

DROUGHT

Endorsed at the 28th NFF Members' Council Meeting on 30 May 2018

POLICY POSITION

The National Farmers' Federation believes that the key overarching objective of drought policy must target preparedness, enhance resilience and therefore reduce the impact of drought on the viability and profitability of Australian agriculture over time. This in turn will reduce dependency on government programmes and assistance.

The NFF seeks a nationally consistent approach to drought policy, underpinned by an intergovernmental agreement that specifies objectives and clearly defines roles and responsibilities for each level of government. The agreement should establish a framework for jurisdictions to monitor, review and adapt drought programmes with industry involvement.

Drought policy must maximise farmers' options to manage their risks and facilitate preparedness; provide support during drought events; and enable rapid recovery. Governments should also seek to reduce confusion among farmers about their eligibility to drought assistance and deliver relevant complementary education and personal support services.

ISSUE

Drought is a consistent feature of Australia's climate. It occurs due to acute shortfalls of water – above and below the soil surface - and is caused by a variety of factors including, but not limited to, rainfall deficiency. Climate change is likely to exacerbate drought conditions. Therefore, it is necessary that preparedness and risk management have a strong focus within drought policy framework. Programmes need to support activities in the normal season, when farms are drying, during the dry phase and in recovery. Recognising the variations in conditions across jurisdictions, programmes should fit within a consistent policy framework, be clearly defined and easily accessed.

Poor programme design and administration reduces the choices available to farmers. For example, the administration of concessional loans has been onerous and inconsistent across jurisdictions which has suppressed uptake. Government policies need to be transparent and focused on both the impact of drought and the outcomes of assistance measures. Assistance and risk management measures should be flexible enough to take account of unique circumstances in different regions, size and nature of operations. They should also be available during other events that may impact on farmers' incomes but are out of their control.

BACKGROUND

The 2015 Agricultural Competitiveness White Paper addressed the need for change in drought policy, highlighting the importance of providing certainty around drought and risk management for farming families and their businesses. Recent government programs provide financial counselling as well as mental health support to struggling farmers and their families, thus helping rural communities to better cope with drought conditions.

WHAT THE INDUSTRY NEEDS

An agriculture sector that is well prepared for drought and is able to respond effectively means that farmers have the full suite of risk management tools at their disposal. Australian agricultural producers need coordinated government policies across jurisdictions that address the social, economic and environmental consequences of drought.

GENERAL PRINCIPLES

- Existing levels of assistance should be maintained or improved in each jurisdiction.
- Recognise that various policies have a profound effect on the ability of a primary production business to prepare for drought, including but not limited to, water policy; transport infrastructure; telecommunications; and native vegetation policy.
- Drought policies should maximise the number of risk management tools at farmers' disposal.
- A consistent policy approach to drought across jurisdictions is needed to best facilitate preparation, in-drought management and recovery. At the same time, drought assistance needs to be flexible enough to allow for regional variations in both climate and production systems.
- All jurisdictions should analyse and publish information on uptake of assistance and risk management options to create transparency and accountability.
- Rainfall deficiency should not be the only criteria that triggers drought assistance.
- Jurisdictions should develop a consistent framework for measuring the onset and cessation of climate-related financial and social distress.
- The framework should enable early assessment through the use of multiple predictive indicators and these should trigger multiple assistance options depending on the individual farmers' circumstances.
- Support services that address the environmental, economic and social needs of farmers should be available for drought preparedness, during drought events and during recovery.

The NFF recommends that the following general principles be adopted in an intergovernmental agreement:

- Establish industry consultative mechanisms to enable industry stakeholders to contribute to programme development and performance monitoring, using nationally consistent data and reporting.
- Ensure industry stakeholders are directly involved in Ministerial and Senior Officials meetings relating to drought policy.
- Benchmark all drought assistance eligibility, criteria and assessment processes to ensure the aim and intent is consistent across jurisdictions.

- Develop clear service standards for drought program delivery, both in relation to program administration and the processing of individual applications, coupled with a nationally consistent data collection and reporting framework.
- Adopt an evaluation framework, with independent oversight, with an emphasis on measuring the impact, costs and benefits of the entire suite of drought policy tools rather than individual programmes.

SOCIAL

- Ensure the Farm Household Allowance application process is straight-forward, that applications are processed in a timely manner and that the eligibility period enables farmers to respond effectively to drought impacts, including recovery.
- Business and personal support services should be delivered by Governments in collaboration with industry associations through their membership networks.
- Implement a national Farm Debt Mediation system.
- Ensure farmers have adequate access to mental health care during drought events and recovery.
- Strengthen rural communities by funding measures to connect farmers with their local peers during preparedness, drought events and recovery.

ECONOMIC

- Farm Management Deposits should be maintained.
- Application and assessment processes for concessional loans should meet best practice in the financial sector.
- The development of multi-peril crop and farm income protection insurance products should be encouraged, particularly through measures that will lower premiums.
- Stamp duties on crop and livestock insurance products should be abolished to lower premiums and improve uptake.
- Governments should develop risk management tools and options for new entrants to the agriculture sector to enhance their resilience in relation to drought.

ENVIRONMENTAL SUSTAINABILITY

- Farmers should be supported for investments undertaken prior to a drought that improve preparedness and resilience.
- Farmers should be supported through various means to undertake transitions to regenerative production systems. These should include, but not be limited to:

- Access to concessional loans
 - Tax incentives, such as accelerated depreciation
 - Matched funding for research and development
 - Access to financial counselling services
- Industry should be supported in developing best practice guides for different production systems during each phase of drought (preparation, in-drought and recovery).
 - Drought assistance should support and enable as many choices as possible during all stages of the agricultural business cycle – normal condition, drying, in-drought, and recovery – with a focus on preparedness.
 - Delivery of direct in-drought assistance must be accessible, allowing a larger number of options to be chosen at an earlier stage, improving animal welfare and environmental impacts, reducing costs, minimising distortions and improving risk.