



# Strengthening our approach to drought and risk management

*The Government is committed to supporting farmers and farm businesses—as well as the rural communities they help to sustain—to prepare for, manage through and recover from adverse conditions, including drought.*



## CHAPTER THREE

# Strengthening our approach to drought and risk management

### Action 3 Providing policy certainty to allow farmers to better manage drought and other risks of farming

Being well-informed and well-prepared are the keys to managing any risk. It is important that farmers understand the risks they face and the tools that are available to them. However, even the best prepared farmers can require assistance in extreme droughts. The Government recognises the importance of policy certainty, particularly in the context of drought. That is why we are investing almost \$3 billion in a new drought and risk management package that will provide this certainty for farming families and their businesses. The better that farmers can prepare for, manage through and recover from any adverse situation, including drought, the stronger our agriculture sector's contribution will be to the economy.

#### Supporting farmers to prepare for drought and other risks

##### 3A Improved information for on-farm decision making

Having clear, timely and accurate weather and climate information is vital for farmers. The Bureau of Meteorology (the Bureau) will provide **better seasonal forecasts**, based on a new, significantly enhanced seasonal forecasting model. The Bureau will deliver more accurate and localised seasonal forecasts, which it will update weekly. For the first time, forecasts will be available to bridge the gap between the existing seven-day weather forecast and the one- to three-month climate outlooks. These improvements will be delivered from early 2017. They will provide better information for Australia's farmers, resulting in improved on-farm decision making.

##### 3B Preparing the farm for drought

On-farm drought preparedness activities are critical to managing through droughts and recovering quickly to return to productive operations.

Investments that allow farmers to more effectively store and use water will help to prepare properties for drought, while increasing productivity. Farmers can now **claim tax deductions for new on-farm water facilities in the first year** (from 7:30pm AEST on 12 May 2015).

Having sufficient supplementary feed on hand is essential for livestock producers to retain core breeding stock during drought. Farmers can now **depreciate new on-farm fodder storage assets over three years** (from 7:30pm AEST on 12 May 2015).

This assistance will be permanent and ongoing, and will apply to all such assets, regardless of their cost or whether the claiming primary producer is a small business. The objective is to encourage new investment to improve drought preparedness and to improve the cash flow of farmers so they can invest and pay off debts.

### 3C Preparing financially

Insurance can significantly reduce the financial risk that a farmer faces from production loss. As the insurance market in Australia continues to mature, a greater range of commercial products is becoming available. These include multi-peril and parametric insurance products, which are already helping some farmers to manage drought and climate risks more broadly.

To help farmers select the best insurance product for their needs in this developing market, the Government is providing **\$29.9 million for farm insurance advice and assessment grants**.

### Providing in-drought support

#### 3D Providing an appropriate safety net

It is important that our farmers, like other members of the community, are able to access a national social safety net when times get tough. The **Farm Household Allowance**, **Rural Financial Counselling Service** and **social and community (mental health) support measure** are great examples of national programmes that will continue into the future, and are being improved by the Government.

The three years of income support provided by the Farm Household Allowance gives farmers and their partners in hardship time to plan for, and take action to improve, their long-term financial situation. The Government recognises not everyone can improve their situation quickly. An additional \$22.8 million will boost support for recipients in their final year of payment by **increasing case management and the activity supplement**. Whatever path a recipient of the Farm Household Allowance ultimately chooses, the Government is committed to making long-term, positive differences in the lives of farmers and their partners in hardship.

The Rural Financial Counselling Service (RFCS) is a trusted network for farmers in hardship, and it continues to provide a critical service to our farming communities. The Government is improving the service in its response to the review by the National Rural Advisory Council. The Government will also **provide additional resources to RFCS providers in drought-affected areas** in 2015–16 to meet increased demand.

Social and community (mental health) support services play an important role in helping farmers, their families and rural communities to cope with the stress associated with drought. The Government recognises the pressure placed on baseline services during times of drought and is committing \$20 million in 2015–16 to extend and expand **social and community support services—specifically community mental health and family support**—to rural communities in drought-affected areas.

### 3E Providing certainty about farm business assistance during a drought

The Government recognises the need to provide in-drought business support that is also fiscally responsible. That is why we will implement a **new drought concessional loans scheme with a loan fund of up to \$250 million per year** over the next 10 years starting in 2016–17. In the meantime, we are providing **\$250 million to continue the Drought Concessional Loans and Drought Recovery Concessional Loans schemes for a further 12 months**. These drought concessional loans are designed to cover farmers' short-term needs when income is tight and complement, not replace, commercial finance.

For the Farm Management Deposit (FMD) Scheme we are also **re-establishing early access provisions in times of drought**. From 1 July 2016 farmers in drought will be able to withdraw their FMDs when they need them without losing their taxation benefit. Other changes to the FMD scheme are discussed in Chapter 1—A fairer go for farm businesses.

Taxpayers in drought-affected communities will receive **additional advice and help from the Australian Taxation Office (ATO)** in meeting their tax obligations. Taxpayers will be able to discuss extended payment or lodgement arrangements and interest-free payment plans. The ATO will establish a hotline for drought-affected taxpayers and will proactively contact taxpayers in drought-affected areas with offers of support.

### 3F Providing assistance for local communities suffering from the effects of prolonged and severe drought

The Government recognises that the impact of drought can be felt well beyond the farm gate, particularly in smaller rural communities.

On 9 May 2015 the Government announced **\$35 million for shovel-ready local infrastructure and employment projects** to provide help to communities that are suffering economic downturn due to drought. The Drought Communities Programme funding will be targeted at projects that stimulate local spending; use local resources, businesses and suppliers; and provide lasting benefit to the community.

The impact of pest animals and weeds can undermine management and recovery efforts. The Government is providing **\$25.8 million to help manage pest animals and weeds in drought-affected areas**. This will provide work for rural contractors while assisting landowners to deal with the impact of feral animals and weed incursions.

## Managing risk

Managing agricultural risk from year to year and over longer cycles is one of the most difficult challenges for Australian farmers. Farming risks arise from many sources, including market variations, climatic conditions, environmental conditions, pests and diseases, changes in rules and regulations, community expectations and technology changes. As a consequence, Australian agricultural output, prices and incomes are extremely volatile—in fact more so than other sectors in Australia and relative to farmers in many other countries (AFI 2012).

These challenges require farmers to have adaptive farm and business management strategies that take account of the risks they face.

The Government is committed to ensuring farmers are well positioned to prepare for, manage through and recover from adverse conditions, including drought. We recognise that extreme droughts hit our farmers, their families and rural communities hard. Commonwealth policy, both now and for the future, can encourage better farmer preparedness to manage known risks, including cyclical drought events, while providing necessary assistance in extreme events.

Many of the initiatives included in this chapter, while framed as drought assistance, will also help farmers in managing other risks they face. This is reinforced by initiatives in other parts of the White Paper which improve income management (such as improvements to Farm Management Deposits) or facilitate building the water infrastructure that supports greater water security.

## Delivering certainty on drought policy and assistance

Australia is a dry continent with a highly variable climate and drought is a key and recurrent management risk for farmers. Severe droughts can bring sharp reductions in agricultural output, productivity and farm incomes (PC 2009). Further, climate change is likely to exacerbate drought conditions as average temperatures are expected to increase, with more heat extremes and fewer cold extremes, and lower than average rainfalls in southern Australia (BoM & CSIRO 2014).

The Government recognises the uncertainty in the farming community about the support that will be provided during drought events. We have evaluated the adequacy of current drought support and identified what is needed in the future.

The Government has a responsibility to find a balance between supporting farmers, their families and businesses during hard times and promoting the growth of a productive, competitive and profitable agriculture sector.

We recognise the need for certainty of in-drought support for farm businesses so farmers can manage risks across the operational, financial and people aspects of their businesses with confidence.

The Government will establish new drought and risk management programmes for farming families and their businesses. Over the next four years, we have budgeted over \$200 million for these programmes, as well as \$2.75 billion in drought concessional loans over 11 years.

The Government is aiming to create an environment conducive for farm businesses to prepare for, manage through and recover from drought. Of course, drought is not the only risk for which a farm must be prepared, but it is a key one. Most farmers already do a good job of preparing for drought and managing in a variable climate; the Government will not tell farmers how to farm.

However, we are keen to unlock solutions to the impediments farmers face in their preparation for drought. We will do this by supporting farmers to more easily access commercial insurance products and through improvements to the accuracy of the Bureau's seasonal forecasts.

The Government recognises drought preparedness can take time, and what constitutes good preparedness may also change over time. A farm business can only prepare for and withstand a certain number of bad years in a row. Droughts, by their very nature, deplete farmers' financial resources and the social impact on people is devastating. For example, farming families can find it difficult to put food on the table, meet their basic household expenses and fixed business costs, keep-up with education costs for their children as well as keeping workers employed on the farm during prolonged and severe droughts. We are committed to providing an appropriate social safety net for farmers and their families. This assistance is more than a cash payment; it provides ancillary support to farmers and their families so that they can consider their next steps with dignity.

The Commonwealth affirms its commitment to the Intergovernmental Agreement (IGA) on National Drought Program Reform and to the respective roles and responsibilities it outlines; indeed, the Commonwealth is strengthening this commitment through the provision of extensive assistance at the national level under its new programmes. A national approach to drought assistance is critically important and all jurisdictions need to continue to be committed to achieving the best outcomes for the Australian agriculture sector.

Under the IGA, State and Territory governments have committed to helping farmers to better prepare for drought through farm business training; the development of tools and technologies to inform farmer decision making; and assisting in the provision of coordinated, collaborative social support services. In response to the recent drought, some jurisdictions have also implemented in-drought assistance to meet specific farmer needs. It is appropriate that State and Territory governments continue to be responsible for providing tailored support to meet the needs of drought-affected farmers.

Farm businesses and farming families across Australia are suffering financially and emotionally as a result of the prolonged drought. The Government has shown that it is determined to stand by the people of Australia in good times and bad, with responsible in-drought support.

Since February 2014 the Government has made available substantial drought assistance, including: \$370 million in concessional loans for drought-affected farmers; \$23.1 million for emergency water infrastructure rebates; more than \$15.5 million for enhanced social and community support services in drought-affected areas; and \$8.8 million for pest management in drought-affected areas.

In May 2015 the Government announced a further \$333 million in new initiatives to provide certainty for farmers, farm businesses and rural communities currently experiencing drought. This focused on an extension of programmes expiring on 30 June 2015 and on providing grants for community infrastructure. The White Paper presents these and longer-term initiatives to assist farmers in managing drought and other risks.

### **Delivering certainty to farmers**

The Government's new drought and risk management package delivers certainty for farmers. The Government is determined to deliver a positive legacy through the establishment of a range of drought and risk management programmes. Farmers will be provided a suite of government programmes that:

- support them to prepare for drought and other risks; and
- provide in-drought support.

The Government will provide an appropriate level of support nationally. We will maintain records of recipient funding to allow future analysis of the effectiveness of drought-related programmes both nationally and regionally. The Commonwealth will not duplicate services best provided by the State and Territory governments and the private sector. Farm businesses should also manage known risks themselves, including cyclical drought events.

### **Managing other weather risks**

Droughts are not the only extreme weather risk that farmers face. While a drought creeps up on a farmer, natural disasters—such as a flood, fire or cyclone—have a rapid onset and an immediate and devastating impact. Because of this, natural disasters call for a different policy response to drought (see Box 9).

#### **Box 9 Improvements to the Natural Disaster Relief and Recovery Arrangements**

The Natural Disaster Relief and Recovery Arrangements are important because they define the roles and responsibilities of the Commonwealth and the States and Territories. Within this, the States and Territories have responsibility for determining and delivering assistance for primary producers. The Commonwealth then reimburses States and Territories for a portion of their expenditure on eligible disaster recovery activities. This arrangement acknowledges that State and

Territory governments are best placed to determine which areas should receive assistance and the best forms of assistance.

The Government is always looking at ways to do things better. In April 2014, the Government asked the Productivity Commission to undertake a review of Natural Disaster Funding Arrangements. On 1 May 2015, the Government released the final report. The Commission's findings included that governments focus too much on recovery at the expense of directing resources towards better preparing for future disasters. (PC 2014b)

The Commonwealth is currently consulting with the States and Territories on the Commission's recommendations to inform the Commonwealth's response. This includes considering moving to an upfront disaster funding system, with a greater focus on mitigation. Such a system is not designed to reduce Commonwealth funding but rather remove red tape for governments, encourage activities to better prepare for natural disasters and increase the flexibility of State and Territory governments to provide assistance that best meet the needs of affected primary producers and communities.

The Australian Government will always have a role in supporting States and Territories affected by natural disasters and we will always stand ready to assist communities in need. Following our consultation with the State and Territory governments on the best path forward, our aim is to improve Australia's Natural Disaster Relief and Recovery Arrangements. As always, the Government will consider the needs of our primary producers in making any improvements.

## Supporting farmers to prepare for drought and other risks

### Improved information for on-farm decision making

Clear, timely and accurate weather and climate information is vital for farmers to inform their planning and decision making, including to reduce the impacts of extremes such as drought. This is also important beyond the farm gate.

El Niño is often associated with below average rainfall across eastern Australia during the second half of the year and warmer than normal daytime temperatures over the southern half of the country. The estimated impact of an El Niño event on the broader Australian economy is a 0.37 percentage point reduction in gross domestic product growth over the following nine months (Cashin, Mohaddes & Raissi 2015), costing the economy hundreds of millions of dollars. Improved seasonal forecasts have the potential to mitigate some climate impacts and reduce losses.

The Bureau currently provides seasonal climate outlooks for one- to three-months ahead, updated monthly, and a monthly seasonal climate and water outlook video. These outlooks are based on a seasonal forecasting model delivered through the Bureau's website.



However, the Bureau recognises that it has more to do to further unlock the potential value of seasonal forecasts to farmers. In 2014 the Government announced a significant additional investment in the capabilities of the Bureau through the purchase of a new supercomputer. Set to be operational in 2016, the supercomputer will ensure the continued and improved delivery of high-quality forecasts and warning services for communities across Australia. The new supercomputer will enable the Bureau to provide more accurate and localised weather information—including for thunderstorms and tropical cyclones—as well as improved timing of cold fronts and improved timing and direction of wind changes.

## White Paper actions

### Seasonal forecasting

Being able to make production decisions for the weeks and seasons ahead is critical but can be challenging for farmers. The Government will provide \$3.3 million to enable the Bureau to implement **better seasonal forecasts** for farmers by providing forecasts that are:

- more localised—with an improvement in modelling resolution to 60 kilometres, from the current 250 kilometres (Figure 9);
- more frequent—with updated guidance provided weekly rather than monthly; and
- most importantly, more accurate.

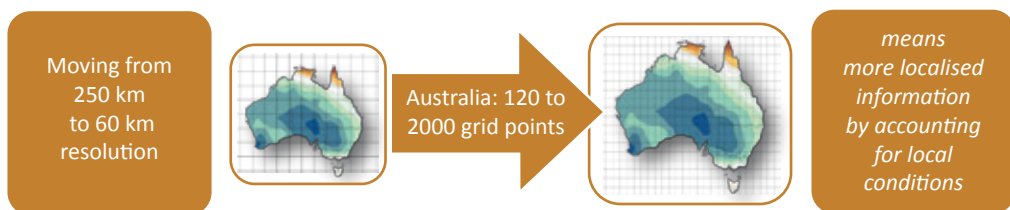


### For Farmers

Farmers will have more accurate, more local and more frequent seasonal forecasts to assist with making decisions.

New forecasts will also be provided to bridge the gap between the existing seven-day weather forecast and the one- to three-month climate outlooks. This will, for the first time, provide information to farmers in this critical planning and decision-making window.

**Figure 9 Improved forecasting model resolution**



In addition, through the Rural R&D for Profit programme (discussed in Chapter 4—Farming smarter), the Government is investing in the underpinning science to make further improvements to the Bureau’s seasonal forecasting model. Together with the agriculture sector, through the Managing Climate Variability Programme, the Government is funding a joint project between the Bureau and

Monash University focused on seasonal forecasting model improvements. These improvements are aimed at enhancing forecast accuracy further in advance, particularly in southern and western parts of Australia. Improvements complement the advances soon to be made through increased model resolution.

The advanced seasonal forecast service will provide farmers and the agriculture sector more widely with improved information on weather and climate conditions in their region for the weeks and seasons ahead. This will assist farmers to manage some of the risks to primary production associated with Australia’s highly variable climate. The improvements in the Bureau’s seasonal outlook service will be a significant step forward in helping farmers to unlock greater economic value from seasonal forecasts.

### Preparing the farm for drought

Farmers undertake activities every day to prepare for drought. Many of these activities occur as part of the general operation of the farm business and the business’ approach to risk management. The Government wants to make it easier for farmers to invest wisely in their farm business to meet the challenges of the future.

### White Paper actions

#### Accelerated depreciation for investment in preparedness assets

We need to secure our future water supplies. Investments allowing farmers to more effectively store and use water will help them to prepare for and manage their properties through drought, while increasing productivity. Individual farm businesses are best placed to make decisions about the on-farm infrastructure investments they implement. From 7:30pm AEST on 12 May 2015, farm businesses were able to **claim an immediate tax deduction for new water facilities**. This helps farmers invest in assets such as bores, dams, pumps, water tanks, troughs and irrigation systems on-farm, while also managing their balance sheets.

This complements the commitment that the Government is making to large-scale water infrastructure projects through the **National Water Infrastructure Development Fund** (see Chapter 2—Building the infrastructure of the 21st century).



#### For Farmers

Water is key to farming. Farmers are now able to immediately deduct the cost of new water facilities.

Having fodder, along with water, on hand to assist with stock feeding during drought is important. From 7:30pm AEST on 12 May 2015 farm businesses were able to **depreciate capital expenditure on fodder storage assets over three years**. This will help farmers to prepare for drought by making investments in assets such as steel silos for storing animal feed, bins for storing dried grain, silage bunkers, and liquid feed supplement storage tanks.

### Preparing financially

Having a strong balance sheet can considerably improve a farm business' ability to manage risk. Having options to manage variable income flows associated with farming is valuable for farmers, especially when drought hits.

### White Paper actions

#### Insurance and risk advice

Insurance can significantly reduce the financial risk that a farmer faces from production loss. Single-peril insurance (such as for fire or hail) is widely available to farm businesses. As the insurance market in Australia continues to mature, a greater range of commercial products is becoming available. These include multi-peril and parametric insurance products, which can be used to manage drought and climate risk. An insurance policy delivers increased financial certainty for a farmer and can provide the confidence to make better on-farm decisions to maximise profitability.

As the range and complexity of commercial products increases, the task for a farmer of selecting the insurance products that best meet their needs is not getting easier. To assist farmers with their decision making, we are **providing \$29.9 million over four years for farm insurance advice and assessment grants**. The Government will partner with State and Territory governments to allow eligible farm businesses to access up to \$2,500 as a one-off grant based on a dollar-for-dollar matching of funds provided by the farmer.



#### For Farmers

Having feed on hand for livestock during a drought is vital. Farmers are now able to depreciate new fodder storage assets over three years.



#### For Farmers

Farmers will be able to access a grant to help evaluate insurance options and to obtain risk management advice. Insurance can give farmers the confidence to make profitable decisions.

## Providing in-drought support

### Providing an appropriate safety net

As for all members of our community, farmers are entitled to have access to a national social safety net when times get tough. The Farm Household Allowance, the RFCS and social and community support are great examples of national programmes that will continue into the future. They are being improved through the White Paper.

### We have delivered

#### Farm Household Allowance

The Government has delivered more generous settings under the Farm Household Allowance. The Allowance is a fortnightly income support payment available Australia-wide for farm families in financial hardship. The cause of the hardship is irrelevant to accessing support. It is designed to suit the circumstances of farmers and their partners. The three years of income support provided by the Allowance gives farming families time to plan and take action to improve their long-term financial situation, but avoids entrenching welfare reliance. (Department of Human Services 2015a)

### White Paper actions

#### Farm Household Allowance

It is important that the Farm Household Allowance meets farmers' needs, including providing face-to-face support where possible. The Government recognises that it is also important that the programme is readily accessible and is not overly burdensome in paperwork.

As not everyone can improve their situation quickly, we are delivering \$22.8 million to support recipients in their final year of payment by **increasing case management and the activity supplement by an additional \$1,000 for each recipient**. This will help recipients to make decisions about their next steps. Whatever path a recipient of the Farm Household Allowance ultimately chooses, the Government is committed to making long-term, positive differences in the lives of farmers and their partners in hardship.

#### Rural Financial Counselling Service improvements

The RFCS provides free rural financial counselling to primary producers, fishers and small rural businesses suffering financial hardship. It is a trusted network for helping farmers get out of trouble and back to viability.

The Government has reaffirmed its commitment to not only continue funding for the RFCS, but also improve the service through its agreement to 26 recommendations in full and four recommendations in part from the recent review by the National Rural Advisory Council. (Department of Agriculture 2015e)



### For Farmers

Farmers and their partners receiving the Farm Household Allowance will be assisted in decisions about their next steps.

## Rural Financial Counselling Service

The RFCS continues to provide a critical service to our farming communities.

The Government is committing \$1.8 million in 2015–16 to **provide additional resources to service providers in drought-affected areas.**

This will be targeted at regions and providers that experience an increase in demand for rural financial counselling services that cannot be met within existing resources, due to the impacts of drought.

## Enhanced social and community support (community mental health and family support)

The Government acknowledges the stress and mental toll that drought and other severe events can have on a farmer and their family relationships. In times of stress, such as drought, farmers still need to make business decisions every day. Social support and mental health services play a role in helping farmers, their families and others in rural communities to cope with the stress associated with drought.

The Government recognises the pressure placed on baseline services during times of drought. We are committing \$20 million in 2015–16 to continue delivering **enhanced social and community support—specifically community mental health and family support**—to rural communities in drought-affected areas.

Department of Human Services drought coordinators will continue their work to ensure coordinated delivery of and clear communication about the assistance available to farmers and their communities.

## Providing certainty about farm business assistance during a drought

Farmers require greater certainty about the types of support they will have available for their businesses when extreme drought hits. Lack of certainty limits the ability of farmers to plan and undermines the establishment of risk markets, such as insurance. The Government is determined to give this certainty to farmers.



### For Farmers

Increased financial counselling services will be provided to help farmers during droughts.



### For Farmers

Improved access to community mental health and family support will be provided to assist farmers, their families and local communities during droughts.

## White Paper actions

### Drought concessional loans

The Government recognises the cash-flow challenges farmers face during droughts. Foremost, the banking and finance sector has a role to play in helping farm businesses during droughts. This includes a responsibility to ensure that farm lending practices are flexible enough to account for the income fluctuations that a farm business faces over the long-term.

The Government can complement the services provided by the financial sector with the provision of concessional loans during times of drought. These loans are designed to cover a farmer's short-term needs when income is tight and to supplement, not replace, commercial finance.

Drought concessional loans provide in-drought business support that is also fiscally responsible. **A new drought concessional loans scheme providing up to \$250 million in loans a year** will be available over 10 years from 2016–17. The Commonwealth will work with State and Territory governments to establish loan conditions.

In 2015–16, while the new loans scheme is established, we will be offering **\$250 million in drought concessional loans and drought recovery concessional loans**. These are an extension of the existing schemes.

It's important to get the new scheme right to ensure it provides positive support. The Commonwealth will discuss the best way to deliver the scheme with the State and Territory governments. The Commonwealth wants to see loans streamlined and efficiently delivered, minimising red tape for farmers.

### Farm Management Deposits

The FMD Scheme is an important tool to help farmers manage income risks, including the risk from drought. Farmers have invested strongly in FMDs, but have also drawn down on them in periods of need (Figure 10).

When the Exceptional Circumstances arrangements ceased, there was no longer a trigger to allow for early access to FMDs without farmers losing their concessional tax treatment. **We are re-establishing early access provisions in times of drought.**



#### For Farmers

We will always stand by farmers in drought. Drought and drought recovery concessional loans will be available in 2015–16, with a new drought concessional loan product available for 10 years from 2016–17.



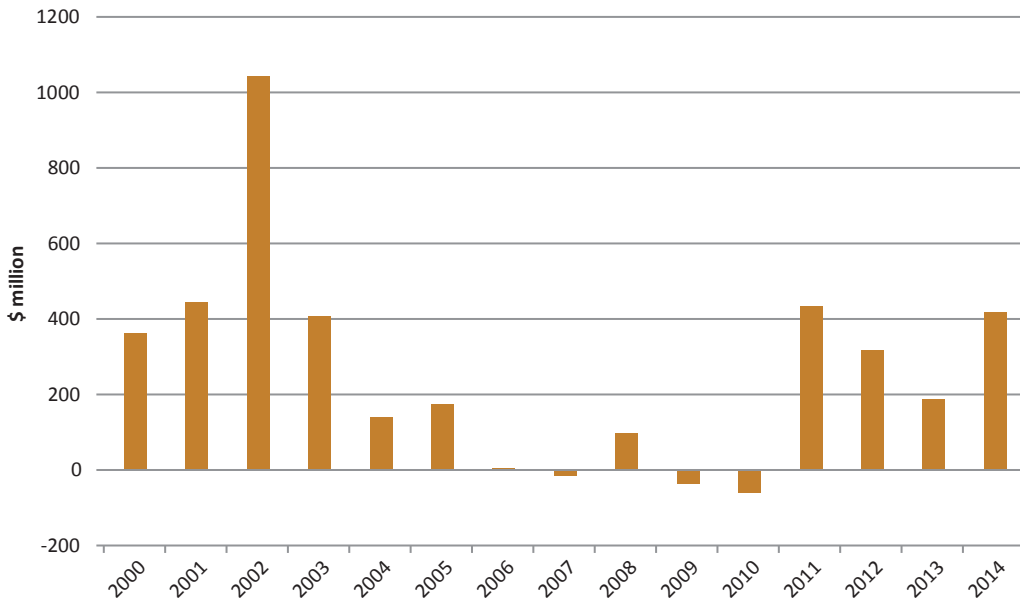
#### For Farmers

Farmers in drought will be able to access their FMD when they need it, without losing their taxation concessions.

From 1 July 2016 farmers suffering financial hardship as the result of severe drought will be able to withdraw their FMDs when they need them, without losing the concessional tax treatment.

As discussed in Chapter 1—A fairer go for farm businesses, from 1 July 2016 the Government is also improving the FMD scheme by doubling the deposit limit to \$800,000, and lifting restrictions to allow financial institutions to offer FMD accounts as an offset facility on a farm business loan. This will deliver additional cash flow for farmers.

**Figure 10 Change in FMD holdings from previous year**



Note: Change in holdings as at June each year. Source: Department of Agriculture 2015a.

### Assistance from the Australian Taxation Office

The Government recognises it is important to support businesses and communities in drought-affected areas experiencing difficulties in meeting tax and super compliance obligations. The Commissioner of Taxation has committed to develop a strategy for **the Australian Taxation Office (ATO) to engage proactively with businesses and taxpayers having difficulty with some of their lodgement and payment obligations.**

Taxpayers in drought-affected communities will be able to discuss extended payment or lodgement arrangements and interest-free payment plans. The ATO will establish a hotline for drought-affected taxpayers and will proactively contact taxpayers in drought-affected areas with offers of support. The ATO will work with the Department of Agriculture to identify drought-affected taxpayers.



### For Farmers

Farmers in drought-affected communities will receive advice and help in meeting their tax commitments.

More broadly, the ATO has undertaken to engage with taxpayers in their local communities to increase awareness of support the ATO can offer and ensure that the support being offered is what is needed. This will include holding ‘town hall’ style meetings in regional areas, and meetings with local governments and business associations.

### **Providing assistance for local communities suffering from the effects of prolonged and severe drought**

The effects of drought extend well beyond the farm gate. As drought continues over several years, local employment and spending in local shops significantly decreases. If locals are able to stay in their community and shops are able to stay in business, they will be there when the drought breaks to help hasten community recovery. The Government wants to build a stronger economy and deliver lasting economic infrastructure.

### **White Paper actions**

#### **Local projects to assist drought-affected communities**

The Commonwealth recognises that State and Territory governments, local governments and community organisations are best placed to identify and be responsive to the local economic impacts from the onset of drought in their communities.

Notwithstanding, the Commonwealth is concerned that not enough is being done at present to address the local economic impacts on communities that have experienced prolonged drought.

The Government is providing **\$35 million for the Drought Communities Programme** to deliver local projects to help communities that are suffering economic downturn due to drought.

The funding will target projects to stimulate local community spending, use local resources businesses and suppliers, and provide a long-lasting benefit to communities and the agricultural industries on which they depend.

These community-based activities will also strengthen the social fabric of communities, increasing their capacity to work cooperatively on other issues and potentially reduce stress on individuals.



#### **For Farmers**

Shovel-ready local projects will create job opportunities in drought-affected communities.



## Managing pest animals and weeds in drought-affected areas

Pest animals and weeds require ongoing management by farmers, but farmers' capacity to do this during drought is often reduced just at the time when pests and weeds can cause problems for already-stressed pasture and livestock. The impact can undermine drought management and recovery efforts.

The Commonwealth will provide **\$25.8 million to help the State and Territory governments manage pest animals and weeds in drought-affected areas.**

This additional funding will target:

- reducing grazing pressures by pest animals in drought-affected areas;
- addressing the impacts that predators such as foxes and wild dogs have on weakened livestock; and
- addressing weed management issues caused by the decline of pasture and groundcover.

In collaboration with the State and Territory governments, we are also implementing the **pest animal and weeds management and emergency response to exotic pest incursions programme** to provide a long-term response to this issue. This programme is discussed further in Chapter 4—Farming smarter.



### For Farmers

Dealing with the impact of pest animals and weeds in drought-stressed regions will increase profitability.

