



Australian Government
National Drought and North Queensland
Flood Response and Recovery Agency



2019-20 Implementation Review

Australian Government
Drought Response, Resilience and Preparedness Plan

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Executive Summary

Drought is an enduring, recurring experience for Australia's farmers and rural communities. In 2019-20, the economic impacts of drought have been severe. Farm production is estimated to have contracted by around six per cent between 2016-17 and 2019-20, and in New South Wales alone, average 2019-20 broadacre farm business profit is estimated to be the lowest recorded in over 40 years. Agricultural exports fell from \$49 billion in 2017-18 to \$43 billion in 2019-20, while summer crops declined by 62 per cent in 2019-20. Despite above average rainfall for much of south-eastern Australia in 2020, serious longer-term rainfall deficiencies persist over large areas of the country. Even with good rain and increased soil moisture, it will take years for many farmers to fully restock and replant.

The government's Drought Response, Resilience and Preparedness Plan (the Plan) was released in November 2019, and aims to ensure that farm businesses and rural communities are prepared for, and capable of managing through drought, as part of their normal business operations. The Plan is focused on three pillars:

- 1) Immediate action for those in drought—focused on measures to support farmers and communities facing prolonged drought conditions to keep them going until the drought breaks.
- 2) Support for the wider communities affected by drought—many rural and regional communities depend on our farmers and are at the heart of Australia.
- 3) Long-term resilience and preparedness—building resilience and an ability to withstand drought periods in the long term.

In line with the Plan, more than \$10 billion has been committed since 2018-19, under 25 measures across the three pillars. These measures contribute to the implementation of the Plan and the National Drought Agreement (NDA) which is the nationally agreed framework for drought support, signed by the Commonwealth and all states and territories in December 2018.

The National Drought and North Queensland Flood Response and Recovery Agency (the Agency) conducted this scheduled review into the government's implementation of the Plan. This is an annual requirement, established under the Plan itself, to ensure the government's approach is not to 'set and forget'. We must continue to monitor the effectiveness of drought policy settings and assistance measures, to ensure they are providing the assistance required, while also preparing for future droughts. The review involved consideration of progress against the 14 actions in the Plan to ensure the Commonwealth is meeting its public commitments under each action.

The review found that in 2019-20, the government is delivering its obligations to farmers and communities. Some actions have been fully achieved, such as developing and delivering a regional small business drought loan product through the Regional Investment Corporation (RIC), while others will naturally take a number of years to fully implement and are at different stages of maturity. The Agency has observed that of the 14 actions, none are currently deemed at risk of not being delivered.



Plan achievements in 2019-20

In 2019-20 the Australian Government successfully supported farm businesses and rural communities to be prepared for, and capable of managing, drought in pursuit of a prosperous and sustainable future. Some of the key achievements include:

- The RIC approved 644 total loans valued at \$725.4 million. Of these, 592 were for farm business Drought Loans, valued at \$608.4.2 million. The RIC estimates its Drought Loan customers will benefit from up to \$85 million, or around \$120,000 per customer, in interest savings. The RIC also began providing the AgBiz loan to eligible drought-affected small businesses this year, approving \$3.8 million in these loans.
- The government assisted primary producers in managing their cash flows through an estimated \$250 million in foregone revenue as a result of Farm Management Deposit (FMD) concessions.
- The Farm Household Allowance (FHA) has made over \$131.8 million in payments to over 3,100 farmers and their partners, experiencing financial hardship. This saw over \$2 million each week being invested into rural communities through the program. The Drought Community Support Initiative (DCSI) provided 26,670 households with financial assistance. The Country Women's Association assisted 2,555 households, with a \$5 million grant from the government.
- Over 5,600 farmers became more water efficient through the payment of \$29.8 million from the On-farm Emergency Water Infrastructure Rebate Scheme (EWIR) rebates. The Adelaide Desalination Plant was used to produce water so that 40 gigalitres of water could be supplied to 800 farmers to produce fodder and pasture to maintain livestock.
- The Rural Financial Counselling Service (RFCS) serviced over 7,000 clients with around 5,000 active clients in any given month seeking support to cope with drought and other disasters, such as bushfires and COVID-19. This was a significant increase in demand from the usual 3,100 clients per month. There are approximately 150 financial counsellors employed by the 12 providers, with additional client-facing and administrative support staff. The RFCS, employed 22 new full-time equivalent financial counsellors, to provide support to hundreds of regional small businesses impacted by drought, bushfires and COVID-19.
- Primary Health Networks (PHNs) across Australia provided targeted mental health first aid training, workshops, community recovery and resilience programs, as well as early intervention services.
- The ability for regional areas to come together and support one another was strengthened through \$5.13 million for 156 "Tackling Tough Times Together" projects, following a grant from the Australian Government to the Foundation for Rural and Regional Renewal.
- Over 56,000 users accessed the FarmHub site and around 12,000 stakeholders utilised the National Drought Map.
- The Drought Communities Programme Extension (DCPE) has seen 294 regional projects completed with \$88.5 million paid to Local Government Areas (LGAs). A further 147 projects are underway.
- Local communities benefited from the announcement of 163 drought-specific Building Better Regions Fund (BBRF) projects worth \$207 million and the announcement of \$138.9 million additional Roads to Recovery (R2R) funding for 128 LGAs (of which \$69.43 million was paid). A further \$10 million will assist 33 regional LGAs undertake 23 pest animals and weeds management projects through Round 2 of the Communities Combating Pest and Weed Impacts During Drought Program.



Plan improvements in 2019-20

In 2019-20 the Australian Government has continued to monitor the effectiveness of drought policy settings and assistance measures, and some of the key improvements introduced, include:

- The establishment of the Agency in December 2019 to provide strategic leadership and coordination of the Australian Government's drought response, recovery and preparedness initiatives, working closely with all levels of government, charities, communities and agricultural organisations.
- The Agency established a national network of Regional Recovery Officers (RROs) based across Australia to work with communities to find locally-led solutions and deliver the support and information needed to help communities recover and prepare (Attachment A).
- In 2019-20, the government successfully implemented changes to simplify the FHA application process and made a number of key policy settings improvements to better deliver the program objectives. To continue to support those in drought, on 26 June 2020, an extension to the FHA relief payment was announced to cover farmers and their partners exhausting their FHA payments between 1 July and 30 September 2020.
- In 2019-20 the internal review of the RFCS program was completed and the 30 recommendations were endorsed in full. These recommendations are now being used to design the next funding round.
- To deliver on the government's commitment to support regional small businesses impacted by the drought, the government has leveraged the success of the pilot RFCS Drought Communities Small Business Support Program and extended it to those impacted by both bushfires and COVID-19.
- An independent review into the methodology, delivery and objectives of the DCPE was conducted by Ernst & Young Australia in late 2019. Ernst & Young Australia's Interim Simplified Methodology was used to determine for the 52 LGAs to be funded for the January 2020 announcement.
- The DCSI was extended twice in 2019-20 to continue supporting eligible farming households in financial stress and to ensure coverage across new LGAs
- Round 2 of the Communities Combating Pest and Weed Impacts During Drought Program is delivering \$10 million in 2019-20 and 2020-21 towards 23 projects. This builds on round 1 which delivered \$15 million for 48 projects in 2018-19. The eligibility criteria was also strengthened, with the support of ABARES, between Round 1 and Round 2.
- The RIC incorporated feedback regarding processing times into reforms of its operational structure, to reduce application processing times from 2020-21 onwards.
- During the first half of the 2019-20 financial year, the government worked closely with Queensland, New South Wales, South Australia and the Northern Territory (Basin states) to successfully negotiate improvements to the Improving Great Artesian Basin Drought Resilience (IGABDR) program. These improvements will increase uptake by end-users and reduce under-delivery overall of the program.
- To strengthen FarmHub, the government's delivery partner, the National Farmers' Federation (NFF) announced a number of improvements, including new Climate Guides, a Learning and Development Directory and creating a Farm Risk Management Resources and a Drought Preparedness E-Guide.



Key Findings

Actions and commitments immediately supporting those in drought

All ten (10) actions and commitments listed under this section of the Plan are successfully underway (on-track) or complete, as at the end of 2019-20.

Action 1.1: Continue to provide, and improve, Farm Household Allowance



Obligations are being met under Action 1.1. In 2019-20, the government:

- provided \$131.8 million to over 3,100 farmers and their partners;
- implemented a simplification of the FHA application process and a number of key policy settings improvements to better deliver the program objectives and the government's obligation under section 9a of the NDA.

Action 1.2: Continue to provide, and improve, the RFCS to assist farmers to make changes for their future



Obligations are being met under Action 1.2. In 2019-20:

- over 7,000 RFCS clients received free and confidential financial counselling;
- monthly demand increased to over 5,000 RFCS clients receiving support in peak periods;
- an internal review was completed and made 30 recommendations for next funding round improvements;
- the government extended the current program to 30 June 2021 to allow time to implement the recommendations and redesign the next funding round (from 1 July 2021) to better deliver the program objectives and the government's role and responsibility under section 11c the NDA which is to continue to provide RFCS.

Action 1.3: Continue to provide concessional loan products to support farm businesses prepare for, manage through and recover from drought



Obligations are being met under Action 1.3, noting some implementation issues. In 2019-20:

- 644 RIC loans were approved, valued at \$725 million;
- all Drought Loan recipients have a drought management plan that outlines how they will use the loan to prepare for, manage through or recover from drought;
- the government delivered the program objectives and obligation under section 9c of the NDA to continue to provide concessional loans;
- there were significant delays in loan processing, and a risk that loan funding would be exhausted. The program's delivery is expected to improve throughout 2020-21 with an additional \$50 million in operational funding for the RIC over four years from 2020-21 (recently announced), and an extra \$2 billion provided to the RIC for drought loans.



Action 1.4: Continue to investigate options to support farmers be more water efficient



Obligations are being met under Action 1.4, noting some implementation issues. In 2019-20, the government:

- supported over 5,600 farmers be more water efficient through the payment of \$29.8 million in EWIR rebates;
- provided \$1.842 million of funding to IGABIIP, 17 infrastructure and compliance projects returning an estimated 3.05 GL water saving per year; and
- delivered its role and responsibility under sections 11a of the NDA to help farmers employ robust risk management strategies to prepare and respond to drought.

EWIR is oversubscribed, which is limiting the potential for more water efficient farmers to access the scheme. Further, establishing agreements and bilateral schemes for IGABDR was slower than expected in 2019-20, delaying the rollout of support. However, considerable progress has recently been made.

Action 1.5: Drought indicators will be developed to assist government to understand changing conditions and emerging impacts



Obligations are being met under Action 1.5. In 2019-20, the government:

- commenced the development of initial drought indicators in partnership with ABARES;
- commenced the redesign of the National Drought Map; and
- effectively is delivering on its role and responsibility under section 11h of the NDA, contributing to the development of quality, publicly available data.

Action 1.6: Continue to deliver and improve FarmHub, a centralised point of trusted information on support and programs from all levels of Australian governments, industry groups and not-for-profit organisations



Obligations are being met under Action 1.6, noting some implementation issues. In 2019-20:

- over 56,000 users accessed FarmHub;
- 56 BoM regional NRM climate guides were released to assist producers;
- the FarmHub Drought Preparedness E-Guide was created; and
- the government is delivering its role and responsibility under sections 11e and 11f of the NDA to ensure tools are available to support policy/decision-making.

An implementation issue exists with online tools needing to be streamlined and enhanced over the next year to improve access to information for end users,

Action 1.7: Convene cross-government and industry meetings to share information on drought, response measures, identifying emerging risks and options and ensure consistent communication to farmers and rural communities on drought matters



Obligations are being met under Action 1.7. In 2019-20, the government:

- established the Agency to drive drought governance and coordination and to create a national network of Regional Recovery Officers to work with people to find locally-led solutions for their regions;
- held a number of cross-government and industry meetings such as AGMIN Working Group on Drought and Minister's Roundtable on Drought; and
- effectively delivered its responsibility under sections 11d and 11e of the NDA to support stakeholder input on and understanding of drought policy and decision-making.



Action 1.8: Continued investment in mental health support programs in rural communities



Obligations are being met under Action 1.8. In 2019-20:

- Primary Health Networks (PHNs) commenced mental health first aid training, workshops, and community recovery and resilience programs;
- PHNs were fully funded under the Empowering our Communities Initiative and Trusted Advocates Network Trial; and
- the government effectively delivered its role and responsibility under section 11d of the NDA to support the health and wellbeing of farming families and farming communities during drought.

Action 1.9: Continue to explore options to reduce the impact of pests and weeds in drought-affected areas



Obligations are being met under Action 1.9. In 2019-20, the government:

- committed \$10 million to assist 33 regional LGAs undertake 23 pest animals and weeds management projects; and
- effectively delivered the program objectives and the government's obligation under sections 11a and 11b of the NDA through encouraging robust risk management, promoting resilience, and providing support to mitigate the effects of drought on regional farming families and communities.

Action 1.10: A review on the effectiveness of the Farm Management Deposits (FMD) Scheme will be undertaken in 2020–21 to inform any future changes



Obligations are being met under Action 1.10. In 2019-20 the government:

- estimated ~\$250 million in foregone revenue through FMD concessions;
- scheduled and planned an FMD review process for 2020-21, which is proceeding on time; and
- effectively delivered the program objectives and the government's obligation under section 9c of the NDA to continue to provide the FMDs.

Actions and commitments for support the wider communities affected by drought

The Agency has concluded that in 2019-20 all three (3) actions and commitments listed under this section of the Plan are successfully underway (on-track) or complete.

Action 2.1: Continue to investigate options to support rural and regional communities respond to drought



Obligations are being met under Action 2.1. In 2019-20:

- \$88.5 million was provided to regional LGAs for 294 DCPE projects;
- a further \$207 million was committed to 163 successful BBRF projects;
- 26,670 households were assisted through DCSI payments;
- the government effectively delivered the program objectives and its obligation under NDA sections 7b, 11a, 11b, and 11d; through encouraging rural communities to prepare for and mitigate the effects of drought.

Following concerns regarding eligibility of LGAs in 2019, Ernst & Young Australia were commissioned to review the DCPE and subsequently developed a revised methodology to guide eligibility.



Action 2.2: The RIC to develop a Small Business Drought Loan product



Obligations are complete under Action 2.2. In 2019-20, the government:

- completed development of Small Business Drought Loan (AgBiz) product;
- approved 15 AgBiz loans, totalling over \$3.8 million; and
- effectively delivered the program objectives and the government's obligation under section 9c of the NDA to continue to provide concessional loans.

Although the action is marked complete, there is an ongoing need for data collection and evaluation to ensure uptake of the AgBiz Drought Loans continue to be promoted and understood.

Action 2.3: The \$7 million pilot Drought Communities Small Business Support Program will be assessed mid-program in late 2021 to monitor its effectiveness and amend if necessary



Obligations are being met under Action 2.3. In 2019-20, the government:

- successfully developed, implemented and expanded the pilot to \$12.785 million to assist small businesses recover from drought, bushfire or COVID-19;
- recruited 22 new counsellors across Australia; and
- delivered its responsibility under sections 11a and 11c of the NDA to provide rural financial counselling and assist small businesses employ robust risk management strategies and mitigate the effects of drought.

Action and commitments for long-term resilience and preparedness

The Agency has concluded that in 2019-20 the one (1) action and commitment listed under this section of the Plan is successfully underway (on-track).

Action 3.1: Modernise the Research and Development Corporations (RDC) system to deliver value for money, drive collaboration and participation across the agricultural innovation system and target long-term cross-sectoral and transformative research and development (R&D)



Obligations are being met under Action 3.1, noting some implementation changes following stakeholder feedback. In 2019-20, the government:

- released the RDC discussion paper; *Modernising the Research and Development Corporation System* and received stakeholder feedback;
- delivered its responsibility under sections 6c and 6f of the NDA to adopt new tools from research and development, and provide industry with quality information.

The Minister for Agriculture, Drought and Emergency Management has had ongoing engagement with RDCs to modernise the agricultural innovation system.



Scope and Baseline

This report sets a baseline, as at 30 June 2020, against which future reports on the Australian Government's efforts to deliver against actions and commitments can be assessed. This report has reviewed the:

- 10 actions and commitments immediately supporting those in drought;
- 3 actions and commitments for support for the wider communities affected by drought; and
- 1 action and commitments for long-term resilience and preparedness.

Methodology

The Australian Government's drought support package to 30 June 2020 commits more than \$8.7 billion since 2018-19, across 25 measures, delivered by 11 agencies and departments. It should be noted in July 2020, the government announced an additional \$2 billion in support for RIC loans, taking the government's commitment to \$10,881,015,965 since 2018-19 (Attachment B refers). Australian Government departments and agencies responsible for implementing drought measures were invited to provide input as part of the report.

Where practical, the Australian Government's drought measures, which fall under relevant actions in the Plan, have been reviewed over the course of their lifetime. This review of measures then specifically looked at how the measures had performed in the 2019-20 period, the first reporting period since the inception of the Plan. Consideration has also been given to issues that may be impacting the success in delivering the action. Across the 14 actions, four categories of success in delivery have been applied:

- Completed – all deliverables against the action have already been completed;
- Underway (on-track) – all deliverables required to complete the action are underway, and throughout 2019-20, there were minimal risks to delivery; and
- Underway (implementation issue) – there was, or remains, an identified issue impacting the action being completed on-time, or within the Plan's parameters.
- Underway (critical risk) – there are severe delivery risks for the government.

The Plan is scheduled for review in 2022-23. This will deliver on the government's pledge that the Plan is not 'set and forget' but will continue to be updated and adapted as required.



Cotton Crop

Future Drought Fund not captured in the 2019-20 report

The \$5 billion Future Drought Fund (FDF) is providing \$100 million each year to support farmers and communities prepare for future droughts. On 1 July 2020, the government announced the eight foundational programs under the FDF. This significant investment will give farmers and communities the opportunity for transformational change – the adaptation needed to be prepared for the inevitable future droughts. The eight programs announced to date under the FDF offer support for farm businesses to be better informed, to be more productive, profitable and adaptable, and to adopt more drought-resilient land and natural resource management practices. The programs will also build capacity in rural and regional communities to be less vulnerable to the socio-economic impacts of drought, improving the wellbeing of rural people.

As the program measures were announced in 2020-21, they fell outside of this report's 2019-20 reporting period. However, it should be noted that significant development work was completed in 2019-20, including:

- the carriage of legislation establishing the FDF on 1 September 2019 and tabling of the Drought Resilience Funding Plan on 12 February 2020.
 - The Funding Plan is a high-level framework to guide FDF funding decisions to deliver long- term drought resilience and preparedness.
 - Consultation on the Funding Plan occurred from 29 October to 13 December 2019, with 73 face-to-face discussions in 23 locations around Australia. Written submissions were also provided throughout this process.
- establishment of the independent FDF consultative committee.
 - The committee comprises experts in fields that include agricultural economics, climate risk, rural and regional development and natural resource management.
 - The committee provided expert advice on the development on the Drought Resilience Funding Plan.



Report on Actions

Part 1 - Actions and commitments immediately supporting those in drought:

Action 1.1: Continue to provide, and improve, Farm Household Allowance

Assessment of Status



Underway (on-track)

- The government is delivering its obligations under action 1.1.
- In 2019-20, the government successfully implemented a simplification of the Farm Household Allowance (FHA) application process and key policy settings improvements to better deliver the program objectives and the government's obligation under the NDA.

Purpose

The FHA now provides assistance for up to four years in every 10 year period to farming families experiencing financial hardship. The FHA has dual objectives i) to provide income support and ii) assist structural change. The program helps farmers put food on the table, and provides access to vital support as they make difficult decisions to improve their long-term financial situation.

NDA link

In accordance with NDA section 9a, the FHA delivers on the Australian Government responsibility for funding and delivering a time-limited household support payment based on individual and farming family needs, including the provision of case management to support resilience and reciprocal obligations.

Government investment over the life of the program

Since the FHA was introduced in 2014, over \$460 million in payments has been made to over 15,200 farmers and their partners, experiencing financial hardship (as at 30 June 2020).

The FHA program also provides recipients access to:

- a professional financial assessment of their farm enterprise (worth up to \$1,500);
- funding to help develop skills, access training and pay for professional advice (now up to \$10,000); and
- regular access to a case manager to build a financial improvement agreement aimed at improving their financial position and consequently the viability of their farm business.

Deliverables in 2019-20 under the Plan

On 27 September 2019, the Australian Government released its response to the 2018 farmer-led review of the FHA, announcing it would simplify the policy and legislation, including by:

- paying one rate of payment rather than fortnightly fluctuations, providing families with certainty around how much they will be provided each fortnight;
- removing the requirement for business income reconciliation;
- simplifying the assets test to apply a single threshold of \$5.5 million net assets across farm and off-farm assets; and



- strengthening case management, including increasing the Activity Supplement to \$10,000, and extending the pool of professionals who can complete a farm financial assessment to include farm consultants and rural financial counsellors.



Drought-affected pastoralist

Progress and implementation in 2019-20

In 2019-20, over \$131.8 million in payments were made to over 3,100 farmers and their partners, experiencing financial hardship. As at 30 June, over 8,000 farmers are receiving support and over \$2 million is being invested each week in rural communities through the program.

Amendments in the 2019-20 year include:

- exempting the profit from the forced disposal of livestock that is put into a FMD (effective from 1 July 2019);
- lifting the off-farm income threshold to \$100,000 and allowing anyone running at a loss to access the offset and treating income from directly-related businesses (e.g. agistment) as primary production income (from 16 December 2019);
- redesign of the application process – a new online claim that can be used by both members of a couple, rather than requiring separate support applications (effective 1 February 2020);
- paying the maximum rate only (or nothing if the income is above the thresholds) (from 11 June 2020);
- simplifying the assets test to remove the distinction between farm and off-farm assets. There is a single threshold of \$5.5 million net assets from 11 June 2020;
- changing the definition of who can complete the Farm Financial Assessment. The definition has been expanded to include farm consultants and Rural Financial Counsellors (from 11 June 2020);



- increasing the amount of the Activity Supplement to \$10,000 in a person's lifetime and allowing it to be used for reasonable travel and accommodation to undertake training (from 11 June 2020); and
- removing the requirement for business income reconciliation from 1 July 2020.

Additionally, on 26 June 2020 an extension to the FHA relief payment was announced to cover farmers and their partners exhausting their FHA payments between 1 July and 30 September 2020. The automatic payment provides up to \$13,000 to a couple or \$7,500 to a single person, roughly equivalent to six months of FHA payment. The payments supports farmers who require additional time to recover or make decisions about their future.

These changes improved access to financial and case management support, as well as the opportunity to earn a greater amount of off-farm income. Changes were in response to the recommendations made by the farmer-led review panel.

Key risks/future direction

In 2020-21, ongoing work will focus on continuing to improve the efficacy of the case management framework and improve public communications. Key risks to the program centre on data collection and evaluation to ensure the program continues to promote structural change and minimises the risk of welfare dependency.

Action 1.2: Continue to provide, and improve, the Rural Financial Counselling Service to assist farmers to make changes for their future

Assessment of Status



Underway (on-track)

- The government is delivering its obligations under action 1.2.
- In 2019-20 the internal review of the RFCS program was completed and the 30 recommendations were endorsed in full. The recommendations are now being used to design the next funding round so it better delivers the program objectives and the government's obligation under the NDA.
- The current program has been extended to 30 June 2021, to allow time for the design of the next funding round (from 1 July 2021).

Purpose

The objective of the Rural Financial Counselling Service (RFCS) program is to assist clients, facing or at risk of, financial hardship to understand their financial position and the viability of their enterprise, and to develop and implement plans to become financially self-sufficient. This assistance is expected to help businesses become more resilient to risks, or to take steps to exit the industry with dignity if long-term viability is not achievable.

Rural financial counsellors are prohibited from providing financial advice, succession planning or family, emotional or social counselling. They can, however, provide referrals to appropriate professionals, and are able to provide specific advice regarding FHA farm financial assessments.

NDA link

RFCS providers are principally funded by the Australian Government, with additional funding provided by the states and territories for their respective services. In accordance with NDA section 11c, this action delivers on the Australian Government's role and responsibility of continuing to enable the provision of rural financial counselling services to primary producers in financial hardship due to drought across Australia.



Cattle in regional feedlot

Government investment over the life of the program

The government has funded the RFCS for over 30 years. Not-for-profit RFCS providers (grantees) provide free, confidential services for farmers, fishing enterprises, forest growers and harvesters, and related small business owners, who are experiencing, or at risk of, financial hardship.

The Australian Government has allocated over \$105 million in funding since April 2016 to the RFCS program. This includes \$5 million of funding announced in August 2018 to meet a surge in demand for services as a result of drought and \$15 million announced on 14 January 2020, to fund additional rural financial counsellors and support workers to assist primary producers with bushfire recovery over the next two years.

Between 1 April 2016 and 30 June 2020 the RFCS assisted over 12,000 clients across the 12 regions where providers operate. Up until July 2018, in any given month there were usually around 3,100 clients accessing the service nationwide. Since then, the demand has increased substantially. In both February and March 2020, there were over 5,000 active clients.

Deliverables in 2019-20 under the Plan.

There are no specific deliverables for RFCS in 2019-20 listed in the Plan.

Progress and implementation in 2019-20

In 2019-20, ongoing demand due to drought and other disasters, such as bushfires, has led to over 7,000 clients receiving RFCS services; ranging from those receiving ongoing intensive case management, through to those requiring more casual transactional assistance. There are approximately 150 counsellors employed by the 12 providers, with additional client-facing and administrative support staff. Clients can expect to meet with a counsellor within 4-5 weeks in areas experiencing high demand. Where a new client is assessed as having urgent or critical needs, they will be allocated a counsellor within 1-5 days.



In October 2019, the Department of Agriculture, Water and the Environment (DAWE) released its report into the 2016 to 2020 RFCS Program review. The review was informed by a significant public consultation process, interacting with approximately 150 stakeholders. The review made 30 recommendations to improve program outcomes and the performance of service providers covering service delivery, governance requirements communication and monitoring and evaluation.

Building upon the RFCS, the government delivered on its election commitment to establish a pilot Drought Communities Small Business Support Program (delivery of action 2.3), which extends RFCS services beyond primary production to support small regional businesses facing, or at risk of, hardship. Further funding was provided to the Program in 2020 for small, regional businesses affected by bushfire and COVID-19.

Key risks/future direction

Applications for the next funding round are expected to open in October 2020. Funding decisions will need to be timely to give service providers sufficient notice to provide certainty for employment arrangements and skill retention, business planning and transition.

From 1 July 2021 the RFCS will enter into a new phase of funding and delivery that is currently being developed by DAWE. A refocussed program will help enhance the existing service delivery model to drive behavioural change and support decision making. Approaches for dealing with fluctuating caseloads and periods of high demand will also be enhanced. The refocused program will also aim to reduce administrative burden on counsellors.

Action 1.3: Continue to provide concessional loan products to support farm businesses prepare for, manage through and recover from drought

Assessment of Status



- The government is delivering its obligations under action 1.3.
- In 2019-20 the RIC received a total of 1997 applications, of which 1737 were for Drought Loans from farmers managing and recovering from drought or looking at ways to make their operations more drought resilient. Applicants must include a drought management plan with their application.
- The 592 farm business Drought Loans approved in 2019-20 was higher than anticipated, and delivered the program objectives and the government's obligation under the NDA.
- The processing and wait times for applications in 2019-20 did not meet community or industry expectations (noting unprecedented demand). The government has subsequently implemented changes, and committed an additional \$50 million in operational funding from 2020-21, to improve loan processing times.



Purpose

The purpose of concessional loans is to encourage growth, investment and resilience in Australian farm businesses and rural and regional communities. The RIC delivers farm and small business loans and loans for state or territory government water infrastructure projects. Farmers are able to use the financial relief provided by concessional loans to manage through the drought by buying fodder, agistment of livestock, transporting water and netting of horticulture, and when it does rain, recover quicker through replanting and restocking.

NDA link

In accordance with NDA section 9c, the RIC delivers on the Australian Government's pledge to provide continued access to incentives that support farming businesses' risk management, including taxation concessions, the FMD Scheme and concessional loans.

Government investment over the life of the program

The RIC is an Australian Government-backed specialist finance provider for farmers and farm-related small businesses. The government has provided a \$2 billion commitment (as at 30 June 2020) for providing concessional loans, spread across four different financial products; Drought Loans, AgBiz, Farm Investment Loans, AgRebuild Loan (closed 30 June 2020), and from 1 January 2021 the AgriStarter Loan product. The RIC also has the \$2 billion National Water Infrastructure Loan Facility for state and territory governments to build and improve regional water infrastructure.

Since its inception on 1 July 2018 to 30 June 2020, the RIC has approved 814 loans valued at \$890.2 million (table 1). This included 733 approved farm business Drought Loans valued at \$748.8 million. During this period the RIC has grown from receiving just six loan applications in July 2018 to consistently receiving hundreds of loan applications a month, with a peak of 315 applications in March 2020.

Table 1: RIC loan products approved since date applications opened to 30 June 2020

Loan	Date applications opened	Total approved to 30 June 2020	Total value of approved loans to 30 June 2020	Total approved in 2019-20	Total value of approved loans in 2019- 20
Farm Investment Loan	1 July 2018	33	\$25.0	<10*	_*
Drought Loan	1 July 2018	733	\$748.8	592	\$608.4
AgRebuild Loan	12 June 2019	33	\$112.5	33	\$112.5
AgBiz Drought Loan	20 January 2020	15	\$3.8	15	\$3.8

*The RIC cannot provide information where the total volume is less than 10. This is necessary to prevent the potential identification of individual applicant.

Deliverables in 2019-20 under the Plan

There are no specific deliverables for concessional loans in 2019-20 listed in the Plan.



Progress and implementation in 2019-20

For 2019-20, the RIC approved 644 total loans valued at \$725.4 million, of these, 592 were for farm business Drought Loans valued at \$608.4 million (table 1 above). The RIC estimates its Drought Loan customers will benefit from up to \$85 million, or around \$120,000 per customer, in interest savings through the loan's two years' interest free terms (based on a \$1 million loan at a 6 per cent business loan interest rate). Changes and improvements to the RIC occurred throughout 2019-20 after close collaboration with industry and stakeholders to better understand the needs of farmers and small business.

- On 7 November 2019, the government announced that a 2 year interest free period will be applied to new and existing farm business Drought Loans. This was made available from 1 January 2020. The government also announced that a new loan product for small businesses that supply goods or services relating to primary production to farm businesses (AgBiz Drought Loans) would also be launched. This product also offered a 2 year interest free period, available from 20 January 2020.
- An amendment to the RIC's Operating Mandate to allow for a 2 year interest free period to be applied to the farm business Drought Loans was registered on 20 November 2019 (effective from 21 November 2019). A new rule, the *Regional Investment Corporation (Small Business Drought Loans) Rules 2020* was also made and registered on 16 January 2020 to implement the AgBiz Drought Loans (government announced on 22 July 2020 that interest free terms will cease on 30 September 2020 for both the RIC's farm business Drought Loans and AgBiz Drought Loans.)
- On 28 March 2020, the RIC announced the Drought Loans Rule Expansion to provide Drought Loans to farm businesses outside the current eligibility map, effective immediately. (Note: Other Drought loan eligibility criteria remained the same, including the requirement for farmers to demonstrate that their income has been affected as a result of drought or that the loan would be used for drought preparedness purposes).

Key risks/future direction

In July 2020 the government announced the RIC is being expanded, through an increase of committed loan funding to \$4.075 billion. Further, the RIC is launching a new AgriStarter financial product on 1 January 2021 for the next generation of farmers. An additional \$50 million in operational funding for the RIC over four years from 2020-21 was also provided. This will ensure the RIC is able to meet the unprecedented demand for its Drought Loans and reduce the average processing times.

For applications received up to and including 30 September 2020, the first 2 years are interest free with no repayments required, then 3 years interest only, last 5 years principal and interest. Applications received from 1 October 2020 will have first five years interest only at the current variable rate of 1.92% then five years' principal and interest over a 10-year loan term.



Action 1.4 Continue to investigate options to support farmers be more water efficient

Assessment of Status



Underway

(on-track – issue)

- The government is delivering its obligations under action 1.4.
- EWIR has supported the government's drought response by helping farmers be more water efficient and providing more effective animal welfare during drought. It has been highly popular, with oversubscription in many jurisdictions.
- The IGABDR projects that have commenced are building on the long legacy of improving the water resource efficiency of the Basin.
- An implementation issue exists with EWIR due to oversubscription, which is limiting the potential for more water efficient farmers to access the scheme. Further, establishing agreements and bilateral schemes for IGABDR was slower than expected in 2019-20 delaying the rollout of support. However, considerable progress has recently been made.

Purpose

The Australian Government is committed to helping farmers be more water efficient. Improving on-farm water supply helps address animal welfare and permanent planting needs, which helps farmers be more resilient to future droughts, increase productivity and mitigate the degradation of natural watering points. The restoration and repair of the uncontrolled bores and watering delivery systems is reducing water wastage and increasing pressure within Great Artesian Basin springs.

NDA link

The management and provision of water supply and resources is a primary responsibility of states and territories.

In accordance with NDA section 11a, this action delivers on the shared responsibility for developing, designing, implementing and funding drought preparedness, response and recovery programs.

Government investment over the life of the program

This action is being delivered through the \$50 million EWIR and the \$36.9 million commitment to improve water security and drought resilience in the Great Artesian Basin (including the IGABDR and IGABIIP).

EWIR is helping farmers buy and install pipes and pumps, new bores, tanks and troughs and desilt dams. Since June 2018, over \$38 million in rebates has been made to over 7,100 farmers through partnerships with the states and territories.

On 19 August 2018, the government announced the commitment of \$36.9 million over six years to improve water security and drought resilience in the Great Artesian Basin. \$27.6 million of this funding has been made available to Queensland, New South Wales, South Australia and the Northern Territory (Basin states) through the IGABDR from 2019-24. Up to \$6.4 million was also made available for the IGABIIP in Queensland for 2019-20.

Deliverables in 2019-20 under the Plan

There are no specific deliverables for any program in 2019-20 listed in the Plan.



Progress and implementation in 2019-20

EWIR has been popular with farmers, and a number of jurisdictions have disbursed all of their funding early and closed the Scheme to new applications. In 2019-20, over \$29.8 million in rebates has been made to over 5,600 farmers.

During the first half of the 2019-20 financial year, the government worked closely with Basin states to successfully negotiate improvements to the IGABDR program. The changes allow IGABDR to be more responsive to changes in the jurisdictional work plans and facilitate increased program uptake. In 2019-20 an initial seven projects, worth \$847,531 of Australian Government funding were completed. Other Basin jurisdictions are working with landholders, seeking expressions of interest for the 2020-21 financial year, and creating forward work programs.

The IGABIIP Project Agreement was executed on 2 July 2019 and committed up to \$6.4 million of Australian Government funding. An initial schedule identified 26 projects worth \$2.581 million however rainfall events impacted several landholders and their practical completion deadlines. At the conclusion of the program on 30 June 2020, 16 projects worth \$1.842 million of Australian Government funding were completed with an estimated 3.05 GL water saving per year. The government is working closely with Queensland to deliver the additional projects under the new IGABDR program.

Key risks/future direction

EWIR is currently oversubscribed, and closed to new applications in a number of states and territories. Some farmers who invested in improvements missed out on the rebate. Continuation of the program, with potential co-funding from states and territories, as was seen previously in South Australia and Queensland, would be beneficial. This would progress harmonisation of drought measures with states and territories under the National Drought Agreement. The continuation of EWIR will provide immediate economic stimulus for regional communities and support recovery from ongoing drought conditions.



Action 1.5: Drought indicators will be developed to assist government to understand changing conditions and emerging impacts

Assessment of Status



Underway (on-track)

- The government is delivering on its obligations under action 1.5. The National Drought Map is being delivered in parallel to the development of drought indicators to ensure these tools effectively support drought policy and decision-making.

Purpose

It is important that government, communities, industry and the public have access to common sources of quality, drought-related information and data to improve decision-making. While there is information available, more is needed, particularly improved forecasts and local information.

NDA link

This action assists in delivering on the Australian Government's role and responsibility under the NDA for section 11h contributing to the development of quality, publicly available data.

Government investment over the life of the program

This action is being delivered and supported through the development of the \$4.2 million National Drought Map and \$77.2 million in climate radar coverage to improve access to real-time weather information.

The National Drought Map is an online tool that brings together population data and information on drought conditions. It was released in early 2019. Initial drought resilience and exposure indicators are being developed in collaboration with ABARES. More work is required in the next financial year to develop and test these indicators. Once indicators are fully developed they will be included on the map.

As at 30 June 2020, \$931,500 had been expended in developing the National Drought Map and the first initial draft drought indicators. The Australian Government has committed \$4.2 million over four years (until 2023-24) to further develop the map to improve forecasts and provide local information to support informed decision making by government, communities, industry, and the general public. A further \$500,000 per annum has been committed for ongoing delivery of the map (noting this is an ongoing measure).

In the 2019-20 Budget, the Australian Government committed \$77.2 million to enable the Bureau of Meteorology (Bureau) to install four new radars and accompanying rain gauges in Queensland. These radars will fill gaps in radar coverage and provide agriculture and related industries with improved access to real-time weather information, enabling more effective use of rainfall. Data from the radars will be incorporated into the National Drought Map, assisting in the development of drought indicators, and strengthening the Map's utility.

Deliverables in 2019-20 under the Plan

Make more information available, particularly through improved forecasts and local information.



Progress and implementation in 2019-20

The National Drought Map was transferred from DAWE to the Agency, and ABARES delivered the preliminary scoping of drought indicator work to the Agency and the Future Drought Fund. Delivery is on track however, further work and agreement is needed on the indicators to ensure relevance and use in supporting policy and delivery decisions. The National Drought Map and use of drought indicators has been further supported by user research which is informing the role the National Drought Map will play in supporting government, communities, industry and the public's decision-making. In 2019-20, almost 12,300 stakeholders utilised the National Drought Map.

The Bureau has commenced the procurement and site identification process for all four weather radars; delivery is on-track.

Key risks/future direction

No key risks have been identified. The Agency will continue to invest and explore the role of the National Drought Map in hosting and delivering successive tranches of drought indicators.

The Bureau's weather radars are expected to become available from mid-2021 - mid-2023. The government's commitment of \$77.2 million is over the life of the installations including for continued operation and maintenance to 30 June 2042.



Breeza plains in North West NSW



Action 1.6: Continue to deliver and improve FarmHub, a centralised point of trusted information on support and programs from all levels of Australian governments, industry groups and not-for-profit organisations

Assessment of Status



Underway (on-track)

- The government is delivering its obligations under action 1.6.
- In 2019-20 the government continued to support and enable the NFF to deliver and improve FarmHub, to deliver a centralised point of trusted information.
- Despite sound access rates, there are further opportunities to streamline and simplify access to information for end users. This includes potential integration with other government online services.

Purpose

Navigating the vast amount of information available on assistance and services for farmers and their communities can, at times, be overwhelming. This is often exacerbated during drought.

For this reason, the Australian Government partnered with the National Farmers' Federation (NFF) to establish FarmHub as the centralised point of trusted information.

NDA link

This action is assisting the Australian Government deliver on its NDA roles and responsibilities under sections:

- 11e - sharing, coordinating, collaborating and communicating information on drought preparedness, response and recovery policies and programs being developed and implemented; and
- 11f - ensuring information on assistance for drought preparedness, response and recovery is accessible and readily available.

Government investment over the life of the program

FarmHub is being delivered under a three year contract between the Australian Government and the NFF which expires in 2020-21. This \$774,400 investment has helped build the FarmHub website, informing farmers on farm risk management resources and drought support services. Over the course of its life, FarmHub has been viewed over 340,000 times by over 69,000 users.

The Bureau, in collaboration with FarmLink and CSIRO, has supported the government's drought assistance package by creating Regional Weather and Climate Guides that make it easier for locals to understand weather and climate trends in their areas. The guides provide farmers with information that helps to improve decision-making as they manage and adapt to weather and climate variability. The Climate Guides have been prominently positioned on the FarmHub website, making it easier for locals to understand weather and climate trends in their area.



Canola field in the NSW Riverina

Deliverables in 2019-20 under the Plan

Invest in more work to share information with farmers and rural communities.

Progress and implementation in 2019-20

In 2019-20, over 56,000 users viewed FarmHub, utilising the vast array of information and tools available on the site, including a Farm Risk Management Resource and Drought Preparedness E-Guide that the NFF developed specifically for FarmHub. In 2019-20 the government and NFF continued investing in, and updating, FarmHub to share information with farmers and rural communities.

The NFF made a number of changes and improvements to FarmHub in 2019-20, they include:

- updated website resources, including Climate Guides and a Learning and Development Directory on 15 November 2019; and
- Farm Risk Management Resources and a Drought Preparedness E-Guide on 28 February 2020.

In regards to the Bureau's Regional Weather and Climate Guides, the government released all 56 guides, covering all of Australia's Natural Resource Management regions, in October 2019.

Key risks/future direction

The two year contract between the Australian Government and the NFF expires in 2020-21.

The Bureau is committed to reviewing the Climate Guides project, and the impacts it has had on industry, by June 2021.

In addition to FarmHub, the Future Drought Fund is delivering two programs; Drought Resilience Self- Assessment Tool and the Climate Services for Agriculture Program, while the Agency is further developing the National Drought Map.



Action 1.7: Convene cross-government and industry meetings to share information on drought, response measures, identifying emerging risks and options and ensure consistent communication to farmers and rural communities on drought matters

Assessment of Status



Underway (on-track)

- The government is delivering its obligations under action 1.7, with all levels of government, as well as industry, non-profits and other key stakeholders broadly engaged through a multitude of channels ranging from teleconferences to the farm gate.

Purpose

Strong cross-government and industry collaboration to enable the delivery of Australian Government support to affected families, primary producers, businesses and communities, so they are better positioned for future droughts.

NDA link

The convening of cross-government mechanisms and forums delivers on the Australian Government's roles and responsibilities under the NDA sections 11d and 11e through sharing, coordinating, collaborating and ensuring information is accessible and readily available on drought preparedness, response and recovery policies and programs being developed and implemented.

Government investment over the life of the program

The establishment of the Agency in December 2019 is providing strengthened leadership and coordination of the government's drought response, recovery and preparedness activities. The Agency has established a national network of RROs based in communities across Australia to serve as champions for their region, working with people to find locally-led solutions and deliver the support and information needed to help communities recover and prepare.

The government has further engaged in cross-government and industry meetings through:

- The Agriculture Ministers' Forum (AGMIN) enables coordinated approaches on priority issues of national significance affecting Australia's primary production sectors including fisheries and forestry. Meeting biannually, and on an as-needs basis, membership comprises Australian/state/territory and New Zealand government ministers with responsibility for primary industries, and is chaired by the Australian Government Minister for Agriculture, Drought and Emergency Management.
- The AGMIN Working Group on Drought is chaired by Coordinator-General for Drought, the Hon Shane L Stone AC QC. Its role is to identify opportunities for harmonising Commonwealth, state and territory drought and recovery programs to improve access for affected producers and communities. It brings together 11 groups with representation from Commonwealth, state and territory governments, stakeholder groups, and peak industry bodies.
- The Agriculture Senior Officials Committee (AGSOC) provides cross-jurisdictional cooperative and coordinated approaches to matters of national interest, meeting biannually ahead of AGMIN, and on an as-needs basis.
- The Australian Government Standing Group on Drought works toward a coordinated approach to drought programs and initiatives across the Commonwealth. This group brings together 12 Australian Government departments and agencies.



- The Australian Government Disaster and Climate Resilience Reference Group is responsible for driving a whole-of-government approach to disaster and climate resilience, risk reduction and adaptation, and meets on a quarterly basis.
- The Drought Finance Taskforce considers drought-related finance issues affecting both farmers and small businesses in rural and regional communities. It has met five times, bringing together ministers, senior public officials, and senior banking representatives.
- The Minister's Roundtable on Drought meets twice a year to discuss and coordinate a national approach to drought response and preparedness. It brings together 12 of Australia's leading peak agriculture groups, supported by insights from the Australian Local Government Association and the Australian Banking Association.
- The FDF Consultative Committee provides independent expert advice on the Drought Resilience Funding Plan. In forming the Drought Resilience Funding Plan the committee held 73 face-to-face discussions in 23 locations around Australia, hearing from 450 stakeholders, with a further 243 stakeholders engaged through online submissions.
- The Drought Communications Network delivers consistent and effective whole-of-government messaging to audiences and stakeholders, backed by the Agency's RRO network across Australia. This group will begin meeting monthly, from July 2020.
- The role of the Drought Communications and Engagement Cross-Government Group is to compliment the work of the Drought Communications Network. The group further engages with industry through the National Farmers' Federation, driving new and timely updates on drought support to FarmHub. This group meets monthly, and commenced in March 2020.



Agency board meeting in Orange, New South Wales (credit APP)

Deliverables in 2019-20 under the Plan

There are no specific deliverables for any program in 2019-20 listed in the Plan.



Progress and implementation in 2019-20

The establishment of the Agency and the RRO Network has ensured a locally led, locally understood and locally implemented approach to drought policy and program design, ensuring charities, local governments, communities and farmers are informed, consulted and engaged. Since their inception in March 2020 through to 30 June 2020, the Agency's RROs travelled over 27,150 kilometres of regional Australia, engaging with over 1600 stakeholders, across over 750 engagements and events, including engaging with the media on 20 occasions (noting COVID-19 significantly reduced travel). Further, more than 20 departments and agencies have been routinely engaged in comprehensive cross-governmental collaboration.

Industry has been continually engaged in the drought response. For example, peak industry bodies sit prominently on the AGMIN Drought Working Group, the Minister's Roundtable on Drought, Drought Finance Taskforce, and the Drought Communications and Engagement Cross-Government Group. Industry was also consulted on the Agency's review into the Australian Government Drought Response in April-May 2020.

Key risks/future direction

The Agency will continue to coordinate, communicate and collaborate with stakeholders, and lead key forums, to enable the delivery of government support to affected primary producers, businesses and communities. Once COVID-19 restrictions are lifted, the Agency will also commence Drought Community Outreach events in regional communities, to bring together a range of stakeholders in partnership with Rotary Australia World Community Service.

Action 1.8: Continued investment in mental health support programs in rural communities

Assessment of Status



Underway (on-track)

- The government is delivering its obligations under action 1.8. In 2019-20 the government successfully implemented a range of programs to support drought-affected rural communities and the government's obligation under the NDA.

Purpose

Drought can be a major source of uncertainty, stress and anxiety for farmers and their communities. The Australian Government has established a number of mental health programs to assist farmers and rural communities during drought.

NDA link

In accordance with NDA section 11d, this action delivers on the Australian Government responsibility to provide support to mitigate the effects of drought on the health and wellbeing of farming families and farming communities.

Government investment over the life of the programs

The Australian Government has invested \$29.8 million since 2018 for drought mental health initiatives. The investment comprises: Empowering our Communities (\$24.4 million), Trusted Advocates Network Trial (\$463,815), Better Access Telehealth (\$1.2 million), changes to the Medicare Benefits Schedule for General Practitioners (\$3.6 million) and ReachOut (\$225,000). As at 30 June 2020, \$26.9 million has been spent.

Nine PHNs have received \$24.4 million, over two years from 2018-19 for the Empowering our Communities initiative to plan and commission community-led initiatives such as mental health first aid training, workshops, community recovery and resilience programs, as well as early intervention services to address the immediate support needs of rural and regional communities, and foster longer term recovery and resilience.



Nine drought-affected communities are also benefiting from the Trusted Advocates Network Trial, with funding of \$463,815 over three years from 2018-19, across the same nine PHNs that received funding under the Empowering our Communities program.

\$1.2 million was allocated to expand Better Access Telehealth to allow all sessions of psychological therapies via video conferencing for those who face barriers to accessing services. \$3.6 million was allocated to expand the Medicare Benefits Schedule for General Practitioners (GP) to deliver psychological therapies via telehealth in rural and remote areas from 1 November 2018. Better Access Telehealth is demand driven and items have been claimed against Medicare as required. This initiative allows patients to access services if they are located in an eligible rural, remote or very remote location. The expanded MBS items went live on 1 November 2018 – restricted to practitioners in eligible rural, remote or very remote locations and to patients in communities in eligible local councils under the Drought Communities Programme Extension. The expanded GP items terminated on 30 June 2020. The Better Access Telehealth measure, providing all 10 sessions through video conferencing with allied health professionals, continues until 30 June 2022.

The Connecting Youth Awareness-raising Initiative provided \$225,000 in 2018-19 to ReachOut to inform of digital (phone and online) mental health supports and services available for young people, their families and communities in drought. The program funding provided to ReachOut ceased on 30 June 2019.



Rain near Gunnedah

Deliverables in 2019-20 under the Plan

There are no specific deliverables for any program in 2019-20 listed in the Plan.

Progress and implementation in 2019-20

The eligible PHNs have received all funding under the Empowering our Communities initiative and received most funding under the Trusted Advocates Network Trial. In 2019-20, PHNs continued to plan and commission a range of community activities and events to support mental health and wellbeing. Engaging Trusted Advocates has proved challenging, however progress continues to be made.



As at 30 June 2020 the relevant MBS item numbers for Better Access Telehealth services reported an overall spend of \$2.3 million. This includes expenditure from the \$1.2 million telehealth component, the changes to the Medicare Benefits Schedule for General Practitioners drought items, and expenditure under an original 2017-18 \$9.1 million Telehealth Budget Measure. In regards to the \$1.2 million telehealth funding, there was low take up of the service in drought-affected regions.

From January 2020, the GP MBS items were also available for people affected by the 2019-20 bushfires, of which many were also in drought-affected areas.

Key risks/future direction

The PHNs that received funding have reported that the Empowering our Communities program was well received within the community and was achieving the intended outcomes.

The Trusted Advocates Network Trial initiative will continue until 30 June 2021. An evaluation of this initiative is due to commence late in 2020 with findings on efficacy to be provided in 2021-22. The funding provided to ReachOut ceased 30 June 2019. It was a one-off grant activity with no intention to extend.

In regard to the Better Access Telehealth Services program, the specific drought funding of \$3.6 million for GPs to provide psychological therapies via telehealth ceased on 30 June 2020, however psychological therapies delivered through telehealth more broadly are funded until the end of 2021-22.

The government has announced funding for regions which have been impacted by bushfire and COVID-19, as well as drought. This includes:

- A \$650 million package to help regions hit by bushfires, including an additional \$13.5 million for PHNs to provide critical, localised emotional and mental health support in collaboration with local governments.
- As part of the response to the COVID-19 pandemic, on 29 March 2020 the government announced a \$74 million package over 2019-20 and 2020-21 to support the mental health and wellbeing of all Australians. This includes funding for dedicated COVID-19 resources and enhancements to phone and online services.
- The government announced an additional \$48.1 million towards implementation of the National Mental Health and Wellbeing Pandemic Response Plan on 5 May 2020.

Action 1.9: Continue to explore options to reduce the impact of pests and weeds in drought-affected areas

Assessment of Status



- The government is delivering its obligations under action 1.9.
- Having funded 71 projects across regional Australia since 2018-19, the government has enabled and empowered LGAs, primary producers and land managers to explore options to reduce the impact of pest animals and weeds.



Purpose

Drought increases and exacerbates the impacts of pests and weeds at a time when communities and farmers are least equipped or financed to tackle these problems. The Australian Government funds projects that assist communities to manage these impacts during drought, limiting the negative impact of pests and weeds on agricultural production and the local environment, stimulating economic activity and facilitating local employment.

NDA link

Natural resource management and the control of pests and weeds continues to remain the responsibility of state and territory governments.

However, investing in reducing the impacts of pests and weeds in drought-affected areas delivers on outcome 7b of the NDA by providing an environment whereby farming businesses, industry service providers, community organisations and local government are partners of government, and support rural communities to prepare for, and respond to, drought. This action also delivers on sections 11a and 11b of the NDA through encouraging robust risk management, promoting resilience, and providing support to mitigate the effects of drought on farming families and communities.

Government investment over the life of the program

Since 2018-19, \$25 million has been committed under Rounds 1 and 2 of the 'Communities Combating Pest and Weed Impacts During Drought Program'.

This program supports landscape-scale management of pest animals and weeds in drought-affected areas (Table 2). It also supports employment and stimulates rural economies with local businesses providing materials and resources to facilitate pest and weed activities. In delivering this action the government has funded, or approved funding, for 71 projects across 102 drought-affected LGAs within six Australian jurisdictions (Table 3).

Table 2: Project target of pest animals and or weeds by program round

Target	Round 1	Round 2
Pest animals	17	5
Weeds	22	6
Pest animals and weeds	9	12
Total	48	23

Table 3: Number of pest animal and weed management projects by jurisdiction

Jurisdiction	Round 1	Round 2
New South Wales	6	9
Queensland	22	5
South Australia	9	2
Tasmania	1	1
Victoria	5	3
Western Australia	5	3
Total	48	23



Deliverables in 2019-20 under the Plan

An additional \$10 million investment through Round 2 of the Communities Combating Pest and Weed Impacts During Drought Program, focused on pest animal and weed management projects in drought-affected areas. These projects will reduce grazing pressure from pest animals, predation from pest animals like wild dogs through culling and exclusion fencing, and the impact of priority weeds on agriculture and the environment. Funding under Round 2 of the program builds on the \$15 million delivered under Round 1 in 2018-19.



Predator fence

Progress and implementation in 2019-20

In 2019-20, 33 regional LGAs were supported with \$10 million through 23 projects under Round 2 of the associated measure. Grant agreements for all Round 2 projects were executed by the end of 2019-20, with projects expected to be completed by December 2021, stimulating local economies and supporting employment in areas where projects take place.

DAWE strengthened the program eligibility criteria between Round 1 and Round 2, including by commissioning ABARES to reassess drought-affected areas, providing increased confidence that funding was being targeted to those areas most in need of drought assistance.

Key risks/future direction

All projects are expected to be completed in 2020-21, and there is no current expectation that the existing program will be extended. However, with the commencement of the Future Drought Fund programs on 1 July 2020, the Natural Resource Management (NRM) Drought Resilience Program - Grants will provide an opportunity to organisations, farmer groups and individuals to build drought resilience through NRM activities which may include the control of pests and weeds. DAWE also supports farmers to manage their land and biodiversity, strengthening the government's achievements on effective management of soils and vegetation, building national drought resilience. These programs, actions and investments include:

- the \$1 billion National Landcare Program that enhances the natural resource base of Australia;



- the National Soils Advocate, improving the sustainable management of agricultural landscapes;
- the \$34 million Agriculture Stewardship Package;
- implementing the Australian, state and territory governments' agreed national strategy and action plan for Environmental-Economic Accounting.

Action 1.10: A review on the effectiveness of the Farm Management Deposit (FMD) Scheme will be undertaken in 2020–21 to inform any future changes

Assessment of Status



Underway (on-track)

- The government is delivering its obligations under action 1.10.
- In 2019-20 the government successfully provided primary producers ongoing access to taxation concessions and delivered the government's obligation under the NDA.
- DAWE, in collaboration with Treasury and the Australian Taxation Office (ATO), has established a mechanism to commence and complete the FMD review in 2020-21.

Purpose

Agriculture is one of the most volatile sectors in the Australian economy. The Australian Government has a range of measures to help farmers manage their cash flows. These programs are designed to increase self-reliance by helping them manage their financial risk and meet their business costs in low-income years. Specifically, the FMD Scheme is one of the government's flagship measures helping farmers prepare for income downturns, including those caused by drought. The FMD Scheme was last reviewed in 2013. To ensure FMDs are fit for purpose the Australian Government has committed to reviewing the scheme in 2020-21.

NDA link

The provision of FMDs assists the Australian Government to deliver on its NDA roles and responsibilities under section 9c by providing continued access to incentives that support farming businesses' risk management, including taxation concessions, the FMD Scheme and concessional loans.



Interstate delivery of fodder

Government investment over the life of the program

This action is delivered through an ongoing collaboration between DAWE, Department of the Treasury (Treasury), and the ATO both through the provision of taxation concessions and measures, and through an established mechanism and framework to undertake the 2020- 21 review of the FMD Scheme.

The FMD Scheme allows eligible farmers to set aside up to \$800,000 in pre-tax income to draw upon in future years when needed. As at 30 June 2020, the total holdings in FMDs were \$6.494 billion, held in over 47,270 accounts, equating to an average of \$113,720 per account. Of these, 376 accounts had more than \$700,000 in them, totalling \$290.89 million. The total number of accounts does not equate to the number of primary producers participating in the FMD Scheme as a primary producer may hold multiple FMD accounts across multiple financial institution. In addition, the value of deposits reported may be greater than the actual level of FMDs as primary producers may choose not to claim a tax deduction for all deposits held in FMD accounts.

Farmers can use their FMDs as primary production business loan offset accounts—this reduces loan interest costs, improves cash flows, and allows farmers to better invest in their businesses' profitability and longer-term resilience. Farmers can also withdraw their FMDs within 12 months without losing their claimed tax concessions if they are affected by drought. In normal circumstances, farmers must hold their FMDs for 12 months to realise the tax benefits. Farmers who are affected by six months of a 5th percentile rainfall deficiency do not have to meet this requirement, and can retain the tax benefits they claimed through their tax return. Farmers that do not meet this requirement are required to submit an amended tax return to reverse the claimed benefits.

Deliverables in 2019-20 under the Plan

There are no specific deliverables for any program in 2019-20 listed in the Plan.

Progress and implementation in 2019-20

The government estimates there was a \$250 million benefit to primary producers in 2019-20 as a result of FMD concessions.



As at 30 June 2020, the level of FMD holdings was \$6.494 billion. This is a decrease of \$261.09 million (3.87 per cent) from 1 July 2019 – the first time a June decline has been reported since 2011. While a decrease was recorded nationally for the 12 months to 30 June 2020, the picture was mixed at the state level. For example, New South Wales recorded a decline of \$236.62 million (14.58 per cent), whereas Victoria recorded an increase of \$133.26 million (9.64 per cent) over the same period.

Key risks/future direction

The FMD Scheme will be reviewed in 2020-21. The review will include a range of matters including:

- the extent to which the objectives of the Scheme have been achieved (including if the Scheme assists farmers to become more financially self-reliant), as recommended by the ANAO;
- the relationship between FMDs and other forms of assistance (such as income tax averaging);
- whether the Scheme is being well administered (including improvements that have been made since the ANAO audit).

The review will make recommendations to government in 2021-22.



Stockmen mustering Brahman cattle



Part 2 - Actions and commitments to support the wider communities affected by drought:

Action 2.1: Continue to investigate options to support rural and regional communities respond to the drought

Assessment of Status



Underway
(on-track – issue)

- The government is delivering its obligations under action 2.1.
- In 2019-20 the government successfully implemented a range of programs to support drought-affected rural communities and made key policy settings improvements to better deliver the DCPE program objectives and the government's obligation under the NDA.
- Following public concerns regarding eligibility of LGAs in 2019, Ernst & Young Australia were commissioned to review the DCPE and subsequently developed a revised methodology to guide eligibility.

Purpose

Prolonged periods of drought present a significant challenge to those communities where agriculture is a dominant sector. Community resilience is about making a community stronger, in both good times and bad, for the benefit of all. The government has a range of measures and programs to support rural and regional communities facing prolonged drought conditions.

NDA link

Investing in rural communities in drought-affected areas delivers on outcome 7b of the NDA by providing an environment whereby farming businesses, industry service providers, community organisations and local government are partners of government, and support rural communities to prepare for, and respond to, drought.

In accordance with NDA sections 11a, 11b, and 11d, this action delivers on the Australian Government's roles and responsibilities of encouraging robust risk management, promoting resilience, and providing support to mitigate the effects of drought on farming families and communities.

Government investment over the life of the programs

Action 2.1 is delivered by eleven (11) different infrastructure and water-related drought measures.

The \$301 million DCPE provides immediate stimulus in drought-affected communities by funding targeted local infrastructure projects, events and drought-relief activities to support local economies, businesses and service providers, and to create jobs. Since August 2018, \$297 million has been committed to 180 councils, with eligible councils receiving grants of up to \$1 million through each round.

As at 30 June 2020, 125 of the 180 councils have executed funding agreements and \$162.1 million in payments has been delivered. 446 projects have been approved and \$247 million in funding has been committed. Projects are creating 21 jobs, on average, and have leveraged an additional \$24 million in partner contributions.

Of the 55 councils that had not executed their funding agreement, 24 are still to submit their application and applications from 31 were under consideration. All projects are expected to be delivered by 30 June 2021.



From 2013-14 to 2023-24, the government will provide \$6.2 billion under the Roads to Recovery (R2R) program to Councils around Australia, with an on-going commitment of \$500 million each year following. The R2R program supports the maintenance of the nation's local road infrastructure asset, which facilitates greater access for Australians and improves safety and economic and social outcomes.

The \$207 million BBRF Round Four provides extra funding to help get local projects and infrastructure work under way to strengthen drought-affected regional economies, to create jobs, drive economic growth and build stronger communities into the future. This special drought round provided \$164 million to councils and \$43 million to non-for-profit organisations.

In August 2018, the Australian Government committed \$15 million to the Foundation for Rural and Regional Renewal (FRRR) to deliver small grants to not-for-profit and community groups in drought-affected regions across Australia. This investment will fund Rounds 11 to 22, with the final tranche of the grant to be paid in October 2020. Between December 2018 and June 2020, the FRRR awarded funding to 325 projects under the Tackling Tough Times Together (TTTT) program, with grant funding totalling \$9.28 million. Of this, \$7.32 million in Australian Government funds contributed to 243 projects.

Through the \$181.5 million Drought Community Support Initiative (DCSI) Rounds 1 and 2, the government has supported over 39,000 drought-affected households, living or working in LGAs eligible for DCPE. DCSI payments of up to \$3,000 assist farming households to meet urgent expenses, including for food, petrol and utilities. The injection of money into rural and regional communities is supporting local businesses, who are also struggling financially from the impacts of drought and COVID-19.

Round 1 of DCSI provided \$33 million between 17 December 2018 and 30 June 2019, and was delivered by The Salvation Army, the St Vincent de Paul Society and Rotary Australia, assisting 12,575 households. The expansion of the program with DCSI Round 2 recognised both the high demand and challenges being faced by farmers and farming families across the nation. Under Round 2, the Australian Government supported 26,670 households in 2019-20. Round 2 assistance is provided by The Salvation Army and the St Vincent de Paul Society until 31 December 2020 or funding is exhausted.

In June 2019, the government provided the Country Women's Association of Australia (CWA) with a \$5 million one-off ad hoc grant to provide payments of up to \$3000 to drought-affected farmers and farming families to meet household expenses, such as food, utilities and school costs. This national program was not limited to DCPE areas and supported over 2,550 households.

The government hosted 72 Drought Community Outreach events across New South Wales, Victoria, South Australia and Queensland in 2019. On 20 February 2020, the government announced a \$10 million grant for drought community outreach activities. A \$5 million one-off ad-hoc grant was provided to Rotary Australia in June 2020 to support outreach activities and commence delivery of vouchers to farming households impacted by the drought.



The \$100 million National Water Grid Authority is an independent body that has been established in partnership with states and territories, to develop, identify, plan, and co-invest in a national water infrastructure plan. The plan is a series of region specific storage and distribution centres, connecting and integrating water supply sources through infrastructure such as pipes, pumps and natural systems to increase water supply and build regional resilience. The government's \$3.5 billion commitment to build the water infrastructure of the future is being realised through the \$1.5 billion National Water Infrastructure Development Fund (Fund) and the \$2.0 billion National Water Infrastructure Loan Facility (NWILF). To date this has led to the commitment of 22 water infrastructure projects with a total Australian Government funding of more than \$1.5 billion. Of the 22 projects, there are currently 11 in planning, 7 underway and 4 completed. A further \$145.9 million has been committed for 54 water infrastructure feasibility studies to identify financially viable and technically feasible water infrastructure projects and accelerate their construction.

The Water for Fodder (WFF) program provides up to 100 gigalitres of reliable and cost effective supply of water to farmers to produce fodder, silage, and pasture. This helps farmers to maintain their breeding stock during the drought. When the drought breaks, they can recover faster. Under the program water will be produced from the Adelaide Desalination Plant and an equivalent amount will be released upstream from the River Murray. This is an example of how communities can support each other in times of drought. In the 2019–20 water year, 40 gigalitres of water was available for use in Round 1.

Deliverables in 2019-20 under the Plan

There are no specific deliverables for any program in 2019-20 listed in the Plan.

Progress and implementation in 2019-20

In 2019-20, the Australian Government provided further funding under the DCPE to councils, including 70 additional councils impacted by the drought. In 2019-20, 294 projects were completed and \$88.5 million was paid to local councils.

An independent review into the methodology, delivery and objectives of the DCPE was conducted by Ernst & Young Australia in late 2019. Ernst & Young Australia's review found that the program was effective at providing local economic stimulus.

Ernst & Young Australia was also asked to develop alternative methodologies to enhance identification of councils to access the DCPE, following some public concerns. The Simplified Model was used to determine the eligibility of LGAs announced in January 2020. The methodology takes into account a range of factors, including stricter 24- month consecutive rainfall deficiency data, economic exposure to drought in both agriculture and related downstream manufacturing, and population size.

Ernst & Young acknowledge that councils were the appropriate delivery mechanism to manage the funding and projects. However, the use of strict local government area boundaries to define eligibility has resulted in some concerns about other programs using DCPE LGAs as a de-facto eligibility criteria.

On 7 November 2019, the government announced \$138.9 million additional R2R funding in the 2020 calendar year for the then 128 drought-affected LGAs eligible for the DCPE. As at 30 June 2020, \$69.43 million of the \$138.9 million had been paid to Councils, with \$69.43 million due to be paid by the end of 2020.

In the 2019–20 Budget the Australian Government announced a Fourth Round of the BBRF. On 5 June 2020, 163 successful BBRF projects were announced with a total contribution of \$207 million.



In 2019-20, Australian Government funds contributed to 156 projects totalling \$5.13 million from Rounds 13 to 16 of the TTTT program. Grants under round 16 were announced on 20 May 2020. Of the 58 grants awarded, 39 were funded by the government at a cost of \$1.48 million. Projects were funded in Queensland, New South Wales, South Australia and Victoria. Round 17 closed on 28 May 2020, and Round 18 is open for applications until 27 August 2020.

DCSI Round 2 commenced on 21 November 2019 with funding of \$33.42 million. Due to overwhelming demand, the government provided an additional \$33.2 million on 16 December 2019. On 20 February 2020, a further \$82.75 million was committed to DCSI Round 2, both expanding the program in existing areas and supporting households in the 52 new DCPE LGAs. In 2019-20, 26,670 households were assisted through DCSI Round 2.

Take up of the CWA program was strong in 2019-20, with over 2,550 households supported.

In 2019-20, 16 Drought Community Outreach events were held in September 2019 to bring together all levels of government, charities, industry and farmers. Building on this success, the government commenced the new Drought Community Outreach program in late June 2020, upon execution of a Grant Agreement and payment of \$5 million in funding to Rotary Australia. Due to COVID-19, the events were delayed until 2020-21.

The National Water Grid was established on 1 October 2019, driving a \$1.5 billion investment in the National Water Infrastructure Development Fund. 22 projects and 55 feasibility studies have been committed to under the Fund to date. In 2019-20 4 capital projects and 2 feasibility projects were completed.

In 2019-20, the Water for Fodder program Round 1 provided 40 gigalitres of water to 800 producers, with over 25,740 hectares of fodder and pasture planted. At the time of reporting, over 31,572 tonnes of feed for stock had been harvested. A review of Round 1 targeted stakeholder feedback, independent analysis and over 800 surveys and written submissions. The review found that a majority of survey respondents supported the Water for Fodder Program, and 84 per cent of applicants said they would apply for the program again.

Key risks/future direction

Key outcomes of the DCPE are to increase economic activity, build communities' resilience, improve capacity to adapt and diversify local economies so they are better able to withstand future shocks. Some councils continue to advocate for the program, querying their eligibility.

The majority of councils under DCPE will be continuing to complete their projects over 2020-21. Similarly proponents under BBRF Round 4, Tackling Tough Times Together and R2R will be building and undertaking their projects across regional communities in the coming year, ensuring local construction, stimulus and job creation.

The DCSI was to end on 30 June 2020. The government extended the program to 31 December 2020 to enable the charities to meet pent-up demand, or when funding ran out. COVID-19 has limited the charities' ability to go into communities and meet with farmers, resulting in unmet need in 2019-20 in many regions. The assistance is also intended to improve economic activity in the regions and supports local spending.

In 2020-21, under the drought community outreach program, Rotary Australia will distribute \$500 vouchers to farming households facing hardship due to drought, and partner with the Agency to deliver community outreach activities in drought-affected regions, when COVID-19 restrictions allow.



Water for Fodder review found that South Australia does not have sufficient water security for Round 2 of the program to occur immediately. It will not be until after winter and spring inflows that water availability for the 2020-21 water year will begin to emerge. Further details of Round 2 of the program will be announced during 2020-21.

Action 2.2: The Regional Investment Corporation to develop a Small Business Drought Loan product

Assessment of Status



Complete

- The government has delivered its obligations under action 2.2.
- In 2019-20 the government successfully developed and provided this concessional loan product to drought impacted regional small businesses meeting both the program objectives and the government's obligation under the NDA.
- Although the action is marked complete, there have been some issues with processing times under the program. These are being addressed and will continue to be mitigated in 2020-21.

Purpose

Small businesses that supply primary production related goods or services to farm businesses in affected areas may suffer financial hardship due to the effects of drought causing a reduced demand and income from farm businesses for the small business's goods or services. This loan is to help ensure their profitability and productivity into the future.

NDA link

In accordance with NDA section 9c, this RIC loan product further delivers on the Australian Government responsibility to provide continued access to incentives that support farming businesses' risk management, including taxation concessions, the FMD Scheme and concessional loans.



Bairnsdale businesses



Government investment over the life of the program

In November 2019, the RIC's loan portfolio was extended to deliver an AgBiz small business drought loan product. The AgBiz Drought Loan is designed to improve the long-term strength and profitability of small businesses that supply farm business through refinancing existing debt and working capital. At least 50 per cent of the total debt must stay with a commercial lender.

Deliverables in 2019-20 under the Plan

Loans will be available to small businesses that have a direct dependency on farm businesses by supplying goods or services relating to primary production in an affected area, such as harvesting and fencing contractors, carriers and station agents and businesses dealing in agricultural equipment and repairs.

Progress and implementation in 2019-20

The AgBiz Drought Loan product was announced in November 2019, and loans were made available for applications on 20 January 2020. Loans are currently available to a small business that service farm businesses located within the drought-affected area under the Desertification Convention, and have been provided for through the *Regional Investment Corporation (Small Business Drought Loans) Rules 2020*.

In 2019-20 the RIC approved 15 AgBiz loans, totalling \$3.8 million, of which less than 10 loans have settled. There were delays in processing these loans, and take up has not been as strong as other loan products.

Key risks/future direction

For applications received on or before 30 September 2020, the first 2 years are interest free with no repayments required, then 3 years interest only, last 5 years principal and interest. From 1 October 2020, AgBiz Drought Loan will have first five years interest only at the current variable rate of 1.92% then five years' principal and interest over a 10-year loan term. There is an ongoing need for data collection and evaluation to ensure issues affecting uptake of the AgBiz Drought Loan continue to be promoted and understood.

Action 2.3: The pilot \$7 million Drought Communities Small Business Support Program will be assessed mid-program in late 2021 to monitor its effectiveness and amend if necessary

Assessment of Status



- The government is delivering its obligations under action 2.3.
- In 2019-20 the Australian Government Drought Communities Small Business Support Program pilot and Financial Counselling and Recovery Support for Regional Small Business Program were successful established. These initiatives will run until 30 June 2021.

Purpose

Drought has severely hit farmers and communities, reducing the income and viability of many small regional businesses that rely on primary production.

This program is supporting eligible small, regional businesses with targeted assistance to manage adjustment pressures and remain viable. Broadly it meets the Australian Government policy objective of responding to the drought, as well as preparing for future droughts and building resilience. The program will also ensure that small, regional businesses impacted by COVID-19 or bushfire can maintain the capacity to rebound when normal trading conditions resume.



NDA link

This action assists in delivering the Australian Government's role and responsibility under the NDA sections:

- 11a - developing, designing, implementing and funding drought preparedness, response and recovery programs that are consistent with this agreement, encourage robust risk management and seek to avoid market distortions; and
- 11c - provision of rural financial counselling services.

Government investment over the life of the program

The Australian Government is investing more than \$12.785 million in small business financial counselling:

- \$7 million to help small businesses in drought-affected areas improve their long-term viability.
- \$5.785 million to help small businesses recover from the economic impacts of COVID-19 or bushfire.

The program helps small businesses in regional Australia to understand their financial position and identify ways to improve the viability of their business. Eligible businesses also have access to specialist third-party advice, such as financial planning, legal, specialist taxation and accounting advice.

Deliverables in 2019-20 under the Plan

No specific deliverables in 2019-20 were listed in the Plan.

Progress and implementation in 2019-20

Commencing in January 2020, the pilot has funded 22 new full-time equivalent rural financial counsellors across Australia, who have extended their services to hundreds of regional small businesses. Recognising broader demand for these services, the initiative was extended mid-2020, with an additional \$5.785 million to provide financial counselling to regional small businesses affected by COVID-19 or bushfire. Recruitment of an additional 22 counsellors and 10 support staff is underway.

Key risks/future direction

The pilot is progressing as expected and will be reviewed early in 2021 to evaluate effectiveness and inform government on future demand and service delivery models in achieving the program outcomes.



Coordinator-General for Drought Hon Shane L Stone AC QC at the RFCS Office in Cooma NSW



Part 3 - Action and commitments for long-term resilience and preparedness:

Action 3.1: Modernise the Research and Development Corporations system to deliver value for money, drive collaboration and participation across the agricultural innovation system and target long-term cross-sectoral and transformative R&D

Assessment of Status



Underway (on-track)

- The government is delivering its obligations under action 3.1.
- The Minister for Agriculture, Drought and Emergency Management is working directly with agricultural innovation system participants, particularly the RDCs, to deliver improvements in agricultural innovation, including improved collaboration, increased focus on cross-sectoral R&D and better extension, adoption and commercialisation outcomes.
- The government is no longer appointing the expert-innovation advisory panel, as stated under the Plan. However, other consultative arrangements will be put in place.

Purpose

Innovation is a key driver of farm productivity and competitiveness. 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.

NDA link

This action assists in furthering the NDA through contributing towards the objectives of the Agreement, including sections:

- 6c - through increasing the adoption of farming businesses and the farming sector of self-reliant, sustainable and resilient approaches to manage businesses risks, through improved skills and business decision-making, and the adoption of new knowledge and tools from research and development; and
- 6f - provide decision makers, industry and the public with access to common sources of quality, drought-related data to improve policy and business decision making.

Government investment over the life of the program

The Australian Government invests around \$1.1 billion a year in rural R&D through the RDCs, Cooperative Research Centres, the CSIRO, universities, the R&D Tax Incentive and other programs.

The RDCs are the cornerstone of the agricultural innovation system. Together, with primary producers through their industry levies, we invest around \$800 million in the RDC system each year.

The Australian Government is providing \$2.9 million for national leadership for agricultural innovation to drive a more coordinated, collaborative and commercially-focused approach agricultural innovation.

Deliverables in 2019-20 under the Plan

An expert innovation advisory panel will be established to provide advice to government on options to improve and modernise the RDC system in the first half of 2020.



Progress and implementation in 2019-20

On 23 September 2019, the government released *Modernising the Research and Development Corporation System – discussion paper*, inviting the public to share their views on options to improve the system. The discussion paper built upon the findings and extensive stakeholder consultation of the 2019 Ernst & Young report *Agricultural Innovation – a national approach to grow Australia's future*.

Following the feedback and findings presented through these processes, the Minister for Agriculture, Drought and Emergency Management, the Hon. David Littleproud MP, has committed to take a whole of system approach to improve agricultural innovation, including but not limited to the RDC system. The Minister for has had ongoing engagement with RDCs to outline his expectations, including the need to:

- Increase the balance of investment into R&D that targets transformational productivity gains, cross-sectoral and public good challenges
- Accelerate the uptake and adoption of R&D outcomes, including commercialisation of R&D where appropriate
- Improve collaboration and partnerships in the agricultural innovation system
- Increase the flow of private sector and international investment into our agricultural innovation system, and
- Maximise opportunities presented by agetch.

The government is no longer appointing the expert-innovation advisory panel. However, other consultative arrangements will be put in place.

Key risks/future direction

The prolonged drought, recent bushfires and COVID-19 pandemic reinforce the need for a resilient and world-class agricultural innovation system that can respond to emerging opportunities and challenges, positioning the sector to succeed and deliver into 2030 and beyond.

Innovation is essential to the long term productivity growth at the farm gate and along the supply chain. A modernised agricultural innovation system will drive the sector's long term profitability and resilience.

The Government is committed to improvements across five key areas:

- strengthening ecosystem leadership, cohesion and culture through clear strategic direction and increased collaboration
- improving the balance of funding and investment to deliver both incremental and transformational innovation, and growing private sector and international investment
- embedding world-class innovation practices through greater transparency and entrepreneurship
- strengthening our regions to achieve greater uptake of innovation
- creating the next generation innovation platform by improving the foundations of agricultural innovation, including data and regulatory settings.



Conclusion

The government has fulfilled its obligations under the Plan, with all actions underway or completed. Some issues have been identified, however, plans are in place to mitigate and continue to improve relevant programs.

Over the 2020-21 financial year, the Agency will work across government to identify whether the Plan requires amendments, to ensure the government's drought toolkit is effective.

The second annual report on the Plan will be provided in the second half of 2021, to ensure the government is continuing its strong support and for drought-affected farmers and communities, and to invest in preparedness for the future.



Cotton harvesting at Edith Springs, NT

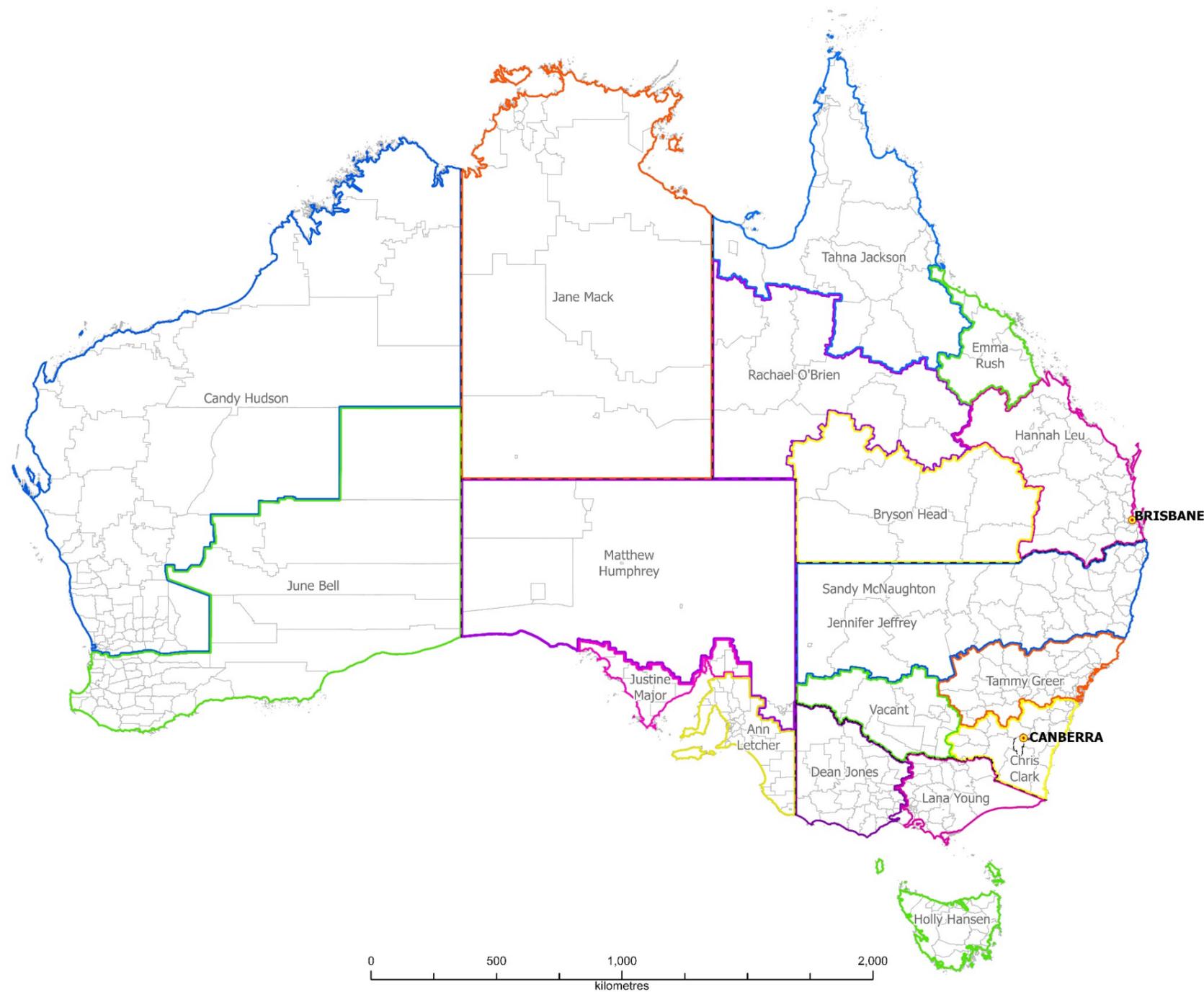


Abbreviations

Term	Definition
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
Agency	National Drought and North Queensland Flood Response and Recovery Agency
ANAO	Australian National Audit Office
ATO	Australian Taxation Office
Basin	Great Artesian Basin
BBRF	Building Better Regions Fund
Bureau	Bureau of Meteorology
CWA	Country Women's Association
DAWE	Department of Agriculture, Water and the Environment
DCPE	Drought Communities Programme Extension
DCSI	Drought Communities Support Initiative
DHS	Department of Human Services
FCA	Financial Counselling Australia
FDF	Future Drought Fund
FHA	Farm Household Allowance
FMDs	Farm Management Deposit
FRRR	Foundation for Rural and Regional Renewal
IGABDR	Improving Great Artesian Basin Drought Resilience
IGABIIP	Interim Great Artesian Basin Infrastructure Investment Program
LGA	Local Government Area
NDA	National Drought Agreement
NRAC	National Rural Advisory Council
EWIR	On-farm Emergency Water Infrastructure Rebate Scheme
PHN	Primary Health Network
RDC	Research and Development Corporations
RFCS	Rural Financial Counselling Service
RIC	Regional Investment Corporation
RRO	Regional Recovery Officer
R2R	Roads to Recovery
Treasury	Department of the Treasury
TTTT	Tackling Tough Times Together



Attachment A – Regional Recovery Areas



Australian Government
**National Drought and North Queensland
Flood Response and Recovery Agency**

Regional Recovery Areas
August 2020

- Agency Headquarters
- Local Government Areas
- - - State Border

Recovery Regions

- North QLD - Tahna Jackson
- Townsville Region - Emma Rush
- North West QLD - Rachael O'Brien
- South East QLD - Hannah Leu
- South West QLD - Bryson Head
- North NSW - Jennifer Jeffrey
- North NSW - Sandy McNaughton
- Central NSW - Tammy Greer
- South West NSW - Vacant
- South East NSW - Chris Clark
- East Victoria - Lana Young
- West Victoria - Dean Jones
- Tasmania - Holly Hansen
- NT - Jane Mack
- North SA - Justine Major
- South SA - Ann Letcher
- North WA - Candy Hudson
- South WA - June Bell
- Far North SA - Matthew Humphrey

Regional recovery areas subject to change depending on demand and conditions

Coordinate System: GDA2020
Datum: GDA2020
Units: Degree
Scale 1: 15,000,000
1 cm = 150 km when printed @ A3

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drought and flood
RESPONSE & RECOVERY



Attachment B - Australian Government drought measures funding

The Australian Government's drought support package from 2018 to 31 July 2020, commits \$10.8 billion since 2018-19, across 25 measures, delivered by 11 agencies and departments.

Australian Government drought measures	Funding (\$) committed by Govt as at 31 July 2020 (since 2018-19)	Funding (\$) committed under contract (at 31 July 2020)	Funding (\$) spent (at 31 July 2020)	Period
Supporting those affected now				
Farm Household Allowance	418,200,000 ¹	N/A	265,000,000 ²	2018-19 -
Rural Financial Counselling Service ³	5,000,000	5,000,000	5,000,000	2018-2021
Drought Communities Small Business Support Program	7,000,000	7,000,000	5,952,000	2019-2021
Drought Community Support Initiative ⁴	181,500,000	180,458,228	180,153,248 ⁵	2018-2020
Drought Community Outreach Program	10,000,000	5,000,000	5,000,000 ⁶	2019-2021
Country Women's Association (June 2019 grant)	5,000,000	5,000,000	5,000,000	2019-2020
FarmHub (managed by National Farmers' Federation)	774,400	774,400	752,400	2018-2021
Regional Investment Corporation loans ⁷	4,075,000,000	993,415,000 ⁸	478,355,000	2018-2023
Bureau of Meteorology radars	77,200,000	4,556,190	2,670,752	2018-2042
Regional weather and climate guides to help with on-farm decision making	2,700,000	2,700,000	2,700,000	2018-2019
Improving Great Artesian Basin Drought Resilience	27,600,000	18,500,000 ⁹	847,531	2019-2024
Accelerated depreciation for fodder storage assets ¹⁰	75,000,000	N/A	Estimated foregone revenue	2018 -
On-farm Emergency Water Infrastructure Rebate Scheme	50,000,000	47,840,736 ¹¹	38,644,975 ¹²	2018-2021
Water for Fodder ¹³	94,500,000 ¹⁴	82,600,000	28,000,000	2019-2021
Empowering our Communities, Trusted Advocates, Connecting Youth Awareness-raising Initiative and Telehealth Services	29,888,815	26,469,902	26,432,902	2018-2021
Communities Combating Pests and Weed Impacts During Drought Program	25,000,000	24,998,828	24,998,828 ¹⁵	2018-2021
National Drought Map	4,200,000	931,500	931,500	2019-2023
Joint Agency Drought Taskforce	5,600,000	2,499,409	2,499,409	2018-2019
Supporting communities				
Drought Communities Programme Extension ¹⁶	301,000,000	262,729,085 ¹⁷	162,160,405	2018-2022
Drought Communities Program Extension – Roads to Recovery	138,852,750	138,852,750	69,426,375	2020
Building Better Regions Fund Round 4	207,000,000 ¹⁸	5,027,031	10,000	2020-2022
Foundation for Rural and Regional Renewal	15,000,000	15,000,000	10,500,000	2018-2022
Education Special Circumstances	20,000,000	20,000,000	20,000,000	2019-2020
Community Child Care Fund	5,000,000	2,972,789	2,972,789	2019-2020



Enhancing long-term resilience and preparedness				
Future Drought Fund ¹⁹	5,000,000,000	3,900,000,000 ²⁰	Nil	ongoing
National Water Grid Authority ²¹	100,000,000	23,969,546	3,351,747	2019-2020
Total	10,881,015,965	5,776,295,394	1,341,359,861	

¹ Data current as at 31 July 2020. This figure reflects additional funds provided to the FHA program in 2018-19, 2019-20 and 2020-21 (for 2018-19 to 2022-23). It does not include the clean energy supplement - \$2.9m, energy assistance supplement - \$0.4m, Covid-19 economic support payment - \$5.3m, Covid-19 supplement - \$50.8m, or Covid-19 supplement extension - \$15m. It does include Services Australia's additional departmental funds.

² Expenditure figures are based on the financial statement included in the 2018-19 Department of Agriculture and Water Resources Annual Report and extracted from TechnologyOne (department's Financial Management Information System) as the 2019-20 Annual Report is not yet finalised. The FHA program was established in 2014 and is demand driven. Since 2014, the FHA has helped over 15,600 farmers and their partners to the value of nearly \$480 million (as at 31 July 2020). This includes the fortnightly income support payment, activity supplement, farm financial assessments, energy assistance payment and one-off payment (Lump sum payment and Relief payment, COVID-19 supplement payment and Economic support payment). It also includes repayments from farmers due to overpayment, and waivers of overpayments where appropriate. It does not include DAWE departmental administration costs.

³ Announced in August 2018 as part of the drought relief package. Note that over \$105 million has been committed from 1 April 2016 to 30 June 2021.

⁴ Includes rounds 1 and 2 of the initiative. Does not include Departmental funds to deliver the initiative.

⁵ The amount paid by the Australian Government to the service providers – St Vincent de Paul and The Salvation Army.

⁶ The amount paid by the Australian Government to the service provider – Rotary Australia.

⁷ The \$2 billion in drought concessional loan funding was originally committed in the Agricultural Competitiveness White Paper which was released in July 2015. The White Paper committed \$2.5 billion over 10 years from 2016-17 to a new drought concessional loan scheme. The RIC was established in 2018-19 and is the delivery mechanism for up to \$2 billion of the loan funding committed in the White Paper (the remaining \$500 million was delivered by states prior to RIC establishment). Following the RIC being provided with an additional \$2.075 billion in 2020-21, the RIC's total loan funding envelope increased to \$4.075 billion from 2018-19 to 2022-23.

⁸ This relates to the total amount of loans that have been approved. This includes loans committed via an executed loan agreement between the RIC and the farm or small business and loans not yet documented or not yet executed. Data exclusively on the amount of loans under a loan contract is not available.

⁹ \$9,100,000 remains uncommitted as Queensland has yet to sign on to the program.

¹⁰ Does not include accelerated depreciation for water facilities and fencing or the FMD Scheme. \$75 million of foregone revenue is the estimated amount of tax that does not get paid to the government by farmers who claim the accelerated depreciation measure. The Government does not 'expend' this foregone revenue.

¹¹ This figure excludes the \$2,176,264.07 unspent by jurisdictions in the 2019-20 financial year. This amount is now subject to the outcome of a Movement of Funds before it can be included in the committed funds under the Scheme.

¹² This figure is the value of rebates paid by jurisdictions to applicants. The value of milestone funds paid by the Commonwealth to jurisdictions is \$37,411,735.93 as at 7 August 2020.

¹³ Does not include \$3.9m departmental cost or \$10m generated in the sale of the water.

¹⁴ The Project Agreement, currently for \$82.6 million, commits the Commonwealth to the actual cost of producing the water from the Adelaide Desalination Plant. As a result, \$11.9 million is held in reserve across 2019-20 and 2020-21. This is to allow for fluctuation and changes in the actual cost of production over time.

¹⁵ All \$15 million from round 1 of the program has been delivered to 48 successful grantees. Of the \$10 million available for round 2 of the program, \$9,998,828 was approved towards 23 projects. Contracts have been executed for all 23 projects, and all grantees have been paid in full.

¹⁶ Includes seven tranches of funding for the programme, including the 28 January 2020 announcement.

¹⁷ Projects contracted under DCP Extension. \$297 million has been allocated to 180 councils since 2018, with projects to be contracted and delivered by 30 June 2021.

¹⁸ In the 2019-20 Budget the Australian Government announced a further \$200 million towards a Fourth Round of the Building Better Regions Fund. The commitment was increased to \$207 million on 5 June 2020, by redirecting \$7m in savings from the first three rounds of BBRF. The \$207 million committed the full allocation of the remaining appropriation over the forward estimates period.



¹⁹ Established under the *Future Drought Fund Act 2019* in September 2019, the Fund began with a \$3.9 billion investment, with earnings to be reinvested by the Future Fund Board until the balance reaches \$5 billion (expected 2028-2029). From July 2020, \$100 million will be available each year to invest in drought resilience programs.

²⁰ \$3.9 billion reflects FDF funding *investment* rather than contractual commitment to specific project(s).

²¹ Funding for the National Water Grid Authority comprises \$41.185m in administered funds, \$23.815m in departmental funds, and \$35m that forms part of the National Water Infrastructure Development Fund.