Australian Government

National Emergency Management Agency

Submission to the Independent Review of Commonwealth Disaster Funding

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Submitted by: Queensland Farmers' Federation

Q1. What experience have you had with Commonwealth disaster funding support?

QFF and its member organisations have historically been the recipient of disaster funding to facilitate support when there is a Category D Activation of the Disaster Recovery Funding Arrangements (DRFA), formerly known as the Natural Disaster Relief and Recovery Arrangements (NDRRA). QFF and its member organisations have extensive experience in developing and managing projects and providing support to primary producers to recover, resume and restore farm business operations following a natural disaster event. Together, we facilitate on-farm recovery activities through its industry members and participate in Queensland Government meetings in the lead up to and immediate response phases of natural disasters, such as cyclones, floods and bushfire. QFF is experienced in the application of funding to those businesses with ability to apply funding in such a way that builds regional resilience. A recent example of how we are applying regional skills to build resilience is through the collaboration of rural financial counselling services in North Queensland working with Growcom to build drought resilience for the horticulture industry. QFF and its member organisations are respected leaders in the delivery of programs. QFF currently facilitates the Industry Recovery & Resilience Officer program to support industry through Queensland's most recent flood events in South East Queensland.

QFF and its members have interacted heavily with government and provided collaborative support to regional disaster schemes and funding throughout the years. Our united policy position has always been to support disaster relief and resilience regionally whilst achieving a balance between government assistance and farmers capacity to be self-reliant and resilient. QFF has stressed the importance of disaster assistance reflecting the differing microclimates and resource availability across local government areas, and the imperative need for more detailed climate modelling. Farming businesses are more exposed to natural disaster than any other industry. It is imperative that governments continue to recognise that supporting these agribusinesses is in the national interest, both from an economic and food security perspective. QFF has supported the move away from 'transactional' assistance during drought seasons and changing the attitude of government assistance from seasonal support to long-term disaster preparedness and resilience.

Q2. How could Commonwealth funding support communities to reduce their disaster risk?

In 2022 the Intergovernmental Panel on Climate Change predicted that an average change in global temperatures of just 1.5 degrees Celsius will lead to a fourfold increase in natural disasters (IPCC,2022).

For vulnerable Australian regional communities, this means a significant increase in severe storms, floods, bushfires, cyclones, and hailstorms and heightened threats to their livelihoods.

Since 2005 the large majority of Commonwealth expenditure related to natural disasters has been focused on disaster relief, with just two percent of all related expenditure being allocated to disaster resilience (ICA,2022). QFF welcomes the establishment of the Disaster Ready Fund (DRF) and commitment of 1 billion dollars over the next five years. QFF is encouraged by the government investing more heavily in disaster resilience and acknowledges this as a good first step in addressing the disparity in the funding to date. However, the risks related to natural disasters for businesses will continue to be present well beyond the 5-year horizon and as such, QFF suggests that the DRF be adapted to incorporate a similar design to the Future Drought Fund (FDF). The FDF is legislated to ensure a sustainable source of funding for projects that support primary production businesses and their communities, to prepare for and build drought resilience to natural disasters. The DRF is only in the early stages of establishment with the successful projects for Round One having just been announced. QFF notes that Round One applications were only open to state and local governments, which severely limited the scope of the projects that were able to be funded, to those that were identified as priorities by those governments. Application scope needs to be extended to individual farming bodies. DRF support mechanisms need to go beyond government to ensure that funded projects are informed by those who best understand the impacts of natural disasters, the industries and communities affected. Industry bodies have and will continue to ensure vulnerable applicants do not miss out on essential funding.

QFF supports the Commonwealth in defining drought as a naturally occurring cycle that sits outside the definition of a natural disaster. However, drought is also as a weather-related cycle influenced by climate change. The increasing length and severity of drought will only compound the impact of natural disasters on rural communities and farming businesses, during and post-drought recovery periods. Given that government recognises drought and natural disasters as long-term, re-occurring natural events, then it's important that funding for natural disaster and recovery and preparedness reflect this. QFF suggests the Commonwealth government consider mimicking the structure of the Future Drought Fund to support resilience funding for natural disaster preparedness. As drought is an enduring feature of the Australian landscape, so too are natural disasters and so a framework that provides secure, continuous funding for natural disaster resilience initiatives is essential. QFF encourages government to engage heavily with industry and community when building this framework to ensure it is cohesive, whilst not being duplicative or adding additional layers of bureaucracy to on-farm disaster support.

Q3. Please describe your understanding of Commonwealth disaster funding processes.

QFF and its members have extensive knowledge and experience of the DRFA. QFF has delivered recovery programs to the Queensland Agriculture sector for approximately 18 years, including the Industry Recovery & Resilience Officer program; and pre-event and post-event liaison and interactions with disaster policy over the years. The DRFA is joint Commonwealth and State government funding, providing financial assistance to help communities recover from eligible disasters. The DRFA is governed by the Natural Disaster Relief and Recovery Arrangements (NDRRA) Determination 2017, assistance provided under the scheme aids in alleviating financial burden on individuals, communities and states.

Q4. Are the funding roles of the Commonwealth, states and territories, and local government, during disaster events clear?

At the farm level, primary producers are generally aware of the funding roles of the Commonwealth and the State, and local government. Recovery events facilitated by funding will usually include representatives from recovery agencies, such as QRA & QRIDA (State) and local councillors or regional disaster recovery officers. However, there is room for more information about the numerous silos or funded bodies delivering on ground recovery services. As an example, QFF receives funding to deliver recovery programs such as the Industry Recovery and Resilience Officer program. Other agencies, NGOs and local government may be funded through other state government departments, using the same Commonwealth funding pool, but delivering services to 'communities', of which primary producers make up one component. Often recovery officers will meet with other providers on the ground, to find both providers curious about each other's activities. Therefore, we would encourage the Commonwealth Government via the state authorities such as Queensland Reconstruction Authority to facilitate a shared list of service providers and funding recipients to enable a whole-of-community recovery response.

QFF acknowledges the work of the federal, state and local governments in supporting primary production businesses through natural disaster response and recovery. However, having multiple levels of government involved in the process can lead to the over complication of processes, particularly those related to recovery grants and concessional loans.

There is evidence of a lack of consistency across state jurisdictions in the activities for which NDRFA funding can be used on farm, due to the way that state bodies administer the funding and interpret the uses for which the funding can be used. I.e. in the guidelines provided by the Queensland Rural and Industry Development Authority (QRIDA), for the Extraordinary Disaster Assistance Recovery Grants state that funding may be used for "replacing lost or damaged plants if the replacement is essential for immediately resuming operation of the primary production enterprise" (QRIDA,2023), and the NSW Rural Assistance Authority (RAA) Special Disaster Assistance Guidelines state that funding may be used to "Replace lost or damaged plants, salvage crops, repair or restore fields." (NSWRAA,2022)

Both these guidelines seem consistent in the activity that they would deem eligible, however in Queensland, replanting of an inground crop is not deemed an eligible activity, whilst in NSW it is. This example also points to a discrimination in favour of grazing and broadacre industries while often hindering or confusing intensive horticulture or sugarcane businesses. QFF encourages open discussions regarding eligibility and the distinction between crops and orchards in horticulture, so that producers are able to receive disaster support for damaged or lost orchards which were not yet bearing fruit ('crops'). Consistent feedback from our primary producers is that the quickest way to restore their business is the planting of a crop post flood, which allows them to utilise the soil moisture and generate cashflow. The inability to use disaster funding to re-establish cropping after an event is a constant source of irritation for Qld producers.

Q5. Is there any further information you would like to provide?

The agricultural industry is worth $23.37 billion in Queensland, and accounts for 55% of land use in Australia (DAFF, 2023). The changing climate in recent years is a timely reminder of the critical importance of future-proofing agricultural land. Failure to create resilience and enhance the robustness of the industry through improved disaster preparedness and recovery assistance, creates a huge liability for national food security and the stability of the economy.

To ensure effective and timely recovery of farming businesses post-disaster, funding needs to be targeted at getting disaster recovery officers on ground immediately after a disaster event. In Category A Activation of the DRFA, resilience officers are only put in place in local governments for the benefit of whole-of-community. QFF would encourage the Commonwealth to include industry recovery officers in the Category A funding to support the small businesses impacted by disasters. Communities are much more likely to recover quickly when businesses within the community are supported to ensure they can continue to employ staff and drive economic viability. QFF further suggests an adaption of the funding to support disaster recovery professionals altering between recovery and resilience roles. QFF has repeatedly witnessed those with important disaster recovery and resilience building skill sets pursue other opportunities, given the short-term nature of the employment contracts. Investment in long-term funding for disaster recovery, will ensure that recovery and resilience professionals are able to pivot from a resilience building role to a recovery role post disaster event.

One of the key tools for ensuring recovery post disaster is the ability of a business to smooth their financial volatility during times of great instability. Farm businesses are generally very good at mitigating disaster and financial risk, however, there comes a point where mitigation measures have been exhausted and risk transfer becomes the best option for smoothing income volatility. Insurance as a tool for risk transfer is becoming increasingly difficult and costly for individuals (ACCC,2020), it is imperative that we look for new innovative ways to support farm businesses to smooth income volatility, allowing better long-term investment and planning decisions. Currently, there is a lack of competition and players within the crop and farm insurance market as a result of a detrimental cycle of adverse selection, poor results and increasing premium costs . There is dire need for government to facilitate the capitalisation of a farm crop insurance scheme, to enable farmers impacted by low and medium intensity weather events to fund their own recovery. A risk pooling scheme such as this would be self-sustaining long term but requires government support to provide confidence to growers and the insurance market in initial years. Encouraging viable and prosperous farm enterprises to take up crop insurance programs is one method of building resilience and encourages less reliance on drawing on public funds post event. Crop insurance programs should not be intended to replace the current Disaster Recovery Funding Arrangements but to provide future flexibility as well as certainty for farmers.