

# NFF DROUGHT POLICY 2024

## Summary policy position

*Drought is a fundamental characteristic of Australia's landscape and agricultural sector. Industry and Government must proactively plan and co-invest throughout the Drought Cycle in the resilience of the sector in order to best ensure the continuation of the vital role agriculture plays in the economic, environmental and social success of Australia.*

## Overview

Drought is a fundamental characteristic of Australia's landscape and agricultural sector. Along with other climate challenges, Australian producers have demonstrated intrinsic resilience in the face of historical periods of drought, with the sector delivering sustained growth over many decades.

A key factor of the sector's resilience is the recognition of drought as an ever-present business risk that needs to be appropriately prepared for. Producers invest significantly in their businesses to prepare for drier periods, recognising that drought events are forecast to become more frequent and more severe in the coming decades due to climate change.

Despite these efforts, there will continue to be times when conditions exceed even what the most prepared and resilient business can reasonably withstand. This, combined with the vital role agriculture plays in regional communities, domestic food and fibre supply, environmental management, national exports and the economy at large, sees a continuing need for appropriate Government intervention and support with respect to drought policy.

Undertaken alongside industry, drought policy should ultimately seek to strengthen the resilience of the sector in order to best ensure the continuation of the vital role agriculture plays in the economic, environmental and social success of Australia.

This policy seeks to outline the National Farmers' Federation's principles and key measures as they relate to drought policy. It primarily focuses on matters at the Commonwealth level.

## Drought Policy Principles

1. Agricultural businesses **play a critical role in the long-term economic, environmental and social success** of both regional communities and the country more broadly.

2. **Drought events will increase in frequency and intensity** as a result of climate change.
3. The **'Drought Cycle' concept**, encompassing 'Preparing for drought', 'In drought' and 'Recovering from drought' is the appropriate conceptual basis for drought policy.
4. The **primary responsibility** for **on-farm** drought preparedness **rests with producers.**
5. Producers must **invest in their own business resilience** throughout the Drought Cycle.
6. There remain however drought conditions and periods that **extend beyond what can be reasonably expected of a farming business** to prepare for, resulting in financial, social, environmental and health impacts for those in farming communities.
7. Drought policy must consider the **unique nature of agricultural businesses**, with producers often having multi-generational connections to their land, providing a home anchoring their family contribution to their local communities.
8. Given Principles 1-7, there **continues to be a need for appropriate Government support and co-investment** with producers and broader regional communities throughout the Drought Cycle, recognising that government policy is key to enabling sector resilience.
9. Public investment should be available for **both direct personal hardship support, business and community resilience support**, and **be flexible** to best respond to the unique nature of each drought.
10. Public investment should be **accessible to producers in all agricultural industries.**
11. The Commonwealth, in conjunction with industry and state/territory jurisdictions, should take a leadership role in **drought policy governance, strategy, coordination and review, in order to provide certainty and clarity to stakeholders.**
12. Accurate **science, data and information, collaborated with 'on-the-ground' information**, must inform decision-making throughout the Drought Cycle.

13. Some drought events will inevitably see **producers leave the industry**, and appropriate support and information services should be available to them.
14. Drought policy should **consider the role of intersecting policies**, including but not limited to, natural resource management, climate change, farm business and economics, workplace relations and social policy.

### **Key measures to deliver on the principles**

#### *Governance, strategy and coordination*

- **The National Drought Agreement (NDA) should provide the overarching framework for nationally coordinated drought policy (Principle 11):** The NDA must provide a clear framework for how jurisdictions will work together on drought policies and programs, to deliver certainty and clarity for producers and other stakeholders. It must clearly communicate shared and separate stakeholder responsibilities, so that all levels of government and broader stakeholders understand what is expected of them throughout the Drought Cycle.
- **The Commonwealth should proactively lead coordination and information-sharing activities among stakeholders (Principle 11):** The Commonwealth should facilitate appropriate information-sharing activities and forums to ensure coordination and reduce duplication between all levels of government, industry, communities and charities.
- **Embedded industry consultation (Principle 11):** Industry, including via producer representative groups, must be embedded in all elements of drought policy development, planning and execution. This should occur at both the strategic and operational levels.
- **Embedded flexibility in policy frameworks (Principle 6, 9):** Policy frameworks, including the NDA, National Drought Plan, and Drought Response Framework should have **embedded flexibility in decision-making** to accommodate the unique nature of each drought.

#### *Preparedness*

- **Future Drought Fund (FDF) (Principle 8,9,11):** The FDF, enabled by the *Future Drought Fund Act (2019)*, should continue as the central Government mechanism to execute enduring drought preparedness activities and industry resilience, with funding levels to be no less than that prescribed in the Bill at its passage.

- **Ongoing optimisation of the FDF (Principle 8,9,11):** Integrated monitoring and evaluation should occur at all levels of the FDF. Funded programs must have the capacity to continuously improve, to ensure they deliver on the aim of increased industry resilience.  
 FDF programs must be guided by performance metrics to define success, measure effectiveness and allow for data-based program adjustments.
- **Data and information services (Principle 4,11,12):** Relevant organisations, including the Bureau of Meteorology, should be appropriately resourced to proactively provide tailored data and information services to inform decision-making by the agricultural industry and broader stakeholders. Data should be corroborated with ‘on the ground’ information where appropriate.
- **Farm Management Deposits (FMDs) (Principle 4,5,6,8,9):** FMDs must be maintained as a key risk management tool. Eligibility should be reviewed to ensure they remain fit-for-purpose and accessible for contemporary farming businesses, including balance limits and entity-type eligibility.
- **Additional taxation support (Principle 4,5,6,8,9):** Broader taxation approaches, such as accelerated depreciation and income tax averaging, should be maintained to support producer preparedness.

*In-event and post-event support*

- **Farm Household Allowance (FHA) (Principle 7,9):** The FHA should be maintained as a key income support mechanism which recognises the unique circumstances faced by Australian farming families.
- **The Regional Investment Corporation (RIC) (Principle 4,5,6,8,9).** The RIC should be maintained to deliver nationally consistent and targeted concessional finance to the sector and operate on a budget-neutral basis.
- **Rural Financial Counselling Services (RFCS) (Principle 9,12,13):** The Commonwealth, along with state and territory governments, should continue to provide appropriate funding to the RFCS to provide on the ground coordination of available services and support.
- **Farm Debt Mediation (FDM) (Principle 3,11):** Jurisdictional farm debt mediation schemes should be underpinned by nationally consistent principles which aim, to the greatest extent possible, to find resolutions that see farming families remain on farm.
- **Community and health services (principle 6,9):** Health and well-being services should be adequately resourced to ensure that they can appropriately support producers and regional communities throughout the Drought Cycle.
- **Support services for producers leaving the industry during drought (Principle 13):** Appropriate support services, including health support, business information and decision-making services, should be provided for farming families who may leave the industry during drought periods.

**Associated documents**

This policy should be read in conjunction with documents including:

- NFF 2030 \$100 billion Road Map
- NFF Mental Health Policy 2024
- NFF Drought Policy 2020
- NFF Mental Health and Wellbeing in Agriculture Policy Statement May 2024

**Date of approval**

October 2024 NFF Members' Council.