



National Farmers' Federation

Submission to the Senate Finance and Public Administration Legislation Committee inquiry into the *Future Drought Fund Bill 2018 and Future Drought Fund (Consequential Amendments) Bill 2018.*

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NFF Member Organisations



CANEGROWERS



Horticulture Council



The Pastoralists' Association of West Darling



WOOLPRODUCERS AUSTRALIA



The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

Statistics on Australian Agriculture

Australian agriculture makes an important contribution to Australia's social, economic and environmental fabric.

Social >

There are approximately 88,000 farm businesses in Australia, 99 per cent of which are wholly Australian owned and operated.

Economic >

In 2017-18, the agricultural sector, at farm-gate, contributed 2.4 per cent to Australia's total Gross Domestic Product (GDP). The gross value of Australian farm production in 2017-18 is estimated to have reached \$60.1 billion.

Workplace >

The agriculture, forestry and fishing sector employs approximately 323,000 people, including full time (236,700) and part time employees (84,300).

Seasonal conditions affect the sector's capacity to employ. Permanent employment is the main form of employment in the sector, but more than 26 per cent of the employed workforce is casual.

Environmental >

Australian farmers are environmental stewards, owning, managing and caring for 51 per cent of Australia's land mass. Farmers are at the frontline of delivering environmental outcomes on behalf of the Australian community, with 7.4 million hectares of agricultural land set aside by Australian farmers purely for conservation/protection purposes.

In 1989, the National Farmers' Federation together with the Australian Conservation Foundation was pivotal in ensuring that the emerging Landcare movement became a national programme with bipartisan support.

The National Farmers' Federation welcomes the opportunity to contribute to the Senate Finance and Public Administration Legislation Committee's inquiry into the *Future Drought Fund Bill 2018* and *Future Drought Fund (Consequential Amendments) Bill 2018*.

The NFF congratulates the Federal Government on its initiative to secure long-term funding dedicated to increasing Australia's drought resilience. The NFF makes the following recommendations which are further elaborated on in this submission.

RECOMMENDATION 1: That the *Future Drought Fund Bill 2018* include provisions that require the Agriculture Minister to establish a Future Drought Fund Consultative Committee made up of respected experts in drought resilience measures, climate risk, and experienced agriculture industry and rural and regional community representatives.

RECOMMENDATION 2: That the *Future Drought Fund Bill 2018* include provisions that require the Agriculture Minister to seek advice from both the Regional Investment Corporation and a Future Drought Fund Consultative Committee.

RECOMMENDATION 3: That the Future Drought Fund Bill 2018 retain provisions delegating authority to the Future Fund Board to manage the Future Drought Fund.

RECOMMENDATION 4: That the criteria for determining eligible 'arrangements relating to drought resilience' and 'grants relating to drought resilience' be tied to the definition of 'drought resilience' as set out in the draft *Future Drought Fund Bill 2018*.

The success of the Future Drought Fund (FDF) in delivering long-term drought resilience will be determined by the effectiveness of the initiatives the FDF supports. The legislation identifies the Agriculture Minister as responsible for deciding on which ‘arrangements’ and ‘grants’ the FDF will fund. To ensure consistency and coherence, the legislation requires the Agriculture Minister to determine a Drought Resilience Funding Plan on which the Minister will base funding decisions. In addition, the Agriculture Minister must seek the advice of the Regional Investment Corporation on whether to fund specific ‘arrangements’ and ‘grants’.

The NFF welcomes the requirement for the Government to design and base FDF decisions on a Drought Resilience Funding Plan. The NFF considers drought policy in Australia has lacked a detailed national strategic plan that identifies drought resilience measures, directs and coordinates implementation of drought response measures, and reviews the effectiveness of programs over time.

The Drought Resilience Funding Plan should be an integral part of a national drought strategy.

The NFF considers the Drought Resilience Funding Plan should be based on the considered views of drought and related-issue experts, including those practised in implementing drought measures on the ground. To this end, the NFF recommends the legislation be amended to require the Agriculture Minister to establish a permanent Future Drought Fund Consultative Committee. The Committee would be tasked with designing the first and subsequent Drought Resilience Funding Plans. Members of the FDF Consultative Committee should include respected experts in drought resilience measures, climate risk, and experienced agriculture industry and rural and regional community representatives.

RECOMMENDATION 1: That the *Future Drought Fund Bill 2018* include provisions that require the Agriculture Minister to establish a Future Drought Fund Consultative Committee made up of respected experts in drought resilience measures, climate risk and experienced agriculture industry and rural and regional community representatives.

The NFF also recommends that the Agriculture Minister be required to request advice on whether to fund specific ‘arrangements’ and ‘grants’ related to drought resilience not only from the Regional Investment Corporation, but also from the Future Drought Fund Consultative Committee.

RECOMMENDATION 2: That the *Future Drought Fund Bill 2018* include provisions that require the Agriculture Minister to seek advice on whether to fund specific ‘arrangements’ and ‘grants’ from both the Regional Investment Corporation and a Future Drought Fund Consultative Committee.

The NFF considers delegating authority for managing the Future Drought Fund to the Future Fund Board a sound decision based on the Future Fund’s track record to date. As of August

2018, the Future Fund returned 9.3 per cent for the 2018 financial year, and 8.7 per cent per annum over 10 years, which is above its 6.6 per cent annual mandated target.

NFF agrees with the *Future Drought Fund Bill 2018* direction that the mandate to the Future Fund for managing the Future Drought Fund be to maximise returns over the long term and consistent with international best practice.

RECOMMENDATION 3: That the Future Drought Fund Bill 2018 retain provisions delegating authority to the Future Fund Board to manage the Future Drought Fund.

The *Future Drought Fund Bill 2018* currently identifies ‘arrangements’ or ‘grants of financial assistance’ eligible for funding from the Future Drought Fund as:

- (c) the carrying out of a project that is directed towards achieving drought resilience; or
- (d) the carrying out of research that is directed towards achieving drought resilience; or
- (e) the provision of advice that is directed towards achieving drought resilience; or
- (f) the provision of a service that is directed towards achieving drought resilience; or
- (g) the adoption of technology that is directed towards achieving drought resilience; or
- (h) a matter that is incidental or ancillary to a matter mentioned in paragraph (c), (d), (e), (f) or (g).

The Explanatory Memoranda to the Bill notes some examples of potential measures could include, but are not limited to:

- activities implementing Australia’s international obligations under the Desertification Convention, which may include assisting communities at risk of drought by funding measures to assist in drought preparedness;
- activities implementing Australia’s international obligations under the Climate Change Convention, which may include undertaking climate-change mitigation projects;
- activities implementing Australia’s obligations under the Ramsar Convention, which may include funding activities that improve the resilience of Ramsar-listed and other wetlands to drought;
- activities implementing Australia’s obligations under the Biodiversity Convention, which may include funding the recovery of threatened species or ecological communities, or the restoration of degraded ecosystems;
- activities directed towards matters of international concern such as, for example, drought resilience;
- grants of financial assistance to a state or territory to incentivise natural resource management activities;

- grants of financial assistance to a constitutional corporation for the purposes of carrying out the corporation’s activities including for example, financial planning for primary producers to improve ability to manage through lower income periods caused by drought;
- activities within a territory to restore native vegetation for soil/water regeneration;
- activities at Commonwealth places to restore native vegetation for soil/water regeneration;
- funding for primary producers engaged in trade and commerce between Australia and other countries, among the states or within a territory, between a state and a territory or between two territories, to undertake drought mitigation activities;
- funding for grants to use the postal, telegraphic telephonic or like services to improve access to information on drought resilience and mitigation measures to provide better information to primary producers;
- funding for the research and development of new patentable invention which would improve drought resilience;
- grants of financial assistance for meteorological observations to enhance climate observation and forecasting data to provide better information to primary producers;
- grants of financial assistance to assist insurers and insurance customers to fund activities that improve weather data and assessments to advance the development and adoption of better targeted and lower the cost of insurance products;
- funding for activities that are responsive to national emergencies or crises and that can only be carried out by the Commonwealth including, for example, measures to address drought emergency and crises; and
- grants of financial assistance that are for purposes incidental to the execution of any of the legislative powers of the Parliament or the executive power of the Commonwealth.

The NFF notes the Bill defines ‘drought resilience’ as:

- (a) resilience to drought; or
- (b) preparedness for drought; or
- (c) responsiveness to drought; or
- (d) management of exposure to drought; or
- (e) adaptation to the impact of drought; or
- (f) recovery from drought; or
- (g) long-term drought-related sustainability of farms and communities that:
 - (i) have been affected by drought; or
 - (ii) are being affected by drought; or
 - (iii) are at significant risk of being affected by drought.

The NFF would emphasise the importance of ensuring FDF funds are directed to arrangements and grants that directly support the objective of increasing drought resilience.

While the indicative list of potentially eligible measures in the Explanatory Memoranda highlights the scope of potential measures, NFF supports the definition of ‘drought resilience’ as an important qualification in determining the relevance of measures to achieving the FDF’s objectives.

RECOMMENDATION 4: That the criteria for determining eligible ‘arrangements relating to drought resilience’ and ‘grants relating to drought resilience’ be tied to the definition of ‘drought resilience’ as set out in the draft *Future Drought Fund Bill 2018*.