

20 October 2017

Mr Cameron Hutchison  
Chair IGA Review Working Group  
GPO Box 858  
Canberra ACT 2501

Dear Mr Hutchison

Thank you for your letter inviting us to respond to the Review of the Intergovernmental Agreement on National Drought Program Reform.

As key stakeholders, we appreciate the opportunity to provide evaluation and feedback of the value of the IGA and progress towards agreed outcomes.

Please find attached our feedback on the items set out in the Terms of Reference on the review detailed in the Scope section.

We trust this feedback will be useful in shaping the review outcomes being sought by the AGSOC Drought Task Group sub committee (working group).

If you would like to discuss this matter further, please contact us.

Yours sincerely



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# REVIEW OF THE INTERGOVERNMENTAL AGREEMENT ON NATIONAL DROUGHT PROGRAM REFORM

## RESPONSE SUBMISSION

Date: Friday 20th October 2017



## INTRODUCTION

The Intergovernmental Agreement on National Drought Program Reform (IGA) was signed in 2013 by the Australian, State and Territory governments. On 26<sup>th</sup> July 2017 the Agriculture Ministers' Forum agreed terms of reference for the review of this program due to expire on 1 July 2018.

Rural Business Tasmania delivers amongst other support services to rural and regional enterprise the Federally funded and State supported Rural Financial Counselling Service Tasmania.

Rural Business Tasmania's objectives are closely aligned to the objectives of the IGA. Our work primarily seeks to assist farm businesses (and their family) gain support when in financial hardship due to crisis such as drought. Active collaboration and referral between Rural Financial Counsellors and the Farm Household Allowance DHS officers enables streamlined support for our clients' access to the program. As a first responder and trusted support in adverse events such as drought we also have cause to recognise gaps in support and where the practical application of a government drought programme may not meet the needs intended.

As per the Terms of reference of the inquiry and speaking to its area of expertise and experience in this submission Rural Business Tasmania will respond to the following items:

1. How the IGA has influenced drought programmes delivered by the Australian and Tasmanian Government for Tasmanian farmers
2. Proposed opportunities for stronger collaboration within and between governments, and with industry and non-government organisations.
3. Beneficial changes and suggested improvement in measurement of outcomes on extension of varied agreement



## **Rural Business Tasmania's credentials to comment.**

Established in 1986, Rural Business Tasmania Inc. is a not-for-profit (non-government) organisation that primarily offers financial and business management expertise and support to rural and regional communities. Through the provision of various business services it endeavours to assist them manage the ever evolving demands and challenges facing the primary industry sector.

### **Rural Business Tasmania services include:**

**Rural Financial Counselling Service (RFCS)** Tasmania, majority funded by the Federal and State Governments provides free, confidential and independent counsel to primary producers, fishers and small rural and regional businesses that are suffering financial hardship, and that have no alternative sources of impartial support. This is provided holistically and via case management approach on a non advice model as the service

- Helps clients gain better understanding of their financial position;
- Helps clients identify financial and business risk and opportunities;
- Helps clients negotiate with lenders and creditors;
- Gives clients information about government entitlements including the Farm Household Allowance (FHA) and other assistance schemes;
- Refers clients to specialist service providers including accountants, agricultural advisers and educational services for succession planning, family mediation and personal counselling, and emotional and social counselling.

**Rural Business Programs** through a variety of training modules, agribusiness support coaching services and partnership arrangements (*with industry and commercial providers*) assists rural and regional businesses to better understand and manage their business and financial position.

The service includes:

- |   |  |
|---|--|
| • Business plan development                     | • Budgets and cash flow forecasting          |
| • Financial position assessment and explanation | • Advocacy for enterprises needing to adjust |
| • Succession Planning                           | • Loan and/or refinance applications         |
|   | • Business Coaching                          |

### **Rural Relief Fund of Tasmania**

In the unfortunate instance when disasters like drought, flood or bush fires occur the need for assistance is immediate. The Rural Relief Fund, during fiscally challenging periods, can act quickly to support those most affected and in immediate need. Money, received via donations, from the Rural Relief Fund is gifted to eligible families based on urgency and the level of support required with family and animal welfare as a priority.



## **OVERVIEW –**

### **Rural Business Tasmania's position**

As Rural Business Tasmania's primary focus is the provision of financial and business management counsel to farmers and small agricultural business operators, it feels it is better positioned than most to offer insight into the influence of the IGA to drought programmes. The IGA has greatly influenced the in-drought support faced recently in Tasmania with concessional loans and Farm Household Allowance being the key financial supports available. A noticeable move away from transaction based subsidies has included TasFodder (Tasmanian Government Department of Primary Industries, Parks, Water and Environment (DPIPWE) funded and Tasmanian Farmers and Graziers Association (TFGA) administered) – an interactive website for buying and selling of fodder. This has enabled a platform to distribute fodder whilst retaining commercial arrangements in place.

As a long time participant in providing vital assistance to those facing drought, Rural Business Tasmania is supportive of continuation of the IGA and believe that the principles agreed (as described in Attachment B of the Terms of Reference) have been a key influence to the rural business enterprises demonstrated increasing resilience and preparedness for drought. This has been evidenced recently with more proactive de-stocking on onset of drier conditions and mitigation measures to conserve fodder and pasture.

As it works at the front line with rural families experiencing often extreme financial and personal stress, Rural Business Tasmania has a deep understanding of how the pressures of drought can break farming businesses that often have operated for generations.

Rural Business Tasmania welcomes the opportunity here to submit to the review and trusts that its assertions are taken in the context with which they are intended: to strengthen the terms of the IGA to enable nationally consistent and outcomes based support for the agribusiness operators that it seeks to assist.



## SPECIFIC RESPONSES

1. How has the IGA influenced drought programmes delivered by each jurisdiction?
  - a. How have programmes aligned to the IGA?
  - b. What has worked and why?
  - c. What has not worked and why?
  - d. What processes did jurisdictions use to implement in-drought support, and could these be improved?
  - e. Is the document clear and easy to understand?

In Tasmania we have evidenced Tasmanian Government being influenced by IGA drought programme responses. It is our opinion that the initiatives supported have strongly aligned with the IGA.

For example:

- *Funds provided by Tasmanian Government via the drought program have enabled us to assist rural enterprises with grants of up to \$2,500 delivered via our Rural Relief Fund. The Rural Relief Fund is administered with strong governance and provides a robust delivery mechanism for government supported funds to be dispersed. During the period January 2016 to 30 May 2016 we administered 43 eligible applications to the value of \$108,734.*
- *Through Grant funds from Tasmanian Government a number of organisations, including Rural Business Tasmania, were able to provide training and educational programmes to assist in preparedness for drought. For example our funding was used to pilot "Pathways to Profit" a program looking at climate risk and business planning implementation with practical business coaching support. This has enabled 30 primary producers to develop stronger financial and business management skills to put into practice. RTO delivered modules included*
  - *Climate Risk Strategies,*
  - *Develop a Business Plan,*
  - *Monitoring and Reviewing Business Performance*
  - *Develop a Farm Plan*
  - *Manage Risk*

*The move to a more robust and long range approach to managing drought has been successful in the first stage of the IGA but further support, funding and refinement would assist to build outcomes.*

*We have not witnessed strong take up of Farm Household Allowance (FHA) or concessional loan support in Tasmania and have noted some negative comment by*



industry parties. We believe the Farm Household Allowance has potential to be a successful output of the IGA but that the delivery mechanism needs further review. Issues have over the life of FHA included:

- Telephone 132316 - the person phoning may wait up to an hour or longer to gain a Helpline support person.
- Complexity of application process ( including number of forms):
- Delay in outcome (in some cases up to 10 weeks) and clarity of request for further information can provide frustration to applicant.
- Some Prescribed Advisors seemingly do not take Part B seriously given superfluous information is of no benefit and not being reviewed by anyone.

Similarly fortnightly review by Approval panel in Tasmania of concessional loan applications is slower than a commercial lender and does extend the process.

Both of these barriers may be somewhat overcome if applicants were aware of the lengthy process and detailed requirements at commencement due to accountability of use of government funds.

We do not have much overview of Farm Management Deposits use but agree continued access is useful.

We believe that stronger implementation to point c of outputs ( national approach to farm business training) would be beneficial and would recommend looking to NFP providers who have expertise in this area, such as Rural Business Tasmania. We believe that the business acumen area in terms of expertise, support and funding is often overlooked in the small business space and primary producers themselves are remiss in acknowledging the importance of this area in managing successful business enterprises. It may be worth consideration to the continued resistance to business training and educational opportunities for rural enterprises who may represent for social and government support measures. The psychology of change is a natural trait and holistic support with people at the centre may be critical to success of such a farm business training module's success.

This also speaks to item 8e of Outputs – Tools and Technologies and how any program roll-out is accessible for those with barriers such as regional and remote location, time and resource limited, limited support networks and financial and literacy complications.

Other tool and technology outputs would include acknowledgement of recent improvements to the Bureau of Meteorology website. It has been observed that the process of reviewing BOM frequency requirements under “drought” definition for support applications is sometimes the catalyst for a farmer to recognise the need to



*look at the fluctuation in seasons and plan longer term, reviewing debt levels, mitigation strategies etc.*

WHAT WORKED WELL:	Support for programs influencing proactive drought programme support and education
WHAT COULD BE IMPROVED:	Farm Household Allowance, Concessional Loan processes
AREA OF PRIORITY FOCUS:	Farm business training funding and support nationally

2. Are there opportunities for stronger collaboration within and between governments, and with industry and non-government organisations?

*Collaboration between all entities was evidenced to be more effective since the IGA. Tasmanian and Australian Government were very consultative to industry and service providers to ensure that a collaborative and consistent messaging and support programme was implemented. This was particularly evident in phone conversations with Tasmanian Government (DPIPWE) AgriGrowth department staff, peak industry body, Tasmanian Farmers and Graziers Association and ourselves.*

*Further collaboration of government, industry bodies and non government organisations to utilise existing expertise, networks and trust by rural and regional communities and to assist in paths of communication would assist in implementation of IGA reforms.*

*It is important in recognising lead time in establishing trust of the communities in which we work. On average up to 9 months would elapse from first introduction to full use of services provided and recognition of existing services providers "patch" is important. Many regional and remote areas will express loyalty for those service providers who become part of the community and continue to visit. It is important to their trust and pride but also to them feeling supported rather than just being another number that the service provider has "visited" when they may be the 8<sup>th</sup> to knock on the door.*

*Collaboration in servicing also has been evidenced as more effective than individual service provision. By pooling resources and acknowledging expertise, referrals minimise information repetition requirements on the farming family who are already under distress. Privacy provisions are able to be overcome where professional "medical style" referral processes are put in place. This enables a more cohesive support system.*



*In Tasmania strong collaboration exists between DPIPWE and a significant number of industry representatives and service providers through a Forum of Rural Stakeholders, chaired by Rural Business Tasmania Chief Executive, Elizabeth Skirving. This Forum brings together approx 20 representative bodies quarterly to work together to understand emerging issues and at times of crisis to co-ordinate and mobilise necessary support and information at industry wide level. Thus one co-ordinated and consistent message is provided. This group would then liaise with other organisations such as benevolent organisations (e.g. St Vincent de Pauls), government agencies and taskforces as required.*

WHAT WORKED WELL:	Collaboration between Government, stakeholders, industry groups and service providers
WHAT COULD BE IMPROVED:	Earlier communication and education intervention funding to enable change during non drought periods Recognition and support for those that are proactive in mitigating drought
AREA OF PRIORITY FOCUS:	Further streamlining service provision and communication consistency

3. As contemplated in the IGA, should the agreement be extended or otherwise varied?
  - a. What, if any, changes to the IGA would be beneficial?
  - b. How can we improve the measurement of outcomes?

*We support the extension of the IGA but recommend review of and variation to the outputs to strengthen the implementation for the coming period and provide better success in outcomes.*

*A number of items have been covered in this submission but we feel specifically that further review is a priority for:*

- *Output 8a (Farm Household Support payment) Farm Household Allowance application process to enable more timely and less bureaucratic support.*
- *Output 8c to ensure that a national approach and more importantly sufficient funding subsidisation and tailored practical skill set for farm business training. We recommend utilisation of experts in the NGO/NFP space where available and that consideration to non RTO avenues is considered to enable the practical service outreach that may penetrate a difficult and fraught skill deficiency.*

*The review of the IGA and ability to provide submission in an important measurement but further one on one consultation or survey of both farming families, industry groups and service providers would be beneficial in providing benchmark of the IGA.*

WHAT WORKED WELL:	IGA ( and should be extended)
WHAT COULD BE IMPROVED:	Components of outputs 8a and 8c
AREA OF PRIORITY FOCUS:	Farm business training funding and support nationally

### **Summary**

As drought and other climatic fluctuations become more prevalent, it is imperative that support to vulnerable areas be continued in a manageable and achievable format.

Previous drought support may have contributed to dependency on government support – providing a “bandaid” but delaying a hard decision or in some instances degradation of equity levels in the longer term. As with all industry, market failure does exist and if we can support dignified and graceful exits voluntarily this is preferable to forced or fire sale exit.

By encouraging proactive actions and recognition of the fluctuations, risks and requirements of small business ownership, we can assist in building stronger communities and industry in the long term.