



National
Farmers
Federation

National Farmers' Federation

Submission to review of the Australian Government's Future Drought Fund

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NFF member organisations





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 85,000 farm businesses in Australia, 99 per cent of which are wholly Australian owned and operated.

Economic >

In 2020-21, the gross value of Australian agriculture was estimated to be \$71 billion and contributed 1.9 per cent to Australia's total Gross Domestic Product (GDP).

Workplace >

The agriculture, forestry and fishing sector employs approximately 318,600 people, including full time (239,100) and part time employees (79,500).

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.

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Executive Summary

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission to the Productivity Commission's review of the Future Drought Fund.

Australian farms collectively ensure that Australia is one of the most food secure nations in the world, with affordable access to a consistent supply of safe, healthy and nutritional foods. Australian agriculture also makes an invaluable contribution to global food security as leading exporter of safe and sustainable produce, producing enough food to feed around 77 million people.¹ However, food production is increasingly challenged by a range of factors including extreme weather events, the availability and increasing cost of critical inputs, labour shortages, threats of disease and both pre- and post-farmgate supply chain disruptions and inefficiencies. In this context, supporting resilience through measures such as the Future Drought Fund (FDF) has never been more important.

The value of the FDF to Australian farmers and regional communities is immense. The establishment of the FDF in 2020 was a milestone in the nation's approach to drought policy. It signified the beginning of Australia's proactive approach to the drought cycle. The FDF formally acknowledges the Australian Government's commitment to building long-term resilience, given drought is a recurring feature of Australia's natural environment and, as such, a recurring challenge for Australian farmers and rural communities.

It remains a top priority for the NFF to continue to work with the Australian Government to ensure the FDF achieves its objective to build drought resilience in Australia's agricultural sector, the agricultural landscape, and communities.

The NFF makes the following recommendations to improve the FDF and ensure it delivers the greatest value for money for both industry and Government:

FDF policy foundation

1. Recognise broader drought policy ecosystem.

The FDF must recognise and better account for the broader drought policy ecosystem, and specifically the National Drought Agreement and the Shared Responsibility Framework, in its policy foundations. This will facilitate cooperation, cohesion and understanding for beneficiaries and stakeholders alike.

2. Recognise the inherent resilience of Australian farmers, historically and currently.

The FDF policy foundation should consider nuanced language to recognise that resilience is not a new concept for Australian farmers. Rather, the FDF policy foundation must recognise its objective to support preparedness and build upon the existing resilience of our sector, as we look toward increasingly frequent and severe drought cycles.

¹ Australian Farm Institute, 2011 <<https://www.farminstitute.org.au/australia-exports-enough-food-for-61536975-people-give-or-take-a-few/>>.

3. Reevaluate interpretation and application of funding principle two.

FDF funding principle two which links FDF funding to activities in the ‘public good’ should be interpreted to enable the FDF to support activities which benefit groups of producers and/or communities in certain farming regions. A broader interpretation of this principle would maintain the intent of the principle, to not fund individual farm businesses or commercial gains, but enable regional projects which would otherwise breach the funding plan.

Programs, arrangements and grants

4. Strengthen and build FDF feedback mechanisms to facilitate timely and continued improvement to programs, arrangements and grants.

The NFF strongly recommends the Productivity Commission consider agile and consistent feedback mechanisms to facilitate industry engagement to inform the design and implementation of programs. This will ensure they are fit-for-purpose and effectively deliver their objectives for industry. This will also fast track adoption outcomes at a farm-level. Refer the section on *Better climate information: Drought Resilience Self-Assessment Tool (DRSAT)* for a case study.

5. Ensure improvement and evaluation process are informed by appropriate, effective performance metrics.

It is critical that each FDF program, grant or arrangement includes appropriate performance indicators to define objectives, define success and inform monitoring and evaluation processes. The lack of appropriate performance metrics around several FDF measures renders it difficult to effectively and practically assess programs in terms of their contribution to improving industry resilience and demonstrable value for money. At their core, FDF programs should include a clear identification of the range of needs farmers require to become more resilient and how the program will meet and improve those needs in the form of a qualitative or quantitative metric. Regular assessment of performance metrics can enable data-driven feedback, decisions and adjustments to FDF measures, resulting in better outcomes for industry.

Additionally, the NFF supports expanding the funding principles to support resilience to climate change more broadly, on the proviso this expansion is facilitated by additional funding on top of the current allocation. The impact and effectiveness of the current funding should not be diluted by serving several purposes. Further, the NFF notes that increased Indigenous collaboration and leadership are in the interests of everyone involved in the Australian agriculture sector, as outlined in sector vision statements such as the NFF 2030 Roadmap.

Introduction

The National Farmers’ Federation (NFF) welcomes the opportunity to provide a submission to the Productivity Commission’s review of the Future Drought Fund.

Drought is a recurring party of Australia’s landscape and managing drought is an inherent feature of Australian agriculture.

The NFF strongly supports the sentiment that the best time to prepare for drought is before it happens (FDF Market Research, 2021). The Intergovernmental Panel on Climate Change (2022) supports that climate change, including increases in the frequency and intensity of extremes, has reduced food and water security.² As Australia’s weather and climate continues to change in response to a changing global climate, droughts are forecast to become more frequent, severe, and longer lasting in many regions.³

The NFF and the Australian Government are strongly aligned in the goal to ensure that farmers and regional communities across the country are efficiently and effectively supported before, during and after drought events to minimise future triple bottom line impacts of drought.

The establishment of the Future Drought Fund (FDF) in 2020 was a milestone in the nation’s approach to drought policy. It signified the beginning of Australia’s proactive approach to the drought cycle. The FDF formally acknowledges the government’s commitment to building long-term resilience, given drought is a recurring feature of Australia’s natural environment and, as such, a recurring challenge for Australian farmers and rural communities.

The value of the FDF to Australian farmers and regional communities is immense. Australian farmers are responsible for our sustainable domestic food security and make an important contribution to global food security. This responsibility is increasingly challenged by a range of factors including extreme weather events, the availability and increasing cost of critical inputs, labour shortages, threats of disease and both pre- and post-farmgate supply chain disruptions and inefficiencies. In this context, supporting resilience through measures such as the FDF has never been more important.

It remains a top priority for the NFF to continue to work with the Australian Government to ensure the FDF achieves its objective, to build drought resilience in Australia’s agricultural sector, the agricultural landscape, and communities.

To ensure Australian agriculture is able to achieve our vision of becoming a \$100 billion industry by 2030, we must continue to strive towards the FDF vision of an innovative and profitable farming sector, a sustainable natural environment and adaptable rural, regional and remote communities — all with increased resilience to the impacts of drought and climate change.

The funding principles, vision, aim, strategic priorities, and objectives of the Funding Plan

The NFF generally supports that the FDF policy foundation, including funding principles, vision, aim and strategic priorities of the Funding Plan, are appropriate and effective. These elements strongly align with the NFF’s National Drought Policy. The NFF and FDF are aligned in seeking to achieve an innovative and profitable farming sector, a sustainable natural environment and adaptable rural, regional and

² IPCC, *Summary for Policymakers* (2022).

³ CSIRO, *State of the Climate 2020* (2020).

remote communities — all with increased resilience to the impacts of drought and climate change.

The NFF makes the following recommendations and comments to improve the policy foundations of the FDF Funding Plan.

1. Recognise broader drought policy ecosystem.

The national drought policy space is complex and increasingly intertwined. The NFF has recently engaged with the review of the National Drought Agreement and the Australian Government's Drought Plan. This is supplementary to industry engagement with the Shared Responsibility Framework. The FDF must recognise and better account for the broader drought policy ecosystem, and specifically the National Drought Agreement and the Shared Responsibility Framework, in its policy foundations.

2. Recognise the inherent resilience of Australian farmers, historically and currently.

Australian farmers are inherently resilient. The agricultural sector in Australia has historically been, and continues to be, contingent upon resilient practices, people and communities. The FDF policy foundation should consider nuanced language to recognise that resilience is not a new concept for Australian farmers. Rather, the FDF policy foundation must recognise its objective to support preparedness and build upon the existing resilience of our sector, as we look toward increasingly frequent and severe drought cycles.

3. Reevaluate interpretation and application of funding principle two.

The NFF strongly suggests a review of funding principle two, which provides 'only projects and activities that enhance the public good by building drought resilience are funded... [i.e.] Projects and activities must deliver significant benefits that can be accessed or shared by many (rather than be captured solely by individual businesses or industries solely for commercial gain).' The interpretation and application of this principle is prohibiting valuable industry projects from being funded by the FDF. The NFF is not suggesting that the FDF should fund projects which benefit individual businesses or industries solely for commercial gain. However, the NFF suggest that the interpretation of this funding principle should enable the support of projects which provide benefits for groups of producers and/or communities in certain farming regions. For example, the principle should be interpreted so as to enable farming systems groups to invest in infrastructure or technology which improves forecast, planning and resilience practices in a particular farming region.

Programs, arrangements and grants

The NFF supports that, generally, the FDF has the requisite foundation and priorities to increase Australian farmers' drought resilience and preparedness. That is, the FDF's programs, arrangements and grants align with industry's priorities to support drought resilience in the agricultural sector. The funding priorities, including better climate action, better planning, better practices, and better prepared communities, neatly overlap with those identified through the NFF's National Drought Policy.

The NFF acknowledges that the FDF is only in its third year of operation and that the first two years of operation focused on building the foundations of the FDF. This included building the FDF's robust policy foundation and vetting the first stream of numerous projects and programs. The FDF and many of its programs are still in infancy. Long-term resilience can only be built through long-term investment and effectively measured over several farming seasons. It is unrealistic to expect that in three short years, on-ground outcomes will have translated to measurable, industry-wide changes in resilience and preparedness.

The NFF makes several general recommendations to ensure programs are fit-for-purpose and deliver the best value for money both for our industry and the Australian Government.

4. Strengthen and build FDF feedback mechanisms to facilitate timely and continued improvement to programs, arrangements and grants.

While the intention of a program may be aligned with industry priorities, it is not uncommon for its execution to fall short of expectations and adoption outcomes. The NFF and its members are invested in seeing the best value for money from FDF programs and projects. Effective feedback loops enable stakeholders to provide input and make recommendations based on their experiences, ensuring that programs remain relevant and responsive to current and evolving needs. Some FDF programs are falling short of their potential impact and failing to maximise value for money due to a lack of timely input from industry as to design and implementation. refer the Commission to the example of the DRSAT program below.

The NFF strongly recommends the commission consider agile and consistent feedback mechanisms to facilitate industry engagement to inform the implementation of programs. This will ensure they are fit-for-purpose and better effectively deliver their objectives for industry. This may include elevated, formal mechanisms to ensure consistent and timely engagement, in addition to ad hoc forums to programs and projects are implemented effectively and efficiently. As a general note, it is critical to ensure that formal feedback mechanisms are streamlined, to recognise the value of farmers' time. Repeated, uncoordinated consultation on the objectively significant number of FDF programs, grants and projects can be overwhelming and time-consuming for engaged industry stakeholders.

5. Ensure improvement and evaluation process are informed by appropriate, effective performance metrics.

It is critical that each FDF program, grant or arrangement includes appropriate performance indicators to define objectives, define success and inform monitoring and evaluation processes. The NFF acknowledge that measuring drought resilience is inherently complex. Establishing baseline metrics for the resilience of the agricultural sector is difficult and vary depending factors such as geography, industry, socio-economic considerations, etc.

Lack of appropriate performance metrics around FDF measures renders it very difficult to effectively assess programs in terms of their contribution to improving

industry resilience and demonstrable value for money. FDF programs should include a clear identification of the range of needs farmers require to become more resilient and how the program will meet and improve those needs in the form of a qualitative or quantitative metric. By regularly tracking and analysing performance metrics, we can make data-driven decisions and adjustments to FDF measures, resulting in better outcomes for industry.

The NFF reiterate that it is not realistic to expect on-ground outcomes from programs at this early stage of their lifespan. However, as programs move into maturity, we want to ensure measurable, industry-wide changes in resilience and preparedness. This requires metrics at all levels of FDF implementation.

Regular reviews and independent evaluations of programs are also critical to ensuring that they remain effective and relevant. Current review processes are time-consuming, repetitive, and largely ineffective without baseline and performance metrics. Addressing the lack of performance metrics in planning will improve evaluation processes.

Examples: programs, arrangements and grants

Better planning: Farm Business Resilience Program

The Farm Business Resilience Program is an example of a FDF program with an effective, simple, and industry-aligned objective that has been well-executed to date. The NFF strongly supports creating a step-change in the use of farm business management skills to proactively manage drought risks.

The metrics for this program are appropriate, quantitative measures of program effectiveness. For example, 903 farm business plans were reviewed or advised on by a professional during their development and 538 farm business plans were completed (new plans developed or existing plans updated).

Better climate information: Drought Resilience Self-Assessment Tool (DRSAT)

The DRSAT is an online tool to better support farmers and enable them to assess their financial, environment and social resilience to drought. The NFF supports the notion that farmers, businesses, and communities that better understand their climate risks, resilience, and adaptation pathways are more likely to take action to manage drought risk.

The DRSAT website provides the perfect example of a program which aligns with industry priorities, in terms of its intention and objective however requires robust evaluation and ongoing improvement informed by industry to drive adoption and achieve meaningful, long-term practice change at the farm level.

The NFF engaged with the independent evaluation of this program. It was apparent from our engagement that the DRSAT has no quantifiable performance indicators as to practice change. Although it is positive that 1,200 self-assessments have been completed, this does not give clear indication of long-term practice change, program relevancy, accuracy, complementary nature to existing agronomic information and other relevant factors.

The NFF acknowledge that to effectively measure adoption, particularly long-term adoption, programs require extended implementation periods. This cannot be measured in less than three years.

Nonetheless, the lack of meaningful key performance metrics rendered it difficult to provide informed and relevant feedback or any assessment as to the value of the tool to industry. For example, consider the difference between ‘how do we engage more farmers’ and ‘how do we integrate DRSAT as a staple information tool for 150 farmers on mixed farming enterprises in NSW.’ Further, consider how the latter strategy is measured; 150 farmers have integrated DRSAT into their long-term agronomic planning tool portfolio and utilise data to inform crop rotations.

Timely feedback through both design and implementation may have improved adoption of DRSAT. For example, the NFF observed that the tool may be best targeted at agronomists and agricultural consultants, who provide farmers with their long-term agronomic advice. This demographic would be best positioned to drive adoption at the farm level, in the regions they service.

Finally, DRSAT also highlights the need for programs to appropriately account for farmers’ current technology, environmental or property records and information sources. Whether or not the DRSAT is relevant or useful to individual farm businesses will depend on their current technology portfolio, information channels or programs and records they access to inform their planning.

General comments

Expansion of FDF to support resilience to climate change.

The NFF supports expanding the funding principles to support resilience to climate change more broadly, on the proviso this expansion is facilitated by additional funding on top of the current allocation. The NFF does not want to see the impact and effectiveness of the current funding diluted by serving several purposes.

Additional funding to support agriculture’s resilience to climate change will provide significant benefit to industry and further the objective of the FDF’s ‘public good’ funding principle. As farmers are supported to become more productive, they have increased capacity to engage in climate resilience activities and offsets, such as carbon markets, increase biodiversity, and explore other emission reduction and resilience activities.

The NFF refer the commission to consider the NFF’s Climate Change Policy (November 2022) for further information on our industry’s climate change priorities.

Engagement with and benefits for Aboriginal and Torres Strait Islander people

Increased Indigenous collaboration and leadership are in the interests of everyone involved in the Australian agriculture sector, as outlined in sector vision statements such as the NFF 2030 Roadmap.

The NFF 2030 Roadmap identifies that supporting Indigenous collaboration and leadership in agricultural will work to reduce disadvantage in Indigenous communities, encourage better representation of Indigenous agriculture and attract new labour and skills. The NFF will continue to engage with the

Department of Agriculture, Fisheries and Forestry to ensure these goals are considered through FDF programs, grants and arrangements.

The NFF thanks the Productivity Commission for the opportunity to provide input to review of the Future Drought Fund. Should you have any questions please contact NFF General Manager for Trade & Economics, Kade Denton or Charlotte Wundersitz, Policy

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Yours sincerely,

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