



Australian Government

DROUGHT

IN AUSTRALIA

Australian Government Drought Response, Resilience and Preparedness Plan



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Cataloguing data

This publication (and any material sourced from it) should be attributed as: Department of Agriculture 2019, *Australian Government Drought Response, Resilience and Preparedness Plan*, Canberra, November. CC BY 4.0.

ISBN 978-1-76003-244-9

This publication is available at agriculture.gov.au/drought-preparedness-resilience.

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Foreword

Australian farmers are among the finest in the world. Over the years, they've built our nation's reputation as a clean and reliable producer of the best food and fibre there is on offer.

Since our very first farmers tilled the soil, they've known it would be a challenge. They have succeeded because they are resilient, efficient and innovative. And, they've done so despite our challenging climate and in the face of a competitive international market that offers its farmers protection and support our farmers largely don't have.

The drought they are enduring now is the worst on record and the outlook does not look good.

It's not the first drought that our farmers have been through. With drought being the recurring feature in our landscape that it is, we can also guarantee it won't be the last.

That is why governments at all levels, industry and farmers themselves have a role in responding to this drought and making sure we are better prepared to deal with the next one.

As people living in regional communities know, drought isn't like a flood or a fire. It creeps up slowly, but when it starts to hit—it hits hard. That's why the Australian Government's drought response is akin to taking a set of stairs with our farming community.

As the drought has worsened, we have taken another step up on our support for them and their communities. We have continued to be agile, responding where we need to and how we need to as we wait for the rain we desperately need.

With each step we take, we build on our goals to put food on farmers' tables, to support the communities that rely on them and to make sure they are more resilient to deal with the next drought when it comes.

We need to remember drought doesn't stop at the farm gate. This is about the mechanics who fix their tractors, the schools that educate their children and the local businesses that are so vital to our regional towns.

That is why we have taken a whole-of-government approach to this drought and will continue to support them through every Commonwealth service that touches them and their community.

We will do it through the rural financial counsellors—the angels of this drought—household allowances that put bread on the table, taxation measures to get farmers and businesses through to better times and a fund that will build resilience into the future.

The Australian Government will support farmers and communities through local stimulus, through making agriculture more sustainable and by working in partnership with the states.

While we can't make it rain, we can help create a better future for this critical part of who we are as a nation.

The Hon. David Littleproud, Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management

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The situation

Australia's farmers are among the finest in the world. They are efficient, innovative and resilient. They operate in a largely arid continent. They function without the significant financial support and protection available to their global competitors. Their produce is world-class; 75 per cent of it is exported. They have increased the value of farm production in the last decade by 50 per cent, to around \$60 billion today. They intend to reach \$100 billion by 2030.

The Australian Government wants our farmers to continue to be successful and to maintain their competitive advantage. Stronger farmers mean stronger rural communities and a stronger economy.

In our dry continent, drought is an enduring feature. It is a recurring and challenging experience for Australia's farmers and rural communities.

As a consequence of climate change, drought is likely to be longer and more severe in some regions and over broader areas. It means that farmers and communities in some regions are likely to see drought more often. Those that have been managing drought for many years may now see it intensify beyond their lived experience. Ultimately, the nation could see some areas of Australia become more marginal and/or unproductive.

Drought impacts the productivity and profitability of farms. It affects businesses, communities and regions. Services and businesses suffer as less money is spent locally. Inevitably, some businesses close and people leave their communities seeking opportunities elsewhere.

Drought also has significant social and environmental impacts. Stress often affects the health and wellbeing of farmers, their families and communities. For some farmers, stresses can become chronic if decisions in the lead up to, and during, drought do not work out. The land may suffer with good management practices neglected or eschewed in favour of income, leading to degradation of natural capital, and in turn increasing the recovery challenge.

We all have a role

The Australian, state and territory governments, industry and individual farmers and businesses all have a role in responding to the current drought as well as preparing for future droughts and building resilience.

On 12 December 2018 the Australian, state and territory governments signed the National Drought Agreement (NDA), replacing the 2013 agreement. The NDA commits the Australian, state and territory governments to develop policies and programs that position farmers to plan for and manage risk; and prepare for, manage and recover from drought. It is in place until 30 June 2024 and will be reviewed approximately two years before expiry.

Each year the Agriculture Ministers' Forum will publicly release a report on progress implementing the NDA.

The NDA's objectives include:

- providing a framework to ensure collaboration in drought preparedness, response and recovery, consistency of drought policy and reform objectives, complementarity of programs and efforts are not unnecessarily duplicated or critical issues overlooked
- supporting the adoption of robust risk management practices and sound natural resource management
- increasing the adoption of approaches to manage business risks through improved skills and business decision-making and the adoption of new knowledge and tools from research and development
- ensuring services to mitigate the effects of drought on health and wellbeing are accessible to farming families and farming communities
- ensuring support measures are accessible and clear information is available for those in need, in collaboration with relevant stakeholders
- providing decision-makers, industry and the public with access to common sources of quality, drought-related data to improve decision-making.

Role of the Australian Government

The Australian Government is responsible for:

- funding and delivering a time-limited household support payment based on individual and farming family needs including
 - reciprocal obligations that encourage resilience
 - case management to support reciprocal obligation requirements
- establishing and operating a Future Drought Fund, to enhance drought preparedness and resilience
- providing continued access to incentives that support farming businesses' risk management, including taxation concessions, the Farm Management Deposits Scheme and concessional loans

- improving and maintaining national, regional and local predictive and real-time drought indicator information, drawing on the Bureau of Meteorology's observation network and forecasting.

Role of the states and territories

Each state or territory is responsible for:

- encouraging the delivery and uptake of capability-building programs to improve farming businesses' skills and decision-making that are flexible and tailored to farming businesses' needs
- ensuring animal welfare and land management issues are managed during drought.

Shared roles and responsibilities

The Commonwealth, states and territories are responsible for:

- developing, designing, implementing and funding drought preparedness, response and recovery programs that are consistent with the NDA, encourage robust risk management and seek to avoid market distortions
- developing capability-building programs, tools and technologies to inform and improve farming businesses' decision-making and promote resilience
- provision of rural financial counselling services
- support to mitigate the effects of drought on the health and wellbeing of farming families and farming communities
- sharing, coordinating, collaborating and communicating information on drought preparedness, response and recovery policies and programs being developed and implemented
- ensuring information on assistance for drought preparedness, response and recovery is accessible and readily available
- ensuring consistency of drought policy and reform objectives and complementarity of drought preparedness, response and recovery programs
- contributing to the development of quality, publicly available data, including but not limited to
 - weather, seasonal and climate forecasts
 - regional and local predictive real-time drought indicator information
 - a consistent early warning system for drought
 - an improved understanding of fodder crops and holdings across Australia.

Role of industry

Industry organisations and leaders are responsible for:

- providing information to farmers and rural and regional communities, on and increasing awareness of
 - farm management practices for drought preparedness, management and recovery

- business literacy and skill development opportunities, including peer review boards or similar
- drought support measures provided by government and non-government bodies
- working with governments to assess the effectiveness of government drought programs.

Farm businesses are responsible for:

- preparing their businesses for drought
- preparing family and employees for drought
- developing and maintaining a drought plan
- informing themselves of new measures and approaches that may be available to build resilience.

Vision and foundations

Vision

To have farm businesses and rural communities that are prepared for, and capable of managing, drought in pursuit of a prosperous and sustainable future.

Foundations

These six foundations underpin successful drought management.

- 1) Drought is an enduring, regular feature of the Australian landscape. It is not a natural disaster.
- 2) While droughts are normal for Australia, drought conditions are likely to become more frequent, severe and longer in some regions due to climate change.
- 3) Farming is a business and drought is one of many business risks that should be managed.
- 4) Drought preparations must continue during times of no drought.
- 5) Policies and programs should focus on planning and preparation for future droughts and be developed with industry and communities.
- 6) Information (social, economic and environmental) about drought conditions and impacts should be collected and understood at the local level so that governments, communities, businesses and farmers can tailor their preparation, plans and responses.

The Plan

The Australian Government Drought Response, Resilience and Preparedness Plan (the Plan) is focused on three parts:

- 1) Immediate action for those in drought—focused on measures to support farmers and communities facing prolonged drought conditions to keep them going until the drought breaks.
- 2) Support for the wider communities affected by drought—rural and regional communities depend on our farmers and are at the heart of Australia.
- 3) Long-term resilience and preparedness—building resilience and ability to withstand drought periods in the long term.

This Plan cannot make it rain; no plan can. And the Plan is not just about responding to and preparing for drought—it is about giving our farmers and regional communities hope for the future and building resilience.

The Plan is not set and forget. The Australian Government will continue to monitor the effectiveness of policies and programs and adjust as necessary to ensure they are providing the level of targeted assistance required.

A full list of current measures and programs that support resilience and preparedness is provided at [Appendix A](#).

1 Immediate action for those in drought

When dealing with drought impacts the Australian Government's first priority is to support farming families. In line with our obligations under the NDA, there are a number of measures and programs in place to support farming families facing prolonged drought conditions.

Putting food on the table of the farmers who feed the nation

Farm Household Allowance (FHA) is an income support payment for farmers and their partners experiencing financial hardship, regardless of its cause.

The package of assistance includes:

- a fortnightly payment—\$105,266 total payment over four years per household where both partners are on FHA
- allowances to help with expenses like rent, phone and medicine
- a Health Care Card
- a financial assessment of the farm business (worth up to \$1,500)
- funding to help develop skills, access training and pay for professional advice (worth up to \$4,000).

FHA was established on 1 July 2014. In 2019 an independent review panel made recommendations for improvements to FHA. In response to the review, and in recognition of the ongoing drought conditions, the government has made, or is in the process of making, a number

of improvements to ensure that the payment is more reflective of the needs of farmers facing financial hardship.

These changes mean more farmers will have access to vital income support. Changes include:

- in 2018 the payment was extended from three to four years, and on 17 October 2019 legislation was introduced to make payments available to farming families four years in every 10
- exempting the profit generated from the forced disposal of livestock from the FHA income test, when that income is invested into a Farm Management Deposit, to ensure FHA recipients who are destocking can retain access to income support
- increasing the on-farm assets test to \$5 million
- increasing the off-farm income offset from \$80,000 to \$100,000 (legislation was introduced on 17 October 2019)
- treating income from agistment as part of the farm business (legislation was introduced on 17 October 2019).

Legislation will be introduced before the end of 2019 to make further changes including:

- paying one rate of payment rather than fortnightly fluctuations, providing families with certainty around how much they will be provided each fortnight
- removing the requirement for business income reconciliation
- simplifying the assets test to be a total of \$5.5 million across on-farm and off-farm assets
- strengthening case management, including increasing the Activity Supplement to \$10,000.

The government is also significantly redesigning the application process and form, which includes allowing farming couples to apply using the same form.

In addition to regular fortnightly payments, from 1 September 2018 to 1 June 2019 a one-off FHA Supplement was delivered to FHA recipients. This provided up to an extra \$7,200 for a single person and up to \$12,000 for a couple.

In recognition that this drought is severe and requires an extraordinary response, on 17 October 2019 legislation was introduced to provide for an additional Drought Relief Payment to farmers that have exhausted their four years of FHA. This will give families another up to \$13,000, and for singles \$7,500, to put food on the table.

The legislation also allows the Minister for Agriculture to create a rule to provide future lump sum payments if, and when needed.

Action 1.1: Continue to provide, and improve, Farm Household Allowance.

The government has invested \$65.4 million to the Drought Community Support Initiative (DCSI). Through selected charities, immediate assistance is provided to farmers, farm workers and farm suppliers/contractors that are facing hardship arising from the impact of drought in Drought Communities Programme (DCP) Extension Local Government Areas.

DCSI is aimed at:

- providing up to \$3,000 per household that is facing hardship arising from the impact of drought
- improving levels of economic activity in regions and supporting local communities.

The government also invested \$5 million through the Country Women's Association to provide financial assistance to farmers and farming families suffering hardship.

Rural Financial Counselling Service—the angels at the kitchen table

Focusing on profitability and managing risk requires planning based on a sound understanding of a farm's financial situation, business operations and property management. There are a range of tools, information and services available to assist farmers to plan, make decisions and take action for the future.

The Rural Financial Counselling Service (RFCS) has been in operation since 1986. It provides free financial counselling nationally to farmers, fishing enterprises, forestry growers and harvesters and small agricultural related businesses in, or at risk of, financial hardship. Hardship may be the result of drought or other circumstances.

The RFCS is principally funded by the Australian Government, with contributions from the states and territories. The RFCS currently employs around 120 rural counsellors, who, on average, assist more than 5,000 clients each year.

Rural financial counsellors are the change-makers of the agricultural sector. They assist clients to understand their financial position, the viability of their enterprise, and develop and implement plans to become self-sufficient. The RFCS can also help businesses make decisions about their operation, which in some cases may be to exit the industry if long-term financial security is not achievable.

In August 2018, the Australian Government provided an additional \$5 million to help the RFCS providers meet a surge in demand for their services following changes to the FHA.

Action 1.2: Continue to provide, and improve, the RFCS to assist farmers to make changes for their future.
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Backing our farmers with concessional loans

The Australian Government established the Regional Investment Corporation (RIC) to deliver Commonwealth farm business concessional loans.

Drought loans are currently available to farmers to help them prepare for, manage through and recover from drought. Under the current loans, farmers can borrow up to \$2 million to fund drought-related activities, refinance debt, enhance productivity or pay for operating expenses or capital.

RIC drought loan repayments are tailored to the cash flow of the business. The first two years will be interest free, years three to five interest only, then principal and interest for the remainder of the 10-year term. This will assist farmers being able to manage through the drought by buying fodder, agistment of livestock, transporting water and netting of horticulture, and when it does rain recover quicker through replanting and restocking.

Action 1.3: Continue to provide concessional loan products to support farm businesses prepare for, manage through and recover from drought.

Better on-farm water management

Through the \$50 million On-farm Emergency Water Infrastructure Rebate Scheme, the Australian Government is helping farmers improve their on-farm water supply. The scheme is helping farmers buy and install pipes and pumps, new bores, tanks and troughs and desilt dams.

Improving on-farm water supply helps address animal welfare and permanent planting needs, which helps farmers be more resilient to future droughts, increase productivity and mitigate the degradation of natural watering points.

The Australian Government has committed \$36.9 million over five years to improve water security and drought resilience in the Great Artesian Basin (GAB) through increasing artesian pressure and reducing wastage of the resource. Activities that can be delivered include infrastructure works to control bores, the installation of efficient watering delivery systems, education/communication programs and studies that assist state agencies to develop and implement new water management arrangements in the GAB.

Action 1.4: Continue to investigate options to support farmers be more water efficient.

Providing better information

An objective of the NDA is to provide government, communities, industry and the public with access to common sources of quality, drought-related information and data to improve decision-making. While there is significant information available, more is needed, particularly improved forecasts and local information.

Action 1.5: Drought indicators will be developed to assist government to understand changing conditions and emerging impacts.

Arming farmers and farming communities with information to access support, make decisions and prepare for drought, especially during the good years, should help reduce the impact of drought in the future. That is why the government is investing \$77.2 million over the life of the installation to improve weather monitoring infrastructure capabilities for four new radars in Queensland, relocating one radar in New South Wales, and providing extra rain gauges in the upper Burdekin region and Flinders catchment in Queensland. Additionally, through a \$2.7 million investment, the Bureau of Meteorology has developed Climate Guides for each of Australia's 56 Natural Resource Management regions, which helps farmers have a better understanding of local climate and weather conditions.

The Australian Government, through the National Water Infrastructure Development Fund—Expansion, is investing \$6.5 million from 2019 to 2022 for the project Assessing the Status of Groundwater in the Great Artesian Basin. This project will generate a water balance for the GAB and improved data that will enhance future policy development.

Navigating the vast amount of information available on assistance and services for farmers and their communities can be overwhelming and frustrating. This is exacerbated during times of drought when some people are under great financial and emotional stress. Over \$700,000 has been investment in FarmHub to help address the fragmented and uncoordinated way information on important supports and services is provided to farmers.

FarmHub is a single, trusted point of access to information and services on the National Farmers' Federation website. It provides farmers, their business advisers and farming communities a one-stop shop on support available. FarmHub covers support and programs from all levels of government, industry groups and not-for-profit organisations. This includes information on mental health and education programs and links to applications for financial and other support.

But more needs to be done to share information with farmers and rural communities.

Action 1.6: Continue to deliver and improve FarmHub, a centralised point of trusted information on support and programs from all levels of Australian governments, industry groups and not-for-profit organisations.

Action 1.7: Convene cross-government and industry meetings to share information on drought, response measures, identifying emerging risks and options and ensure consistent communication to farmers and rural communities on drought matters.

Making up to 100GL available to secure fodder

With drought conditions continuing some farmers are sending their breeding stock to slaughter because they are struggling to afford fodder or to grow the pasture they need to keep stock on farm. Reduced breeding stock slows recovery from drought—which is why the government is supporting farmers and their stock.

The government will make up to 100 gigalitres of water available at \$100 per megalitre in the southern connected Murray–Darling Basin (MDB) to increase the production of fodder, silage and pasture. This is a once-off provision of additional water made possible by the operation of the South Australia Adelaide Desalination Plant.

This measure gives farmers a reliable and cost effective supply of fodder and pasture to remain viable and support some farmers to keep breeding stock for a quicker recovery when the drought breaks and improves returns for farming businesses along the southern MDB.

Dealing with the stresses of drought

Drought can be a major source of stress for farmers and their communities. For farmers, seeing their crops fail, selling breeding stock, long hours of feeding animals and land deterioration can take its toll. Communities, in particular small business owners, experience similar stresses as business slows and budgets tighten.

Research indicates that farmers are more likely to try to manage stress and mental health issues themselves rather than seek help from the health system. Since 5 August 2018, the Australian Government has announced \$29.4 million in drought-specific mental health funding, including:

- making changes to the Medicare Benefits Schedule (MBS) Better Access Telehealth initiative to enable people in drought-affected communities to access support without needing a Mental Health Treatment Plan or clinical mental health diagnosis
- expanding MBS services to enable general practitioners to offer psychological services via telehealth to rural and remote patients. This is the first time general practitioners have been able to offer this service in drought-affected areas to their patients.
- funding for ReachOUT to raise awareness of their existing digital mental health services available for young people in drought-affected communities
- offering funding for community-led mental health initiatives in drought-affected communities through the 'Empowering our Communities' initiative.

The Trusted Advocates Network Trial, a \$463,815 investment, has also been established in nine communities in drought-affected areas in New South Wales, Queensland, South Australia and Victoria.

Action 1.8: Continued investment in mental health support programs in rural communities.

Battling pest and weeds

What is important during a drought is to look after landscape health, groundcover and critical stock forage. Pest animals and weeds are a burden for farmers. They add pressure to pastures and groundcover on farms—and some pest animals also prey on livestock—reducing productivity.

The Australian Government is helping to tackle this problem with \$25 million invested in programs focused on pest animals and weed management activities in drought-affected areas. The Communities Combating Pests and Weed Impacts During Drought Program – Biosecurity Management of Pests and Weeds aims to reduce grazing pressure from pest animals, reducing predation from pest animals like wild dogs through culling and exclusion, and reduce weed incursions.

Action 1.9: Continue to explore options to reduce the impact of pests and weeds in drought-affected areas.

Financial and regulatory frameworks that encourage planning and resilience

Farmers use many strategies to manage risk, including maintaining relatively high equity levels, liquid assets and borrowing capacity, using inputs conservatively, diversifying across enterprises and locations, and earning off-farm income.

For its part, the Australian Government has a range of measures in place to help farmers manage and smooth their cash flows. These programs are designed to increase self-reliance by helping them manage their financial risk and meet their business costs in low-income years.

There are a number of taxation concessions available to help farmers better manage their cash flows and invest in the profitability and resilience of their farms. This includes:

- the Farm Management Deposits (FMD) Scheme
- income tax averaging

- accelerated depreciation arrangements for fodder storage assets, water facilities and fencing
- immediate deductibility for eligible assets up to \$30,000
- the ability to spread income earned from forced disposal or death of livestock.

The FMD Scheme is the Australian Government's flagship tax measure helping farmers to prepare for income downturns, including those caused by drought. The Scheme was established in 1999 to assist farmers deal more effectively with fluctuations in cash flows, allowing eligible farmers to set aside up to \$800,000 in pre-tax income to draw in future years when needed. As at 30 September 2019, the total holdings in FMDs were \$5.75 billion, held in over 48,000 accounts.

Farmers can use their FMDs as primary production business loan offset accounts—this reduces their loan interest costs, improves their cash flows, and allows them to better invest in their businesses' profitability and longer-term resilience.

Farmers can also withdraw their FMDs within 12 months without losing their claimed tax concessions if they are affected by drought. In normal circumstances, farmers must hold their FMDs for 12 months to realise the tax benefits. Farmers who are affected by six months of a 5th percentile rainfall deficiency do not have to meet this requirement, and can retain the tax benefits they claimed through their tax return.

The FMD Scheme was last reviewed in 2013. The Scheme will be reviewed again in 2020–21. The review will include a range of matters including:

- the extent to which the objectives of the Scheme have been achieved (including if the Scheme assists farmers to become more financially self-reliant, as recommended by the Australian National Audit Office (ANAO))
- the relationship between FMDs and other forms of assistance (such as income tax averaging)
- whether the Scheme is being well administered (including improvements that have been made since the ANAO audit).

The review will make recommendations to government in early 2021–22.

Action 1.10: A review on the effectiveness of the FMD Scheme will be undertaken in 2020–21 to inform any future changes.

2 Support for the wider communities affected by drought

Communities are closely connected to farmers and their fortunes. As a result, prolonged periods of drought present a significant challenge to those communities where agriculture is a dominant sector. Community resilience is about making a community stronger, in both good times and bad, for the benefit of all.

During drought, small business operators experience financial stress due to reduced spending in affected communities.

The Australian Government has a range of measures and programs to support rural and regional communities facing prolonged drought conditions. These programs are in line with the government's obligations under the NDA.

The government has also been undertaking drought outreach sessions in drought-affected communities. These sessions bring together Australian Government and state agencies to increase community uptake and awareness of available drought assistance.

Keeping drought-affected regional communities open for business

The Drought Communities Programme (DCP) Extension supports communities in the most drought-affected regions of Australia.

Funding is available to eligible councils for local infrastructure projects and other drought-relief activities. Project funding is intended to provide short-term support, including by boosting local employment and procurement, and addressing social and community needs.

Since August 2018, the government has committed \$300 million to the DCP Extension, providing immediate economic stimulus to Australia's most drought-impacted communities.

Roads to Recovery

The government will provide \$138.9 million in additional funding under the Roads to Recovery Program in the calendar year 2020 for the 128 Local Government Areas eligible for the Drought Communities Programme Extension.

This program will improve road infrastructure and road safety outcomes and an additional economic stimulus in drought-affected communities. It will provide long-lasting benefits to the nation's local road infrastructure.

Building Better Regions Fund

The Australian Government has committed to prioritising projects that support drought-affected communities under the Fourth Round of the \$200 million Building Better Regions Fund to be launched by the end of 2019.

Building Better Regions fund will create jobs, drive economic growth and build stronger regional communities into the future. BBRF provides up to \$10 million per project to regional local governments or incorporated not-for-profit entities to support community infrastructure investment and other community initiatives.

Foundation for Rural and Regional Renewal

\$15 million has also been made available to the Foundation for Rural and Regional Renewal's Tackling Tough Times Together program to fund community and non-profit groups in drought-affected regions. These projects aim to reduce social isolation, support leadership development, support social and educational participation and address disadvantage, build volunteer capacity and support local economic recovery or renewal.

Action 2.1: Continue to investigate options to support rural and regional communities respond to the drought.

Regional Investment Corporation

Recognising that small businesses are directly impacted by the drought, through reduced demand and therefore turnover, the Regional Investment Corporation will deliver Small Business Drought Loans up to \$500,000. The first two years are interest free, years three to five year are interest only, then principal and interest for the remainder of the 10-year term.

Loans will be available to small businesses that have a direct dependency on farm businesses by providing primary production related goods and services in the most drought-affected communities, such as farm-dependent businesses such as harvesting and shearing contractors, livestock providers and agricultural and repair providers. This will provide practical support to small businesses, and assist them managing through the drought.

Action 2.2: The RIC to develop a Small Business Drought Loan product.

Financial counselling for small businesses

It is well known that primary producers are intrinsically linked with their local communities. When local agricultural industries face a downturn, small rural businesses also experience hardship.

Under the \$7 million Drought Communities Small Business Support Program, financial counselling services will be extended to other small businesses experiencing hardship in drought-affected areas.

As a pilot program, small regional and rural businesses will be able to work with local financial counsellor for business planning, mentoring and coaching to improve their financial capability.

Action 2.3: The pilot will be assessed mid-program in late 2021 to monitor its effectiveness and amend if necessary.

Keeping kids at schools

The Australian Government is providing additional assistance to support schools that cater for students in drought-affected areas.

To ease the financial burden on families, many non-government schools in drought-affected areas, and boarding schools servicing students from those areas, have introduced fee relief and

similar measures. This has impacted the short-term financial viability of schools that support families with limited schooling alternatives. Recognising this, the government will provide \$10 million to drought-affected schools through the Special Circumstances program. This funding will help these schools continue to support families from drought affected areas, as well as provide students with additional counselling services.

The government will also provide \$5 million from the Community Child Care Fund to support early learning centres, and the families who use them, in drought affected areas.

3 Long-term resilience and preparedness

Australia has one of the driest and most variable climates in the world and the changing climate is exacerbating pressures on our natural resources.

As outlined earlier, climate change is likely to continue to have an impact on temperature and rainfall, resulting in the risk of droughts becoming more frequent and severe in some regions of Australia. Farmers and communities who rarely see drought are likely to see it more often; and some areas of Australia may become more marginal and unproductive.

Agricultural industries and communities are adjusting to the changing climate; however, continual focus and improvements need to be made.

The Australian Government supports farmers and rural communities to build resilience and preparedness for drought. And in doing so is planning for future droughts, and helping farmers and communities be more prepared and resilient to future droughts.

Future Drought Fund

The Future Drought Fund supports initiatives that improve the drought resilience of Australian farms and communities by becoming more prepared to respond to the impacts of drought.

The Australian Government's initial \$3.9 billion upfront contribution will be invested by the Future Fund with earnings to be reinvested until the balance reaches \$5 billion. It will provide a sustainable and ongoing source of funding to make agriculture more productive and profitable and enhance the wellbeing of our farming communities and the sustainability of our farming landscapes.

The Fund will provide support to assist primary producers and regional communities to prepare for the impact of drought, as well as to encourage them to adopt self-reliant approaches to manage exposure to drought. The Fund will support initiatives that enhance the public good (that is benefits that are not solely for individual farm entities), including:

- invest in research, innovation, extension and adoption
- assist in the adoption of new and existing technology
- improved environmental and natural resource management
- infrastructure and community initiatives.

From 2020–21, \$100 million will be available for drought-resilience initiatives. A committee has been established to advise on the Drought Resilience Funding Plan, which will be developed in

consultation with farmers and regional communities. The Funding Plan will guide the selection and prioritisation of drought-resilience projects.

Just add water

Australia is facing major challenges in water security and our finite water resources are under increasing pressure:

- climate change is making water availability less predictable and secure
- increasing frequency and intensity of droughts in some regions
- population growth—it is estimated that national water use will double by 2050
- growth in the agriculture sector and other sectors, such as mining, that are competing for water. It is estimated that demand for agricultural water use will increase by 80 per cent by 2050, requiring a step-change in the productivity and efficiency of water use.

A new National Water Grid Authority (the Authority) has been established to develop, in partnership with states and territories, a national water infrastructure plan. The plan will be an integrated water supply network, connecting water sources through infrastructure such as pipes, pumps and natural systems to increase water supply and build resilience.

The Authority will support the growth of Australia's agricultural sector to meet the challenges of population growth and extreme weather, drought and changing rainfall patterns.

The Australian Government has \$3.5 billion available for dams, weirs and pipelines through the:

- \$1.5 billion National Water Infrastructure Development Fund (NWIDF)
- \$2 billion National Water Infrastructure Loan Facility, administered by the RIC.

As of 13 October 2019, the Australian Government had committed to 21 water infrastructure projects across New South Wales, Queensland, Victoria, Western Australia, South Australia and Tasmania (a list and map of the projects is at [Appendix B](#)).

These projects have a total construction value of more than \$2.6 billion. Business cases indicate that these projects will create more than 4,000 direct, indirect and construction jobs and increase water availability by more than 30 gigalitres.

This is in addition to 52 feasibility studies across the country, 39 of which are complete.

Invest in research and development to build drought resilience

Innovation is a key driver of farm productivity and competitiveness. Research and development (R&D) informs improved and new ways of farming, more efficient water use, better management of natural capital, adaptation to climate change and sustainable business models. Investment in R&D across the agricultural sector has been, and will continue to be, critical to managing and preparing for drought. The government invests around \$1.1 billion a year in rural R&D through the rural Research and Development Corporations (RDCs), Cooperative Research Centres, the CSIRO, universities, R&D Tax Incentive and other programs.

The RDC system is the cornerstone of the broader agricultural innovation system, critical to driving R&D across the sector. Together with rural industries, we invested over \$800 million in the RDC system in 2017–18. The government is committed to ensuring the RDC system is

delivering maximum value for producers and the tax payer—making sure the system is ready to support the next wave of innovation that will help farmers stay at the forefront of agricultural practices and respond to change.

An expert innovation advisory panel will be established to provide advice to government on options to improve and modernise the RDC system in the first half of 2020.

Action 3.1: Modernise the RDC system to deliver value for money, drive collaboration and participation across the agricultural innovation system and target long-term cross-sectoral and transformative R&D.

Effective and strategic management of Australia’s soil, vegetation and water resources for profitable farm performance, sustainability and resilience to droughts

While management of natural resources has improved in agriculture, our natural resources remain under pressure. Climate change, and the increased frequency and severity of drought in some regions, is considered the most serious threat to land management. This is because natural resources degraded during drought, when they are particularly vulnerable, will likely have less time to recover before the next significant dry period. Over time future productivity will decline as will the natural capital base.

Increased pressure on our natural resources comes at a cost to the national economy and regional communities. Strengthening our focus on good management of our soils and vegetation is needed to build drought resilience.

The Australian Government will:

- continue to invest in natural resource management programs that enhance Australia’s natural resource base, including the \$1 billion National Landcare Program
- support the National Soils Advocate, who will advise on national soil strategies and initiatives to fulfil the national objective of restoring and maintaining the health of the agricultural landscape
- consider initiatives that sustain biodiversity during times of drought
- implement the Australian, state and territory governments’ agreed national strategy and action plan for Environmental-Economic Accounting, which will provide a more complete picture of our land, soil, water, ecosystems and other natural resource assets that contribute to agricultural productivity and drought resilience.

Governance, evaluation and review

As the current drought continues so will the government's response. This Plan is not set and forget—the government will continue to add to the toolkit when needed.

The Minister for Drought will report annually to Cabinet on the implementation of this Plan and other drought measures, such as the Future Drought Fund. The Plan will be reviewed in 2022–23.

The Agriculture Ministers' Council will oversee and report annually, and as required, to the Council of Australian Governments on progress implementing the National Drought Agreement.

Appendix A: Australian Government measures and programs that support resilience and preparedness

Table A1 Immediate action for those in drought, as at 7 November 2019

Initiative	Summary	Funding	Years
Farm Household Allowance	Provides assistance to farming families experiencing financial hardship. The program focuses on helping farmers make important decisions to improve their long-term financial situation.	Over \$365 million Uncapped, demand-driven program	2013–14 to 2018–19
Rural Financial Counselling Service	Rural Financial Counsellors provide tailored support to farmers, helping them to identify financial and business options, and assisting with negotiations, as well as providing referrals and helpful information on available support.	\$77 million	From 1 April 2016 to 30 June 2020
Drought Community Support Initiative (Rounds 1 and 2)	Provides up to \$3,000 per household to support farmers, farm workers and suppliers/contractors who are facing hardship due to drought.	\$65.4 million	2018–19 to 2019–20
FarmHub	FarmHub provides a centralised point of trusted information on support and programs from all levels of Australian governments, industry groups and not-for-profit organisations. The National Farmers' Federation is working on additional services for inclusion on the site. This includes centralising farm risk management resources and developing an on-line drought preparedness e-checklist. These additional services will further enhance the availability of preparedness and resilience information to	\$774,400	2018–19 to 2020–21

Australian Government Drought Response, Resilience and Preparedness Plan

Initiative	Summary	Funding	Years
	assist with farmer decision-making.		
Regional Investment Corporation (RIC)	Concessional loans provided through the RIC help farmers improve their long-term strength, resilience and profitability, through refinancing existing debt or accessing new debt.	\$1 billion	2018–19 to 2021–22
Weather radars	Improving weather monitoring infrastructure capabilities for four new radars in Queensland, relocating one radar in New South Wales, and extra rain gauges in the upper Burdekin region and Flinders catchment in Queensland.	\$77.2 million	2019–20 to 2041–42
Climate guides	The Bureau of Meteorology has developed Climate Guides for each of Australia’s 56 Natural Resource Management regions, which helps farmers understand and manage their climate risk.	\$2.7 million	2018–19 to 2019–20
Improving drought resilience in the Great Artesian Basin	Funding to improve drought resilience in the Great Artesian Basin (GAB) is delivered under two separate programs.	–	–
	Through the Interim Great Artesian Basin Infrastructure Investment Program 2019–2020, \$6.4 million of Australian Government funding was made available to Queensland to deliver strategic groundwater infrastructure investments to recover water and maintain water pressure in the Queensland portion of the GAB.	\$6.4 million	2019–20
	Through the Improving Great Artesian Basin Drought Resilience Program, the Australian Government has offered GAB jurisdictions up to \$27.6 million of matching dollar-for-dollar funding over five years. This program is for immediate and long-term measures that improve water	\$27.6 million	2019–20 to 2023–24

Initiative	Summary	Funding	Years
	security and drought resilience.		
	Further funding of \$2.9 million has been allocated to improve cross-jurisdictional water management arrangements in the Basin.	\$2.9 million	-
Water Balance for the Great Artesian Basin	The government, through the National Water Infrastructure Development Fund, has funded Geoscience Australia to undertake a project that aims to enhance knowledge of key characteristics of the Basin, including recharge and extraction rates, to enable more informed policy inputs and decision-making to achieve long-term social, economic and environmental outcomes in the Basin.	\$6.5 million	2019–20 to 2020–21
Farm Management Deposits	The Farm Management Deposits Scheme assists farmers to deal more effectively with fluctuations in cash flows, allowing eligible farmers to set aside up to \$800,000 in pre-tax income to draw in future years when needed, such as for restocking or replanting when conditions improve.	\$5.75 billion in Farm Management Deposits as at September 2019	-
Taxation measures	The Australian Government has made a number of taxation concessions available to help farmers better manage their cash flows and invest in the profitability and resilience of their farms. This includes spreading profit earned from forced disposal or death of livestock over a period of 5 years, income tax averaging, accelerated depreciation arrangements, and immediately deduct purchases of eligible assets up to \$30,000.	\$75 million in forgone revenue for accelerated fodder storage assets depreciation	2019–20 to 2021–22

Australian Government Drought Response, Resilience and Preparedness Plan

Initiative	Summary	Funding	Years
On-Farm Emergency Water Infrastructure Rebate Scheme	The Scheme provides rebates of up to \$25,000 to assist farmers with purchase and installation of on-farm infrastructure for stock and permanent plant watering.	\$50 million	2018–19 to 2020–21
Water for fodder and pasture production	Water will be made available to irrigators in the southern connected Murray–Darling Basin at reduced price to increase fodder and pasture production.	-	2019–20 to 2020–21
Empowering our Communities	Funding to nine Primary Health Networks to plan and commission community-led initiatives to address the immediate support needs of rural and regional communities, and foster longer-term recovery and resilience.	\$24.4 million	2018–19 to 2019–20
Trusted Advocates Network Trial	Primary Health Networks in nine communities in drought-affected areas to support and train trusted community members to provide support and information on mental health services available to community members in need.	\$463,815	2018–19 to 2020–21
Telehealth	Expanding Telehealth access to psychological therapies via video conferencing to those who face barriers to accessing services.	\$1.2 million	2018–19 to 2021–22
Telehealth	Expand Medicare Benefits Schedule for General Practitioners to deliver Telehealth in rural and remote areas.	\$3.6 million	2018–19 to 2019–20
ReachOut	To target awareness of digital mental health supports and services in drought-affected areas for young people, their families and communities.	\$225,000	2018–19
Communities combating pests and weeds impacts during drought	The government also funds pests and weeds programs to help manage wild dogs and established pests and weeds at a time when drought-affected communities and farmers are least able to. Round 1 (\$15 million) in place. Round 2 (\$10 million)	\$25 million	Round 1: 2018–19 Round 2: 2019–20 to 2020–21

Initiative	Summary	Funding	Years
	program design underway.		
Country Women's Association (CWA) of Australia One-Off Grant	To fund the CWA of Australia to provide \$3,000 payments to farmers and farming families experiencing hardship due to drought.	\$5 million	2018-19
National Drought Map	Online tool that brings together population data and information on drought conditions. Drought resilience and exposure indicators will be developed and included on the Map.	\$4.2 million	2019-20 to 2022-23
Communication groups	<p>The Department of Agriculture is continuing a range of groups, including the National Drought Coordination Group (Australian, state and territory governments, drought coordinators and the Australian Local Government Association).</p> <p>An Inter-Agency Drought Communication Group, attended by various Australian Government departments, meets monthly to ensure consistent communication to farmers and rural communities on drought matters.</p> <p>These groups share information on drought and response measures and identify emerging risks and options.</p>	-	-

Note: Some programs are not drought-specific and can apply broadly to farmers. These include the Farm Household Allowance and Rural Financial Counselling Service.

Table A2 Support for the wider communities affected by drought, as at 7 November 2019

Initiative	Summary	Funding	Years
Drought Communities Programme Extension	Provides economic stimulus in drought-affected communities by funding targeted local infrastructure projects and drought-relief activities to provide employment opportunities for people in communities experiencing hardship.	\$300 million	2018-19 to 2020-21

Australian Government Drought Response, Resilience and Preparedness Plan

Initiative	Summary	Funding	Years
Drought Communities Programme Extension – Roads to Recovery	DCP Extension communities will receive funding for road infrastructure, providing additional economic stimulus in drought-affected communities.	\$138.9 million	2019–20 to 2020–21
Regional Investment Corporation (RIC) Small Business Drought Loans	The RIC will develop a Small Business Drought Loan product to assist farm-dependent small businesses to remain viable until business conditions improve.	Within existing RIC funding.	-
Building Better Regions Fund (BBRF)	The BBRF supports the Australian Government's commitment to create jobs, drive economic growth and build stronger regional communities into the future. BBRF Round Four will prioritise projects supporting drought-affected communities.	\$200 million (Round Four)	2020–21 to 2022–23
Drought Communities Small Business Support Program	Assist small regional and rural businesses with financial planning, mentoring and coaching.	\$7 million	2019–20 to 2020–21
Foundation for Rural and Regional Renewal	To provide funds to the Foundation's Tackling Tough Times Together program for community groups and non-profit groups in drought-affected regions.	\$15 million	2018–19 (\$6 million) 2019–20 (\$4.5 million) 2020–21 (\$4.5 million)
Special Circumstances Fund	Special Circumstances Funding provides financial help to eligible schools when unexpected circumstances or events cause severe and temporary financial difficulty. Due to the impacts of the drought, funding will be provided to eligible schools.	\$10 million	2019–20
Supporting early learning centres	The funding will support early learning services which cater for children, aged from 0 to 5, who attend centres in drought-affected areas. The funding will assist centres which are experiencing decreased demand and financial pressure due to families from drought affected areas being	\$5 million	2019–20

Initiative	Summary	Funding	Years
	unable to pay for child care services.		

Note: Some programs are not drought-specific and can apply broadly to farmers. These include the Farm Household Allowance and Rural Financial Counselling Service.

Table A3 Long-term resilience and preparedness, as at 7 November 2019

Initiative	Summary	Funding	Years
Future Drought Fund	The Future Drought Fund provides a permanent and secure revenue source to build drought resilience.	\$100 million/ year	From 1 July 2020
National Water Grid Authority	The National Water Grid Authority commences operation on 1 October 2019. The Authority will deliver on the government's election commitment to invest \$100 million to bring together world's-best science and identify opportunities to increase water supply and reliability. The government is committed to the sustainable development of Australia's water resources and integrating our water infrastructure to support the growth of regional Australia and meet the demands of a growing population. The National Water Grid Authority will identify opportunities to build water infrastructure to secure long-term water supplies across Australia.	\$100 million to establish the Authority	-
National Water Infrastructure Development Fund	Falling within the remit of the National Water Grid Authority, this fund is providing grants to state and territory governments to accelerate the detailed planning and construction of water infrastructure projects that will deliver new and affordable water, enhance water security and underpin regional economic growth, including irrigated agriculture and industry.	\$1.5 billion	2015-16 to 2024-25
National Water Infrastructure Loan Facility	Falling within the remit of the National Water Grid Authority, this loan facility is providing variable rate	\$2 billion	2016-17 to 2025-26

Initiative	Summary	Funding	Years
	concessional loans to state and territory governments to co-fund the construction of economically viable water infrastructure projects that, if constructed, will deliver affordable and secure water supplies to support the growth of regional economies through increased water availability and security for water users, including irrigated agriculture and industry.		
National Landcare Program	<p>The National Landcare Program (NLP) protects and conserves Australia's water, soil, plants, animals and ecosystems. It also supports the productive and sustainable use of these resources.</p> <p>The investment priorities are soil acidification, soil carbon, wind erosion, hillslope erosion, climate change adaptation, market traceability biodiversity and native vegetation on farms.</p> <p>This funding commitment includes:</p> <ul style="list-style-type: none"> • \$134 million for Smart farms • \$450 million for Regional Land Partnerships 	\$1 billion	2018–19 to 2022–23
Agriculture Stewardship Package	The Australian Government committed \$34 million to an Agriculture Stewardship Package, which will incentivise the adoption of sustainable practices to deliver farm business improvements and provide biodiversity outcomes to improve the availability and quality of water and vegetation over the agricultural landscape.	\$34 million	2019–20 to 2020–23
Emissions Reduction Fund	The Emissions Reduction Fund supports Australian businesses, farmers and land managers to take practical actions to reduce emissions and improve the environment. By running projects to reduce	\$2.55 billion for the initial Emissions Reduction Fund \$2 billion for the Climate Solutions Package	–

Initiative	Summary	Funding	Years
	emissions, eligible participants can earn Australian carbon credits, which can be sold to the Australian Government through a carbon abatement contract, or other businesses seeking to offset their emissions		
National Soils Advocate	Recognising the importance of healthy soils, Major General Michael Jeffery has been recalled as the National Soils Advocate, with a permanent office of the National Advocate for Soil Health established. Major General Jeffery will advise on national soil strategies and initiatives.	-	-
Research, development and extension system review	Modernise the Research and Development Corporation system to deliver value for money, drive collaboration and participation across the agricultural innovation system and target long-term cross-sectoral and transformative research and development (R&D). R&D informs improved and new ways of farming, more efficient water use, better management of natural capital, adaptation to climate change and sustainable business models. Investment in R&D across the agricultural sector has been, and will continue to be, critical to managing and preparing for drought.	-	-

Note: Some programs are not drought-specific and can apply broadly to farmers, such as the Farm Household Allowance and Rural Financial Counselling Service.

Appendix B: Water infrastructure—capital commitments

Map B1 Water infrastructure—capital commitments



- Macalister Irrigation District Modernisation Project 1B—funding of up to \$20 million
- South West Loddon Rural Water Supply Project—funding of up to \$20 million
- Sunraysia Modernisation Project 2—funding of up to \$3.03 million
- East Grampians Water Supply Project—funding of up to \$32 million
- Macalister Irrigation District Modernisation Phase 2—funding of up to \$31.3 million
- Mitiamo & District Reticulated Water Supply Project—funding of up to \$14.5 million
- Rookwood Weir—funding of up to \$176.1 million
- Mareeba-Dimbulah Water Supply Scheme—funding of up to \$11.6 million
- Big Rocks Weir—funding of up to \$30 million
- Emu Swamp Dam—funding of up to \$42 million
- Wyangala Dam—funding of up to \$325 million
- Dungowan Dam—funding of up to \$242million
- Hughenden Irrigation Scheme—funding of up to \$180 million

- Warwick Recycled Water for Agriculture project—funding of up to \$790,000
- Myalup–Wellington Project—funding of up to \$140 million
- Southern Forests Irrigation Scheme—funding of up to \$39.7 million
- Northern Adelaide Irrigation Scheme—funding of \$45.6 million
- McLaren Vale Treated Water Storage—funding of up to \$2.5 million
- Coolanie Water Scheme—funding of up to \$715,000
- Scottsdale Irrigation Scheme—funding of up to \$25.3 million
- Tasmanian Irrigation Tranch 3 (phase 1)—funding of up to \$100 million