked with Australian Government agencies, non-government organisations and charities to examine current Australian Government and state education support available to isolated families. It was found that in addition to assistance from state and Commonwealth governments, the support available through the Catholic and independent school sectors and the charity sector, is generous and accessible to families.

There are a number of other initiatives under way by Australian, state and territory governments to support families in rural and regional communities with school and tertiary education. The Australian Government is currently developing a National Regional, Rural and Remote Education Strategy focused on improving tertiary participation and attainment. The importance of access to education in building strong and resilient individuals and communities that are able to maximise opportunities and deal with a range of challenges (such as drought) will be considered in the strategy.

The Government's Vocational Education Training (VET) Review is currently underway. The Review is focusing on ensuring Australian businesses, including small and family businesses have the skills they need to support their business growth.

In December 2018, the Government announced the Skills Checkpoint for Older Workers Program. This program will support older Australians (aged 45 to 70 years) to upskill or transition into new careers. The program is an avenue for farmers who wish to transition from farming to reskill in to a new industry.

Access to support through charities and not-for profit organisations

Australians are a generous givers, and charities play an important role in supporting drought relief, from providing for basic needs to counselling for those who have been impacted by drought.

During drought, having a community-centred approach to coordinating charity and not-for-profit support promotes better targeting, and reduced duplication. The Australian Charities and Not-for-profit Commission (ACNC) is the independent national regulator of registered charities. Their role includes maintaining, protecting and enhancing public trust and confidence in the sector through increased accountability and transparency. The ACNC has a number of guides for interacting with the charity sector including how to establish a charity, donate to a charity and raising a concern about a charity.

It has been found that coordination of charity efforts in drought regions has led to increased information sharing, avoided duplication and developed partnerships for delivery. Most charities have great networks and on the ground intelligence which helps them to target their support.

To support future drought responses, consideration should be given to engaging a small number of not-for-profit organisations to facilitate charity coordination efforts and work with the local charities, community groups, state governments and councils in affected areas to help them provide the right support at the right time. In addition, charity and not-for profit service coordination should be included in drought plans developed by local communities (see recommendation 4.1). It is also suggested that charities use and input into the National Drought Map to inform their efforts in drought affected communities.⁶¹

⁶¹ <https://map.drought.gov.au/>

3. Australian drought policy history

Since the 1992 the Australian Government has had the policy aim of supporting farmers to manage climate variability through better preparation and self-reliance. To this end the percentage of drought funding has over time shifted from being predominately focused on in-drought support to being predominately focused on drought preparation.

The 1992 National Drought Policy (NDP) heralded a major shift in the way that the Australian Government addressed drought, an onus was placed upon “primary producers and other segments of rural Australia to adopt self-reliant approaches to the management of drought”⁶³. The NDP focused on the roles of producers and governments in implementing self-reliant risk management approaches to drought. The basis of its recommendations rested on the view that drought risks were ‘on a par with the other main risks of farming’⁶⁴. Drought was considered a recurring, natural condition and not a rare climatic aberration.

Prior to 1992 drought assistance was provided under the National Disaster Relief Arrangements (NDRA). States and territories met all costs up to a threshold after which the Australian Government met an increasing proportion of total costs as they increased. These arrangements minimised Australian Government involvement in relatively minor disasters whilst heavily involving the Australian Government in assistance for major disasters, relief for which would be beyond the resources of the states and territories. Drought relief under the NDRA reinforced the concept that drought was essentially a natural disaster rather than one of a number of risks and uncertainties which characterise agriculture and need to be managed accordingly.⁶⁵

The Australian Government’s drought preparedness policy is iterative in that it analyses the impact of current measures and then redesigns or builds upon them⁶⁶. Previous policies may have been designed with good intentions, however, once implemented may have had unintended consequences. For example, research has shown that farmer risk management strategy and government policies are interlinked. The effectiveness of government drought policy may be reduced if it crowds out the producer’s own risk management strategy⁶⁷.

Successive Commonwealth Governments understand that while the focus is on drought preparedness there is still a need to support farming families, farming businesses and communities with in-drought assistances⁶⁸. In doing so the Commonwealth Government has redesigned most in-

TEXT BOX: From 1997 to 2012, “exceptional circumstances” introduced to cover events of such severity that they would be considered beyond the scope of good risk management”⁶²

Exceptional Circumstances programs created a number of perverse incentives and unintended outcomes which reduce the effectiveness of the program. A lack of mutual responsibilities for the Exceptional Circumstances Relief Payments receipt and evidence of some long term dependence on government support suggested that the program was distorting incentives for some families, may be delaying necessary farm adjustments in some areas and was unlikely to be efficient, in a whole of economy sense, in the long term. Non-viable farms were receiving support and the Exceptional Circumstances Interest Rebate Scheme was ineffectively provided and was possibly increasing the costs of industry adjustment in the longer term.

⁶²Stone, R.C. (2014) Constructing a framework for national drought policy: The way forward – The way Australia developed and implemented the national drought policy.

⁶³ National Drought Policy Vol 1 May 1990.

⁶⁴ McInnes P., Elix, J., Inglis, A., Groves, J., Martin, R., Mott, K., Starkey, J., Tooth, M., Tucker, B. and Walker, P. 1990, *Final Report*, Drought Policy Review Task Force, AGPS, Canberra.

⁶⁵ Dry Paddocks, Damp Policies: Drought Assistance Strategies and their Effectiveness 11 September 1995

<https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/RP9596/96rp06>.

⁶⁶ Reviews include the Productivity Commission’s 2009 review of Government Drought Support, the 2011 Drought Pilot Review Panel: a review of the pilot of drought reform measures in Western Australia, the 2013 Agricultural Competitiveness White Paper, and the 2018 Review of the Intergovernmental Agreement on National Drought Program Reform.

⁶⁷ Kimura, S and J Anton (2011), *Risk Management in Agriculture in Australia*, OECD Food, Agriculture and Fisheries Papers, No. 39, OECD Publishing Paris.

⁶⁸ For example, Farm Household Allowance and Drought Communities Program.

drought support measures so that recipients of funding are required to undertake activities that will better prepare them for future droughts. For example, the Farm Household Allowance (FHA) provides fortnightly income support to farmers and their partners while they take action to address their long-term financial security. FHA applicants must be willing to undertake activities to improve their self-reliance in order to qualify for payment.

Both the body of literature relating to drought policy and management along with empirical evidence demonstrates that risk management and preparedness policies are working. “Engaging in farm planning was associated with significantly better resilience outcomes when the planning processes included developing strategies for coping with drought, risk management planning, and succession planning, farm planning was actively used to inform farm monitoring and decision making, and planning as a process that involved discussing plans with others”⁶⁹.

⁶⁹ Understanding the resilience of NSW farmers Findings from the 2015 Regional Wellbeing Survey Jacki Schirmer & Ivan Hanigan Health Research Institute & Institute for Applied Ecology, University of Canberra.

4. List of Commonwealth Government drought programs

As at March 2019.

Future Drought Fund: Legislation is required to establish the fund. Currently, the Parliament of Australia has not passed the legislation.

The Future Drought Fund is proposed to be a long-term investment to provide a sustainable source of funding for drought resilience projects such as infrastructure and initiatives to promote the adoption of new technology and help improve environmental and natural resource management, as well as providing community support.

National Water Infrastructure Development Fund (NWIDF) Drought Round: The NWIDF Drought Round provides funding to assist state and territory governments fast-track the construction of permanent water infrastructure projects to increase water supply and security for primary producers, businesses and communities in drought affected rural and regional areas.

Rural Financial Counselling Service: Rural financial counsellors provide free financial counselling services to farmers, fishing enterprises and small, related businesses in, or at risk of, financial hardship.

Farm Liaison Officers (FLOs): FLOs help connect farmers, businesses and communities to drought assistance, with the support of the Rural Financial Counselling Service and community assistance measures.

Farm Household Allowance (FHA): FHA is the Commonwealth Government's income support payment that supports farmers and their partners experiencing financial hardship, regardless of the source of that hardship. The program provides eligible farmers with up to four cumulative years of support along with assistance through planning and training for long-term financial improvements.

Social support and wellbeing: The Commonwealth Government fund local governments and community organisations to provide free support services such as:

- family support services
- one-to-one counselling
- outreach support
- community mental health and wellbeing events
- advice and referrals

Empowering our Communities initiative: funding to drought affected regions through local Primary Health Networks in NSW, QLD, SA and Victoria for increased support for mental health and suicide prevention measures.

Better Access to Telehealth initiative: (funding over five years from 2017-18 to 2021-22) allows eligible people in rural and remote areas who may not otherwise have been able to take up psychological services because of where they live to access up to the whole 10 services annually from their home via videoconference.

From 1 November 2018, further changes took effect that allow General Practitioners to deliver Better Access to Telehealth (in addition to psychologists, registered psychologists, occupational therapists and social workers). This initiative allows patients to access services if they are located in an eligible rural, remote or very remote location (ie Monash Modified Model areas 4-7) and not within 15 kilometres by road from their treating professional.

ReachOut: targeted education and awareness-raising activities to support youth and their families in drought affected communities, to raise awareness of the range of digital mental health services available to them (including helplines, websites, forums, and apps where young people can chat to peers experiencing similar issues).

Communities Combating Pests and Weed Impacts During Drought Program – Biosecurity

Management of Pests and Weeds: Available in 2018-19, this program provides funding to eligible local governments control weed or manage the effects of pest and feral animals to improve:

- groundcover and critical stock forage
- landscape health in drought affected areas
- stock survival

On-farm Emergency Water Infrastructure Rebate Scheme: The Commonwealth Government is providing rebates for on-farm water infrastructure expenses to help primary producers in drought affected areas. Improving on-farm water supply will:

- address animal welfare needs
- help primary producers to be more resilient for future droughts
- increase productivity for primary producers
- mitigate degradation of natural watering points

Concessional loans: Concessional loans are available to farmers from the Regional Investment Corporation to make more low cost capital available for farmers to help them manage through, and recover from, drought.

Farm Management Deposits (FMD): The FMD scheme is a risk-management tool to help primary producers deal with uneven cash flows. The scheme allows primary producers to set aside pre-tax income from primary production in years of good cash flow to draw on in years of lower cash flow.

Managing Farm Risk Program: This program is available until 31 May 2019. It provides rebates for advice and assessments to help farmers prepare and apply for a new insurance policy that assists with the management of drought and other production and market risks.

Drought Communities Program (DCP): This program provides funding for local infrastructure and drought relief projects for eligible local governments.

Drought Community Support Initiative: This program provide financial assistance of up to \$3,000 per household for approximately 10,000 farming households and workers located in DCP-eligible local governments to 30 June 2019.

CWA Drought Assistance Grant – This program provides funding to the CWA to support individuals and families who need assistance as a result of the drought.

Climate and Weather: The Bureau of Meteorology (BoM) provides the following services to farmers.

- Historical weather information, including reports, weather summaries and data, that helps people understand the environment that operate in and how it's changing.
- Nowcasts, that include information for the current weather situation, including:
 - observations from automatic weather stations
 - radar
 - satellite images
 - current soil moisture
 - water or stream flows
 - water storages
- Forecasts (1–7 days)
 - 3-hourly and daily weather forecasts out to seven days.
 - weather alerts and warnings
 - streamflow forecasts
- Outlooks (1-3 months) on climate forecasting, including:
 - rainfall
 - temperature

- streamflow
- water storages and major climate drivers and events such as the northern rainfall onset, ENSO, the Madden-Julien Oscillation and the Indian Ocean Dipole.
- Advice and consultancy services for agricultural customers through a devoted and specialised agricultural capability.

BoM has also been funded to create localised weather intelligence guides to enable farmers to improve their ability to make quantitative business risk management decisions.

Accelerated Depreciation: Farmers are able to depreciate fodder storage assets over one year rather than three, to encourage the storage of fodder in good growing seasons when it is less expensive, for use in periods of drought when on-ground feed is more limited.

Farmers are also able to immediately deduct capital expenditure on fencing and water facilities such as dams, tanks, bores, irrigation channels, pumps, water towers and windmills.

Funding for the Great Artesian Basin: Extended funding to Great Artesian Basin (GAB) state and territory governments to implement a range of immediate and long-term measures to enhance long-term water security for GAB water users.

Foundation for Rural and Regional Renewal: A \$15 million small-scale program for immediate grants to not-for-profit community groups in drought affected communities, to improve social connectedness and stimulate the economy in drought affected regional communities.

Farm Hub: Farm Hub is a website that provides a coordinated and comprehensive online information source of the support available to farmers.

Australian Taxation Office assistance: The Australian Taxation Office can help people affected by drought and other natural disasters with:

- more time to pay
- waiving penalties or interest charged at a time you were affected by drought
- payment plans with interest free periods
- adjusting pay as you go (PAYG) instalments to better suit your circumstances
- tax incentives for primary producers (see Annex 5).

National Leadership for Agricultural Innovation: \$2.9 million over three years from 2019-20 to establish an advisory panel to drive national leadership of agricultural innovation and to promote transformational, cross-commodity R&D.

Improving Weather Radar Coverage: The Bureau of Meteorology will install four new radars, relocate one existing radar, and install rain gauges to improve Queensland's radar and flood monitoring infrastructure.

National Drought Map and Indicators: This work will improve and maintain the National Drought Map and develop a drought indicators system to better inform decisions by farmers and communities to manage and prepare for drought.

5. Tax incentives for primary producers

The Australian Government offers a number of tax incentives to primary producers. These include concessions specific to the agriculture sector, as well as general concessions available to agricultural businesses and businesses more broadly.

Agriculture sector specific tax incentives

Table 1 summarises the agriculture sector specific tax incentives offered by the Australian Government. Note, some concessions listed below are not exclusive to farmers (for example, accelerated write-off for forestry managed investment schemes and the sustainable water use and infrastructure program).

General concessions

Key tax incentives available to small businesses, including primary producers, include:

- Tax cuts for incorporated small and medium businesses, with turnover of less than \$50 million per annum. These companies will move to a 25 per cent tax rate by 2021-22;
- Increasing the rate of the tax discount for unincorporated small businesses with turnover below \$5 million;
- Increasing the instant asset write-off threshold from \$20,000 to \$25,000 and extending it until 30 June 2020. The increased threshold will apply from 29 January 2019, subject to the passage of legislation giving effect to the measure; and
- Increasing the small business entity turnover threshold from \$2 million to \$10 million per annum, which has extended access to a range of tax concessions.

In addition, the Australian Taxation Office has a range of assistance available for drought affected businesses across regional, rural and metropolitan areas to manage their tax, including:

- allowing additional time to pay tax;
- waiving penalties or interest charged during periods they were affected by drought;
- payment plans with interest free periods; and
- adjusting pay as you go (PAYG) instalments to better suit farm businesses circumstances.

Table 1: Agriculture sector specific tax incentives

Tax incentive	Description
Accelerated write-off for forestry managed investment schemes	Investors in forestry managed investment schemes are able to claim immediate upfront deductions for their expenditure on such schemes provided certain requirements are met.
Deferral of profit from early sale of double wool clips	A woolgrower conducting shearing in advance as a result of drought, fire or flood may elect to have assessment of the profit from the advanced shearing deferred to the following income year.
Deferral or spreading of profit from the forced disposal or death of livestock	Primary producers who receive income from the forced disposal or death of livestock can elect to defer this income and use it to reduce the cost of replacement livestock within a defined period of time.
Farm Management Deposits scheme	The Farm Management Deposits scheme gives primary producers concessional tax treatment for deposits made during years of good cash flow which can be drawn on in later years when funds are needed.
Income tax averaging for primary producers	Primary producers can elect to pay tax at a tax rate based on their average income earned over the previous five years to smooth their income tax liability.
Spreading of insurance income for loss of timber or livestock	Primary producers who receive insurance payouts in respect of trees lost to fire or livestock lost to natural disasters can elect to spread the income equally over five years, resulting in a deferral of income tax.
Sustainable Rural Water Use and Infrastructure Program	Taxpayers can choose to make payments received under the program free of income tax, with expenditures funded by these payments not being deductible.
Valuation of livestock from natural increase	Several different methods are available to primary producers to determine the value of animals acquired by natural increase. These methods may produce a value different to the actual cost of production.
Accelerated depreciation of fencing and fodder storage assets for primary producers	Primary producers can immediately deduct capital expenditure on fencing assets and, from 19 August 2018, fodder storage assets such as silos and hay sheds.
Accelerated write-off for expenditure on water facilities for primary producers	Primary producers can immediately deduct capital expenditure on water facilities, such as dams, tanks and pumps, from 12 May 2015. The expenditure must be incurred primarily for conserving or conveying water for use in primary production.
Accelerated write-off for horticultural plants	Capital expenditure incurred in establishing horticultural plants can be written off using an accelerated depreciation regime.
Accelerated write-off for irrigation water providers	Certain irrigation water providers can claim an immediate deduction for capital expenditure on Landcare activities and water facilities.
Accelerated write-off for Landcare operations	Primary producers and business users of rural land can claim an immediate deduction for capital expenditure on Landcare operations, such as constructing a levee or prevention of land degradation.
Accelerated write-off for telephone lines and electricity connection	Capital expenditure incurred in connecting a telephone line to a primary production property and capital expenditure incurred in connecting or upgrading mains electricity to a property on which a business is conducted can be deducted in equal instalments over 10 years, rather than over the effective life of the asset.
Closing stock valuation options for horse breeding stock	Under the benchmark, horse breeding trading stock would be allocated a closing stock value of either cost, market value or replacement value. However, taxpayers can elect to write down the closing value of horse breeding stock that is at least 3 years

	old, at up to 25 per cent of the cost of sires per annum and up to 33¼ per cent of the cost of mares per annum, on a prime cost basis.
Primary industry levy exemptions	Certain producers are exempt from primary industry levies. While the specific exemptions differ, they are all in some way related to the quantity or value of the particular commodity produced in a given year.
Supplies of farm land	Specific supplies of farm land are GST-free. This includes: farm land supplied for farming on which a farming business has been carried on for at least five years and upon which a farming business is intended to continue to be carried on; and subdivided farm land that is potential residential land that is supplied to associates for nil or inadequate consideration.

6. Guidance for communicating with farmers

Consistent key messages create clarity and help people understand the importance of preparing for future droughts and how to easily access support in times of drought. As farmers respond more actively to positive messages, language should focus on business profitability, drought preparedness and climate adjustment.

Coordinating communication across all levels of government and the non-government sector will help people make sense of the range of available government support and incentives. Farmers cite needing to access information about services across several locations as a barrier to obtaining support. To combat this issue, the Australian Government has funded the National Farmers' Federation to create Farm Hub, a 'one stop shop' that brings together information at one location, reducing confusion and allowing information from various sources to be easily captured and filtered according to individual needs. Any government agency with information on FarmHub will need to ensure that information about programs they are responsible for is updated.

In addition to FarmHub, Australian Government departments will continue to initiate their own advertising and communications about drought preparedness and in-drought support. These departments must work together via the cross government drought forum to ensure that communication aimed at farmers and farming communities is coordinated. The Forum will also need to develop a strategy for coordinating efforts with state, territory and local governments and the non-government sector.

Communication should be constant – not just during drought. The right time for a farmer to notice and act on information varies. During periods of favourable conditions there should be a strong focus on encouraging farmers to adopt business practices that contribute to drought preparedness and resilience.

Communication needs to be tailored to farmers' business needs. Farmers accept information that offers a clear business benefit or productive solution for their specific situation and they respond well to case studies, financial modelling and evidence/data. Farmers are seeking practical farm planning tools that help them improve their business planning and operations. They will only accept the information if it can be tested and confirmed through a mix of trusted sources.

Intermediaries and trusted advisors are highly influential. Peers from the local area, industry bodies and specialist advisors such as agronomists, accountants and financial counsellors/advisers are considered the most trusted and credible sources of information. They can encourage helpful discussions particularly during times of high stress, and also support and encourage farmers to take action. Information, resources and messaging should be provided to intermediaries on a regular basis. The ATO is a good channel for communicating with these intermediaries.

Multiple communication channels should be used. Information for farmers should be distributed using established networks, local and trusted intermediaries, face-to-face activities (farm visits, events, meetings and forums), credible online channels and paid placement and editorial coverage in local and regional media. Initiatives that place staff in regional areas who are responsible for working directly with farmers will be effective at all times, not just during drought.

Examples of successful communication practices should be shared across government. Established standard measures of success, such as farmers and farm communities more easily being able to access information and take action - with data readily shared across departments - will assist with effectively targeting information and improving communication with these audiences.

Drought communications should be region-specific and should align with drought indicators as they are developed, as outlined at Recommendation 5.1. In the meantime, drought communications should be informed by drought conditions. Data is available from the National Drought Map.

Context is critical. Perceptions of ‘government support’ affects when and if farmers choose to access it. Farmers are likely to identify a need for some types of support only when experiencing financial and emotional distress (particularly when heading into and during drought), diminishing their capacity to seek out and make sense of information. Initiatives need to be communicated before farmers are in crisis, using trusted advocates who can address perceptions and highlight benefits. This underscores the importance of using trusted local intermediaries to encourage and assist farmers to act. Monitoring environmental, social and financial indicators of community distress ensures government communications encourage people to tap into support before they reach crisis point.

7. International Drought Policy Benchmarking

Desktop research was undertaken comparing a selection of English-speaking countries that have had significant exposure to droughts. Comparison was based on major themes relating to drought.

It is possible that there is more information on the themes that are not included here.

	United States	Canada	New Zealand
Drought preparedness	<p>A key difference with Australia is that in the US drought policy is heavily influenced by the impact of drought on urban communities, while Australia it is primarily focussed on its impact on agriculture.</p> <p>Consequently, drought preparedness in the US is primarily focussed on water supply. However, there are components for agriculture preparation. For example, the drought preparation section of the <i>Californian Drought Contingency Plan</i> has 16 initiatives relating to water and two for agriculture land use.</p> <p>Workshops and webinars are provided to assist communities to prepare for drought.</p>	<p>There is limited publicly available information on drought preparedness.</p> <p>There are, however, general agriculture programs to assist farmers improve their farm and farm management, such as, AgriInnovate, Community Pasture Program and AgriInvest.</p>	<p>New Zealand's drought preparedness is mainly focussed on informing farmers of drought resistant strategies and the acceleration of irrigation.</p>
Drought Indicators	<p>The U.S has a dedicated website (drought.gov) that provides data, maps and tools on issues, such as, current climatic conditions, outlook and forecasts, soil moisture and impacts on agriculture.</p>	<p>Agriculture and Agri-Food Canada (a Canadian Government agency) provides information on weather and climate relevant to the agricultural sector in Canada. Data includes current and historic weather, climate conditions, and soil moisture.</p>	<p>The New Zealand Drought Monitor is a system for keeping track of drought conditions based on a standardised climate index.</p> <p>The index, called the New Zealand Drought Index (NZDI), is a climate data-based indicator of drought based on four commonly-used climatological drought indicators: the Standardised Precipitation Index, the Soil Moisture Deficit, the Soil Moisture Deficit Anomaly, and the Potential Evapotranspiration Deficit.</p> <p>It is presented as a map and as charts; updated daily (note, there is a two-day time delay to ensure all available data is used).</p>

	United States	Canada	New Zealand
In-drought Support	<p>Support is provided for both water and agricultural needs. For agriculture there are assistance programs such as:</p> <ul style="list-style-type: none"> • Supplemental Revenue Assistance Payment Program provides assistance to farmers who have suffered crop losses due to natural disasters including drought. • Non-insured Crop Disaster Assistance Program (NAP) provides financial assistance to producers of non-insurable crops when low yields, loss of inventory or prevented planting occurs due to natural disasters. • Livestock Forage Program (LFP) – LFP provides compensation to eligible livestock producers who have suffered grazing losses due to drought or fire. 	<p>Support is provided through a small number of programs, such as:</p> <p>Agristability provides income support to producers who experience a large margin decline.</p> <p>Livestock Tax Deferral Provision allows farmers who sell part of their breeding herd due to drought or flooding in prescribed drought or flood regions to defer a portion of sale proceeds to the following year.</p> <p>AgrilInsurance provides producers with cost-shared insurance against crop production losses and quality losses caused by natural perils, including: drought, excess moisture (rainfall and flood), frost, hail, fire, excess heat, wind, wildlife, disease and pests.</p>	<p>New Zealand provides drought support based on the scale of the event (localised, medium-scale or large scale).</p> <p>Localised event assistance would involve small-scale event recovery measures.</p> <p>Medium-scale event assistance may include:</p> <ul style="list-style-type: none"> • Rural Assistance Payments: to assist with essential living expenses. • Technology Transfer Assistance: may provide grants for education workshops, meetings and media information to provide technical and financial advice on options for dealing with adverse events. • Community Event Assistance: may provide grants to help sponsor local community events aimed at boosting morale. • Recovery Facilitator: would be appointed to coordinate the initial stages of some recovery operations by helping identify at-risk farming families and help these farming families access applicable assistance. <p>Large-scale event assistance may include (apart from that above):</p> <ul style="list-style-type: none"> • Special Recovery Measure would reimburse a share of the costs for restoration of uninsurable on-farm infrastructure; » re-establishment of uninsurable pasture, crops and forestry.
Community support	<p>While there is significant support provided for communities facing water shortages it appears that there is limited specific support programs for communities facing hardships due to the economic impact of drought. The U.S., however provides assistance to help farm labour workers maintain affordable rental housing during a drought.</p>	<p>It appears that there is limited specific support programs for communities facing hardships due to the economic impact of drought.</p>	<p>It appears that there is limited specific support programs for communities facing hardships due to the economic impact of drought.</p>

8. Stakeholder consultation list

In August 2018, the Prime Minister appointed the Coordinator-General for Drought to drive a comprehensive drought response. This included asking for advice to inform the development of a long-term drought resilient and preparedness strategy. The Coordinator-General's Terms of Reference are available on the PM&C website.⁷⁰

The Coordinator-General, and supporting Joint Agency Drought Taskforce conducted extensive engagement with a diverse range of stakeholders to prepare this advice.

In addition to consulting over 100 organisations, the Coordinator General has visited over 60 communities and organisations across Australia to hear about drought issues. Thirty-two formal submissions and over 300 written communications on long term drought policy have been received.

Stakeholders included:

- Farmers and individuals in communities who have provided personal experiences with drought, including insights from those managing the current drought, both well and not so.
- Expertise from governments, industries bodies and agricultural businesses and services, including all relevant Commonwealth agencies, each state and territory governments and local governments.
- Scientific and academic input from universities and research organisations.

Organisations engaged as part of consultations on this Strategy

Agency / Organisation	
AGFORCE QLD	New South Wales Irrigators Council
AgriFutures Australia	New South Wales Land and Water Commissioner
ANZ Bank	New South Wales State Government
Aussie Helpers	Newcastle University
Australian Association of Agricultural Consultants (WA)	Northern Agricultural Catchments Council
Australian Banking Association	Northern Territory Cattleman's Association
Australian Banking Association (ABA)	Northern Territory Farmers Association
Australian Farm Institute	Pastoralists Association of West Darling
Australian Fodder Industry Association	Pastoralist and Graziers Association of WA
Australian Local Government Association	Pastoralists Association of Western Downs
Australian National University	Primary Health Networks
Birchip Cropping Group	Primary Industries Climate Challenges Centre (University of Melbourne)
Bureau of Meteorology	Primary Industry and Regions – SA (PIRSA)
Cattle Council Australia	Primary Producers SA
CBH Group	Properly Managed Livestock (Tony Lovell)
Charles Sturt University	Queensland Alliance for Agriculture and Food Innovation
Commonwealth Bank of Australia	Queensland Drought Commissioners
Council of Rural Research and Development Corporations	Queensland Farmers Federation
Country Women's Association	Queensland Reconstruction Authority

⁷⁰ <https://pmc.gov.au/resource-centre/domestic-policy/terms-reference-coordinator-general-drought>

Country Women's Association - NSW Branch	Queensland State Government
Country Women's Association - WA Branch	Queensland University of Technology
CSIRO	Queensland Water & Land Carers
Curtin University	Rabobank
Dairy Australia	Red Cross
Dairy Connect	Regional Development Australia Far North
Farm Institute Australia	Royal Flying Doctors Service
Flinders University	Rural Aid
Foundation for Rural & Regional Renewal	Rural Business Development Corporation
Future Farmers Network	Rural Financial Counselling Service - Family Liaison Officer New South Wales
Givit	Rural Financial Counselling Service - Western Australia
Grain Growers	Rural Financial Counselling Service (RFCS)
Grain Producers Australia	Salvation Army
Grain Research & Development Corporation	Soil and Land Conservation Council - Western Australia
Innovation and Science Australia	South Australia Arid Lands Natural Resource Management Board
Institute for Resilient Regions	South Australian State Government
Insurance Council of Australia	South Coast Natural Resource Management
Irrigation Australia	St Vincent's DePaul Society
Landcare – NSW	Tasmanian Farmers and Graziers Association
Landcare Australia	Tasmanian State Government
Livestock SA	University of Adelaide
Local Government Association - NT	University of Adelaide
Local Government Association - Qld	University of Canberra
Local Government Association - SA	University of Melbourne
Local Government Association – WA	University of New England
Local Land Services – NSW	University of New South Wales
Meat & Livestock Australia	University of Queensland
Murdoch University	University of South Australia
National Australia Bank	University of Sydney
National Climate Change Adaption Research Facility (Griffith University)	University of Tasmania
National Disaster Resilience Taskforce	University of Western Australia
National Farmers Federation	University of Western Sydney
National Irrigators Association	Victorian Farmers Association
National Resource Management – WA	Victorian State Government
National Resource Management Regions Australia	Wentworth Group of Concerned Scientists
National Rural Health Alliance	Western Australian Agriculture Produce Commission
Need for Feed	Western Australian Farmers Federation
New South Wales Farmers Association	Westpac
New South Wales Health	
TOTAL: 115	

2018 Community Visits & Meetings

Month	State	Community	Audience
August	QLD	Quilpie	Local primary producers
	QLD	Longreach	Local primary producers
	ACT	CWA	CWA National Conference
	NSW	Dubbo	RFCS, graziers, pork dairy poultry, dryland cropping farmers; stock and station agents and rural suppliers
September	NSW	Tamworth	Tamworth Regional Council, Salvation Army and NSW Farmers Federation
	NSW	Mullaley	Public meeting with local farmers
	QLD	Charities	Inaugural drought charities sector meeting
	QLD	Toowoomba	Toowoomba Regional Council and local farmers
	NSW	Tenterfield	Tenterfield Shire Council, local businesses and not for profit representatives
	SA	Adelaide	Minister for Primary Industries, local government and industry representatives
	ACT	Education	Inaugural drought education sector meeting
	QLD	Fodder	Inaugural fodder meeting with Industry, not-for-profit and government stakeholders
October	QLD	Armidale	Armidale Regional Council, agricultural, community and not-for-profit representatives
	WA	Perth	Separate meetings with CBH, WA Dept of Agriculture and Food, WA Minister for Regional Development, Agriculture and Food; WA Farmers Association
	QLD	Rockhampton	Rockhampton Mayor, community meeting with farmers, educators, representative bodies and charities
	NSW	Broken Hill	Local Farmers and the Pastoralists Association of Western Downs
	ACT	Finance	Banking sector representatives
	NSW	Mullaley	Local Farmers, suppliers, accountants, CWA and Aussie Helpers
	QLD	Charities	Charities coordination meeting
	ACT	RFCS	Chair of Rural Business Tasmania
	QLD	Mental Health	Mental Health Sector representatives to discuss support for drought affected communities
	NSW	Parkes	Parkes Shire Council, agricultural representatives, farmers and community members
	ACT	National Drought Summit	More than 80 representatives across all levels of government and the agriculture, finance, charity and community sectors
	QLD	FHA	FHA Review Team
November	QLD	Charleville	QLD Drought Commissioner, local farmers, council and businesses
	QLD	Education	Education sector representatives to discuss support for isolated and remote families
	NSW	Scone	Local council, farmers, farm businesses and stakeholders
	ACT	Mental Health	Government representatives to discuss coordination of mental health support
	QLD	Warwick	Primary producers, council and local farm visit
	NSW	Temora	Local farm visit, farmers service providers and industry representatives

Month	State	Community	Audience
	QLD	Water	Queensland Water
	VIC	Roundtable	Formal consultation session with experts, industry and government stakeholders to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	QLD	Roundtable	Formal consultation session with experts, industry and government stakeholders to inform a Commonwealth Strategy for Drought Preparedness and Resilience
December	WA	Roundtable	Formal consultation session with experts, industry and government stakeholders to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	ACT	Water	Murray Darling Basin Authority and Commonwealth Environmental Water Office
	NSW	Dubbo	Formal strategy consultation session with experts, industry and government stakeholders to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	QLD	RFCS - QLD	
	ACT		Small business mental health roundtable
	NSW	Sporting Organisations	Coordinate Australia sport support for drought communities
	NSW	Mental Health	Mental Health Sector representatives to discuss support for drought affected communities
	QLD	AGForce	Discuss Queensland drought conditions
	VIC	Sale	Wellington Shire Council, Central and East Gippsland Drought Coordinator, Agriculture Victoria and local farmers, businesses owners and RFCS counsellors
			Total 42

2019 Community Visits & Meetings

Month	State	Community	Audience
January	NSW	Bundara	Local farm visit, local farmers and community
	NSW	Wentworth	Shire Council, local farmers and small business owners
	QLD	Israeli water engineer	Israel drought resilience and water programs
	QLD	Local Government Association	Discuss submission for Commonwealth strategy
	QLD	QLD Reconstruction Authority	Discuss disaster resilience and mitigation in relation to drought
	SA	Peterborough	Council, state Government representatives, farmers and farm visit
	ACT	National Advocate for Soil Health	
February	NSW	Moree	Farm visit, local farmers, businesses, council and industry representatives

Month	State	Community	Audience
	NSW	Narrabri	Drought community outreach event, local council farmers and businesses
	VIC	Swan Hill	Farm visit. Local farmers, council and community members
	ACT	Academics	Formal consultation session with university academics, researchers and experts to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	QLD	Dirranbandi	Farm visit, local farmers, industry representatives, health service providers local business owners and council
	QLD	State Government	Formal consultation session with State Government Departments and officials to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	SA	State Government	Formal consultation session with State Government Departments and Officials to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	NSW	State Government	Formal consultation session with State Government Departments and Officials to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	VIC	State Government	Formal consultation session with State Government Departments and Officials to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	QLD	CWA	Discuss drought response measures
	QLD	AGForce and Drought Commissioners	Formal consultation session to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	NSW	Mudgee	Local council, farmers and industry representatives; farm visit
	NSW	Orange	Local council, farmers and industry representatives; opening of Regional Investment Corporation Office
March	ACT	State Government	Formal consultation session with State Government Departments and Officials to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	TAS	State Government	Formal consultation session with State Government Departments and Officials to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	WA	State Government	Formal consultation session with State Government Departments and Officials to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	NT	State Government	Formal consultation session with State Government Departments and Officials to inform a Commonwealth Strategy for Drought Preparedness and Resilience
	QLD	Cunnamulla	Local farmers, community members; Australian Government Drought support information session
	SA	Loxton	Local farmers, council, business owners
	SA	Karoonda	Local farmers, council, business owners
	NSW	Mullaley	Local farmers, council, business owners
April	TAS	Swansea and Hobart	Local farmers, council, business owners
			Total 29

9. Glossary

Australian National Audit Office (ANAO) is a specialist public sector practice providing a range of audit and assurance services to the Parliament and Commonwealth entities.

Climate change is a change in the pattern of weather, and related changes in oceans, land surfaces and ice sheets, occurring over time scales of decades or longer.

The **Council of Australian Governments (COAG)** is the peak intergovernmental forum in Australia. The members of COAG are the Prime Minister, state and territory First Ministers and the President of the Australian Local Government Association (ALGA). The Prime Minister chairs COAG.

A **Farm Financial Assessment (FFA)** is part of the Farm Household Allowance mutual obligation requirements and is a comprehensive assessment of the financial position of a farm enterprise and the person for whom the assessment is conducted. It has multiple parts, some of which are completed by the person and some by the person's prescribed adviser.

The **Farm Management Deposits (FMD) Scheme** assists primary producers to deal more effectively with fluctuations in cash flows. The scheme allows eligible primary producers to set aside pre-tax income from primary production in years of high income, which they can draw on in future years when they need it, such as for restocking or replanting when conditions start to improve.

A **Financial Improvement Agreement (FIA)** is part of the Farm Household Allowance mutual obligation requirements and is a planning tool for farmers and their partners to work towards improving their capacity for self-reliance.

Multi-Peril Crop Insurance (MPCI) provides protection against yield losses from a wide range of perils that affect crop production.

The **Murray–Darling Basin** is the largest and most complex river system in Australia. It runs from Queensland, through New South Wales and the Australian Capital Territory, Victoria and South Australia, spanning 77,000 kilometres of rivers, many of which are connected. The Basin provides drinking water for 3 million people and irrigation for 9,200 agricultural businesses.

The **Murray–Darling Basin Plan** was developed to manage the Basin as a whole connected system. The aim of the Murray–Darling Basin Plan is to bring the Basin back to a healthier and sustainable level, while continuing to support farming and other industries for the benefit of the Australian community.

The **National Water Initiative (NWI)**, agreed in 2004 by COAG, is the national blueprint for water reform. The NWI is a shared commitment by governments to increase the efficiency of Australia's water use, leading to greater certainty for investment and productivity, for rural and urban communities and for the environment.

Natural Resource Management (NRM) is the management of the natural resources that make up natural landscapes, such as land, water, soil, plants and animals.

Primary Health Networks (PHNs) are independent primary health care organisations, located throughout Australia. The role of PHNs is to commission, rather than provide services. PHNs make decisions independent of government and are operated by not-for-profit companies. They decide which services or health care interventions should be provided and who should provide them. They also work closely with providers to monitor performance and implement change. They commission health services to meet the identified and prioritised needs of people in their regions and address identified gaps in primary health care. This may include working with others in the community to plan and deliver innovative services that meet specific health needs. Through practice support, they work closely with general practitioners (GPs) and other health professionals to build health workforce capacity and the delivery of high quality care. They work collaboratively within their regions to integrate health services at the local level to create a better experience for patients, encourage better use of health resources, and eliminate service duplication.

Research and development (R&D) is innovative activities undertaken by corporations or governments in developing new services or products, improving existing services or products, or improving the ways that services and products are produced.

Rural and regional communities are used to refer to areas outside Australia's major cities.

Rural Research and Development Corporations (RDCs) are the main way the Australian Government and primary producers co-invest in R&D. RDCs are a partnership between the government and industry created to share the funding and strategic direction setting for primary industry R&D, investment in R&D and the subsequent adoption of R&D outputs. RDCs are organised by commodity or commodities such as cotton, grains and pork. There are currently 15 RDCs

A **surface and groundwater basin** is a portion of land and includes all the surface water from rain runoff, snowmelt, and nearby streams that run downslope towards the shared outlet, as well as the groundwater underneath the earth's surface. In a surface and ground water basin the surface and ground water are connected, and abstraction of one can reduce the level of the other.

Water resources are natural resources of water that are potentially useful. Uses of water include agricultural, industrial, household, recreational and environmental activities.