



National Farmers' Federation Request for Quotation (RFQ)

ON-FARM FINANCIAL RISK MANAGEMENT PROJECT: Sub-Project 1 - INSURANCE

This Request for Quotation (RFQ) is seeking services to examine and report on commercial and government-subsidised farm insurance products as part of the National Farmers' Federation (NFF) On-farm Financial Risk Management Project.

The aim of this sub-project is to:

- describe the range of farm financial risk management insurance products, including derivatives and other similar products, currently available to Australian farmers and farmers in other countries;
- identify and assess options for improving the effectiveness of existing products and expanding the range of those products;
- identify and assess the barriers to implementation and uptake of those options; and,
- make recommendations for addressing those barriers.

Individuals or organisations making a submission are required to have an understanding of Australian and international farm financial risk management insurance products, companies, markets, government policies and the Australian agriculture sector.

Background

On 18 July 2019, the NSW Government announced it would allocate funds to work with the National Farmers Federation and identify potential models that could be used to protect farmers against income loss in future droughts or even natural disasters.

The Project is focused on the following 7 sub-projects:

Sub-Project 1: Commercial and Government-subsidised insurance options

Sub-Project 2: Forward contracts, futures, options and swap market options

Sub-Project 3: Mutuels and Co-operatives

Sub-Project 4: Financial risk management options – awareness and education

Sub-Project 5: Off-farm income and assets

Sub-Project 6: Other government risk management measures including tax, and cyclical income based stabilisers

Sub-Project 7: Overall Project coordination, data collection, report summary and recommendations, and communications

This RFQ is for Sub-Project 1 but respondents may submit quotes for more than one project.



Sub-Project 1 requirements

Applicants must include in their quotation:

- 1) Evidence that they have the relevant expertise to address the project topic;
- 2) Evidence of previous comparable project experience;
- 3) A statement regarding their ability to complete the project in the designated time, including relevant resourcing;
- 4) An outline of their strategic approach to completing the project;
- 5) An outline of the structure of the report;
- 6) A description of how they will form and maximise engagement with farmer reference groups;
- 7) A description of how they will source information and data for the project; and
- 8) A proposed budget.

Sub-Project deliverables

The sub-project has three deliverables:

The first deliverable is to provide the NFF with a report that:

PART ONE: COMMERCIAL INSURANCE MARKETS

- a) Investigates and describes existing farm financial risk management insurance products, including derivatives and other similar products, available in Australia and how these products work.
- b) Collects data on the number of Australian farmers using commercial insurance products by commodity, size of business, location and type of insurance product.
- c) Investigates and describes existing international farm financial risk management insurance products and related policy arrangements.
- d) Investigates and describes existing potential farm financial risk management insurance products that could be made available in Australia.
- e) Investigates and describes existing supply and demand-side barriers to the uptake of both existing and potential farm financial risk management insurance products in Australia.
- f) Assesses and makes recommendations on the conditions required to reduce or remove the barriers identified in the previous task (point e)), and the viability of putting those conditions in place.
- g) Assesses the commercial impact of the development of a viable farm financial risk management insurance market on Australia's agricultural sector generally and by major commodity.
- h) Assesses the public policy impacts (eg. budget impact, fit with existing farm support measures such as Farm Household Allowance, Farm Management



Deposits etc.) of the development of a viable farm financial risk management insurance market in Australia.

PART TWO: POTENTIAL GOVERNMENT SUBSIDISED INSURANCE OPTIONS

- a) Investigates and describes farm financial risk management insurance products in other countries that are subsidised by governments, and the related policy rationales and arrangements underpinning those government subsidies.
- b) Investigates, assesses and make recommendations regarding the conditions required to achieve long-term viability in Australia of a government-subsidised farm financial risk management insurance product. Recommendations should include an assessment of the viability of creating the necessary conditions to establish this product.
- c) Assesses the commercial impact on the Australian agriculture sector generally and by commodity of establishing a viable, government-subsidised, farm financial risk management product.
- d) Assess the public policy impacts (eg. budget impact, fit with existing farm support measures such as Farm Household Allowance, Farm Management Deposits etc.) of establishing a viable, government-subsidised, farm financial risk management product.

The second deliverable is to convene and engage with a **farmer reference group** for the duration of the project to seek input to inform, validate and test the information and ideas contained in the report.

The third deliverable is to work with the overarching Project coordinators and other sub-project groups to deliver a holistic and consistent report and set of recommendations.

Timeline

Date	Activity
19 February 2020	RFQ applications open
18 March 2020	RFQ applications close
1 April 2020	Expected execution of contract or issue of agreement
30 October 2020	Expected project completion date

The NFF believes that the project should be completed within seven (7) months. If a longer timeframe is required, the Tenderer should explain why that is the case.



Terms and conditions

By submitting an application, respondents acknowledge that they are willing to accept the terms and conditions set out in the service contract.

The Respondent agrees that the NFF may accept or decline to accept the Respondent's Quotation in its discretion. No commitments or contract exists until a contract in the form of the Provider Agreement is executed by both parties. The Respondent agrees that the NFF is not required to enter into any contract in connection with the RFQ.

The Respondent agrees that participation in any stage of the RFQ process is at the Respondent's sole risk and cost.

Acceptance of a Quotation will occur only when an Agreement is issued or a contract is executed.

The NFF, at its discretion, may discontinue this RFQ, decline to accept any Quotation, decline to issue any contract or satisfy it requirement separately from this RFQ process.

How to make a submission

Responses to the RFQ are to be submitted via email to:

NFF Staff Name: Prudence Gordon

NFF Staff Title: General Manager, Trade and Economics

NFF Staff Email: pgordon@nff.org.au

Submissions close Midnight (AEDT) 18 March 2020.

Contact

If you have any questions about the RFQ process or requirements, please contact:

Prudence Gordon

General Manager, Trade and Economics

Ph: 02 6269 5666

Email: pgordon@nff.org.au