

# NATIONAL PARTNERSHIP AGREEMENT ON THE PILOT OF DROUGHT REFORM MEASURES IN WESTERN AUSTRALIA

Council of  
Australian  
Governments



An agreement between

- the Commonwealth of Australia and
- the State of Western Australia

This Agreement provides for the pilot of drought reform measures to assess the effectiveness and efficiency of possible alternative mechanisms and practices for drought relief.

# National Partnership Agreement on the Pilot of Drought Reform Measures in Western Australia

## INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

### PRELIMINARIES

1. This National Partnership Agreement (the Agreement) is created subject to the provisions of the Intergovernmental Agreement on Federal Financial Relations and should be read in conjunction with that Agreement and subsidiary schedules. In particular, the schedules include direction in respect of performance reporting and payment arrangements.
2. This Agreement has been established to enable the Commonwealth Government and Western Australian Government to implement a pilot of drought reform measures. The aim of the pilot is to assess the effectiveness and efficiency of possible alternative mechanisms, practices and delivery arrangements for drought relief, increasing farmers' preparedness to manage the impacts of increased climate variability, and the effects on agriculture-dependent rural communities.
3. This Agreement will be implemented consistent with the objectives and outcomes of all National Agreements and National Partnerships agreed by the Parties. In particular, the Parties are committed to addressing the issue of social inclusion, including responding to Indigenous disadvantage (for example, the reform commitments provided in the National Indigenous Reform Agreement) and those commitments are embodied in the objectives and outcomes of this Agreement.

### PART 1 – FORMALITIES

#### Parties to this Agreement

4. In entering this Agreement, the Commonwealth Government and the Western Australian Government recognise that they have a mutual interest in supporting farmers and rural communities to prepare for drought, impacts of increased climate variability and other challenges, and that they need to work together to achieve these outcomes.

## Term of the Agreement

5. This Agreement will commence as soon as the Commonwealth Government and Western Australian Government sign the Agreement and will expire on 30 June 2014, unless terminated earlier or extended as agreed in writing by the Parties.
6. Programs included in this Agreement will cease on 30 June 2011. However, payments for the Building Farm Businesses program will cease by 30 June 2014.

## Enforceability of the Agreement

7. The Parties do not intend any of the provisions of this Agreement to be legally enforceable. However, that does not lessen the Parties' commitment to the Agreement.

## Delegations

8. The Commonwealth Minister for Agriculture, Fisheries and Forestry is authorised to agree or amend Schedules to this Agreement on behalf of the Commonwealth.
9. The Western Australian Minister for Food and Agriculture is authorised to agree or amend Schedules, to this Agreement on behalf of the Western Australian Government..

## PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

### Objective

10. Through this Agreement, the Parties aspire to enhance their understanding of potential measures that will increase the resilience and capacity of farmers, farming families and their communities to better prepare for and self-manage drought, climatic variability and reduced water availability.

### Outcomes

11. This Agreement will facilitate future government consideration of more effective and efficient policy measures that seek to achieve the following outcomes:
  - (a) farmers and farm families that can better adapt and adjust to the impacts of drought, increased climate variability and reduced water availability;
  - (b) a more effective social support system for farming families and communities;
  - (c) farmers are encouraged to adopt self-reliant approaches to managing farm risks; and
  - (d) farmers are encouraged to more sustainably and efficiently use Australia's natural resource base and water resources.

### Outputs

12. The objectives and outcomes of this Agreement will be achieved by implementation and delivery of programs in a defined region of Western Australia (as outlined in Schedule B), including the provision of:

- (a) training to enhance farmers' skills in strategic business planning;
  - (b) grants that improve the capacity of farm businesses to prepare for and adjust to drought and a changing climate and contribute to natural resource management outcomes;
  - (c) support to rural communities to build social capital and enhance community networks;
  - (d) income support to farmers facing financial hardship;
  - (e) enhanced and better coordinated social support network; and
  - (f) support to farmers exiting the industry, or considering their options other than farming.
13. The pilot of drought reform measures will occur in a defined region of Western Australia as described in Schedule B.

### **PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY**

14. To realise the objectives and commitments in this Agreement, each Party has specific roles and responsibilities, as outlined below.

#### **Role of the Commonwealth Government**

15. The Commonwealth agrees to be accountable for the following roles and responsibilities and will:
- (a) fund and deliver the following pilot programs under this Agreement:
    - 1 Farm Family Support – provide income support to farmers facing financial hardship to allow them to meet basic household expenses and to assist them to understand better and take action to improve the financial position of their households.
    - 2 Stronger Rural Communities – provide support to assist rural communities to prepare for and manage agriculture-related hardship to build social capital and community networks, and to encourage participation in social networks and community events.
    - 3 Farm Social Support – deliver an enhanced and better coordinated social support network to meet the mental health, counselling and social needs of farming families and rural communities.
    - 4 Beyond Farming - provide opportunities for farmers to engage with ex-farmers on the opportunities available outside of farming.
    - 5 Farm Exit Support - provide opportunities for farmers with low assets who are having difficulty adjusting their farm businesses to the challenges of Australia's variable climate to make a dignified exit from farming;
  - (b) jointly fund grants paid to farmers through the Building Farm Businesses program, under this Agreement, in accordance with Schedule D;

- (c) provide a financial contribution to support the implementation of this Agreement; and
- (d) conduct a review of the pilot in accordance with Terms of Reference agreed between the Commonwealth and Western Australian Governments.

### **Role of the Western Australian Government**

16. The Western Australian Government agrees to be accountable for the following roles and responsibilities:
- (a) fund and deliver the Farm Planning program in accordance with Schedule C;
  - (b) jointly fund and deliver grants paid to farmers through the Building Farm Businesses program with the Commonwealth Government in accordance with Schedule D;
  - (c) report on the delivery of measures as set out in Part 4 – Performance Reporting;
  - (d) not submit an Exceptional Circumstances application to the Commonwealth Government for any area within the defined pilot region from the commencement of the Agreement until 30 June 2011;
  - (e) provide a financial contribution to support the implementation of this Agreement; and
  - (f) ensure that prior agreement is reached with the Commonwealth on the nature and content of any events, announcements, promotional material or publicity relating to activities, and that the roles of both Parties will be acknowledged and recognised appropriately.

### **Role of the Pilot of Drought Reform Measures Working Group**

17. The Pilot of Drought Reform Measures Working Group (Working Group) will coordinate the implementation of this Agreement.
18. The representatives and function of the Working Group are set out in Schedule A.

## **PART 4 – PERFORMANCE REPORTING**

19. The Parties will produce monthly/ongoing reports to provide data and information on the uptake of the programs. These will be provided to the Working Group to:
- (a) enable monitoring of the delivery and outputs of programs;
  - (b) ensure communication activities are well targeted; and
  - (c) assess estimated financial contributions.
20. These data and information will contribute to the review of the pilot.

## PART 5 – FINANCIAL ARRANGEMENTS

### Financial contributions

21. The Commonwealth will provide a financial contribution to the Western Australian Government in respect of grants paid to farmers under the Building Farm Businesses program outlined in Schedule D.
22. The Commonwealth's financial contribution will not be reduced where the Western Australian Government secures funding from other activity partners through innovative and collaborative partnerships.
23. The Western Australian Government's financial contribution to the total costs of the pilot will be \$4 million as contributions toward the funding of the Farm Planning program and the Building Farm Businesses program and whatever additional financial or in-kind resources it requires to deliver these programs.
24. The Commonwealth and the Western Australian Government's estimated financial contribution to the operation of this Agreement, including through National Partnership payments to Western Australia are shown in Table 1.

**Table 1: Estimated financial contributions**

(\$ million)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Estimated total budget (1)	0.17	10.61	3.99	1.23	1.23	17.22
Estimated <b>National Partnership</b> payment (2)	0.00	1.06	3.38	1.07	1.16	6.67
Estimated <b>WA contribution</b> (3)	0.00	3.35	0.43	0.16	0.07	4.00
Commonwealth own purpose expense (4)	0.17	6.21	0.18	0.00	0.00	6.56
<b>Total Commonwealth contribution</b> (2) + (4)	0.17	7.27	3.56	1.07	1.16	13.23

Notes: Table 1 does not include the additional financial or in-kind resources provided by the Commonwealth and WA Governments for delivery of the pilot programs.

25. National Partnership payments to Western Australia will be paid in accordance with *Schedule D – Payment Arrangements* of the Intergovernmental Agreement on Federal Financial Relations.
26. Having regard to the agreed estimated costs of projects specified, the Western Australian Government will not be required to pay a refund to the Commonwealth if the actual cost of the project is less than the agreed estimated cost of the project. Similarly, the Western Australian Government bears all risk (for their measures) should the costs of a project exceed the agreed estimated costs. The Parties acknowledge that this arrangement provides the maximum incentives for Western Australia to deliver projects cost effectively and efficiently.

## PART 6 – GOVERNANCE ARRANGEMENTS

### Dispute resolution

27. Any Party may give notice to other Parties of a dispute under this Agreement.

28. The Pilot of Drought Reform Measures Working Group will attempt to resolve any dispute in the first instance. If a dispute cannot be resolved by the Pilot of Drought Reform Measures Working Group, it may be referred by a Party to the relevant Ministers.
29. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to the Council of Australian Governments for consideration.

### **Review of the Agreement**

30. The Agreement will be reviewed by 17 December 2010 with regard to progress made by the Parties in respect of achieving the agreed outcomes and to the allocation of financial contributions if actual demand is significantly different to estimated demand.
31. The Agreement will be reviewed by 30 November 2011 to assess progress made by Parties in respect of achieving the agreed outcomes, objectives and outputs.

### **Variation of the Agreement**

32. The Agreement may be amended at any time by agreement in writing by all the Parties.
33. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties in writing.

The Parties have confirmed their commitment to this agreement as follows:

*Signed for and on behalf of the Commonwealth  
of Australia by*



**The Honourable Kevin Rudd MP**  
Prime Minister of the Commonwealth of Australia

May 2010

*Signed for and on behalf of the  
State of Western Australia by*



**The Honourable Colin Barnett MLA**  
Premier of the State of Western Australia

4 May 2010

30 MAY 2010



## Schedule A

### Pilot of Drought Reform Measures Working Group

- A1. The Pilot of Drought Reform Measures Working Group (the Working Group) consists of representatives from:
- (a) Australian Government Department of Agriculture, Fisheries and Forestry (Chair);
  - (b) Department of Agriculture and Food Western Australia;
  - (c) Australian Government Department of Health and Ageing;
  - (d) Australian Government Department of Human Services;
  - (e) Australian Government Department of Families, Housing, Community Services and Indigenous Affairs; and
  - (f) Centrelink.
- A2. The functions of the Working Group will be settled in writing between the Secretary of the Department of Agriculture, Fisheries and Forestry and the Director-General of the Department of Agriculture and Food Western Australia but are expected to include:
- (a) coordinating the implementation of the pilot;
  - (b) monitoring progress of programs and activities carried out under this Agreement;
  - (c) assessing the distribution of financial contributions if actual demand for the measures is significantly different to estimated demand; and
  - (d) overseeing the review of the pilot.
- A3. Unless otherwise agreed the Working Group will:
- (a) meet quarterly or as required; and
  - (b) be chaired by the Australian Government Department of Agriculture, Fisheries and Forestry.

## Schedule B

### Pilot Region

B1. The pilot of drought reform measures will occur in the following local government authorities of Western Australia:

Local Government Area	
Ashburton	Menzies
Brookton	Merredin
Bruce Rock	Mingenew
Carnamah	Moora
Carnarvon	Morawa
Chapman Valley	Mount Magnet
Coolgardie	Mount Marshall
Coorow	Mukinbudin
Corrigin	Mullewa
Cuballing	Murchison
Cue	Narambeen
Dalwallinu	Narrogin
Dandaragan	Northampton
Dowerin	Nungarin
Dumbleyung	Perenjori
Dundas	Pingelly
Esperance	Quairading
Exmouth	Ravensthorpe
Geraldton- Greenough	Roebourne
Gnowangerup	Sandstone
Goomalling	Shark Bay
	Tammin
Irwin	Three Springs
Jerramungup	Trayning
Kalgoorlie/Boulder	Upper Gascoyne
Katanning	Wagin
Kellerberrin	Westonia
Kent	Wickepin
Kondinin	Wiluna
Koorda	Wongan-Ballidu
Kulin	Woodanilling
Lake Grace	Wyalkatchem
Leonora	Yalgoo
Meekatharra	Yilgarn

## Farm Planning

**C1** The Farm Planning program aims to:

- (a) enhance farmers' skills in business, natural resource management and personal planning with a particular focus on managing drought and climate variability; and
- (b) increase the number of farm enterprises with comprehensive written strategic business plans.

The program will be delivered through a training program structured around strategic business planning and will include an independent assessment that the implementation of the plan would lead to a more viable farm enterprise.

**C2** Completion of the Farm Planning program is a prerequisite for eligibility for the Building Farm Businesses program (see Schedule D).

**C3** The program will be funded and delivered by the Western Australian Government. A maximum of \$7,500 will be available to eligible farm enterprises in the pilot region, consisting of:

- (a) up to \$6,500 per farm enterprise to be provided to endorsed providers to deliver training and advice to develop a strategic business plan. Within this amount, up to \$2,500 is to offset the cost of developing the financial components of the strategic business plan, including an independent assessment that the implementation of the plan would lead to a more viable farm enterprise; and
- (b) up to \$1,000 per farm enterprise, paid by reimbursement, to offset the cost of attendance (travel, accommodation, childcare costs).

## Implementation Plan

**C4** The program will be available from 1 July 2010.

Output/milestones	Due By
Western Australian Department of Agriculture and Food (DAFWA) in consultation with Australian Government Department of Agriculture, Fisheries and Forestry (DAFF) develops training course including processes for recognition of prior learning.	By 31 May 2010.
DAFWA, in consultation with DAFF, develops process for viability assessment.	By 31 May 2010.
Training providers engaged.	By June 2010.
Farm Planning program is publicly available.	1 July 2010.
Farm Planning program completed by farmer to be potentially eligible for Building Farm Businesses program.	By 31 May 2011.

Progress reports provided by DAFWA to DAFF on number of participants, costs and training delivered including preliminary participant feedback as available.	Monthly in accordance with Part 4 of the National Partnership Agreement.
Final report evaluating the program.	By end of August 2011.

## Financial Arrangements

**C5** The Western Australian Government will fully fund this measure. Estimated financial contributions to the program are.

\$ million	2010-11
Commonwealth	0.00
The Western Australian Government	3.18

## Role of the Commonwealth

**C6** The Commonwealth, represented by DAFF, will have responsibility for:

- (a) ensuring that DAFWA is fully aware of links with other measures in the Pilot of Drought Reform Measures in Western Australia, in particular with the Building Farm Businesses program;
- (b) consulting with DAFWA on the development and implementation of the program; and
- (c) providing clarification and advice on any matters relating to overall policy intent.

## Role of the Western Australian Government

**C7** The Western Australian Government, represented by the DAFWA, will have responsibility for:

- (a) providing opportunity for farmers in the Western Australian pilot region to participate in the Farm Planning program;
- (b) ensuring that training opportunities provided in the Western Australian pilot region are appropriately spread across the region and over time, to account for farmers' potential availability to attend and to facilitate the implementation of the Building Farm Businesses program;
- (c) ensuring that the training under Farm Planning is structured on strategic business planning that covers the social, economic and environmental/physical components of the farm business;
- (d) consulting with DAFF on the development and implementation of the program including key learning outcomes, processes for the recognition of prior learning and the assessment of viability;

- (e) ensuring training providers are appropriately qualified to deliver management level training consistent with the Australian Qualifications Framework used in the Vocational and Technical Education sector;
- (f) developing, in consultation with DAFF, Program Guidelines and making these public before commencement of the program;
- (g) administering the program within an appropriate governance framework including an appeal mechanism and verification and auditing processes; and
- (h) reporting on the program to the Working Group.

## **Performance Measures**

- C8** DAFWA, as the entity responsible for the Farm Planning program, will collect and make available to the Commonwealth data on key performance measures to inform the review of the pilot. Information will be collected from participants and DAFWA records under the following categories:
- (a) level of interest in the program;
  - (b) accessibility of the program;
  - (c) compliance with program requirements;
  - (d) administrative efficiency;
  - (e) program expenditure;
  - (f) stakeholder feedback; and
  - (g) preliminary outcomes (e.g. proportion of attendees who intend to act on their strategic business plan).

## Building Farm Businesses

### Description

- D1** Building Farm Businesses is a grants program that assists eligible farm enterprises to meet the cost of completing activities to prepare for and reduce the impacts of drought, reduced water availability and increased climate variability on agricultural productivity and the farm enterprise.
- D2** Building Farm Businesses aims to:
- (a) assist eligible farm enterprises to adjust their business, improve risk management and improve their capacity to prepare for drought, reduced water availability and the impacts of increased climate variability;
  - (b) increase natural resource management efforts to improve on-farm resilience and reduce the environmental impact of agricultural activity in times of extreme climatic conditions, such as drought; and
  - (c) reduce human stress associated with drought and reduce reliance on in-drought assistance.
- D3** There are two grants under the Building Farm Businesses program:
- (a) Farm Business Adaptation Grants of up to \$40,000 are available for eligible activities that help farm enterprises to prepare for drought, reduced water availability and the impacts of increased climate variability; and
  - (b) Landcare Adaptation Grants of up to \$20,000 are available for eligible activities with a natural resource management focus that help farm enterprises to prepare for drought, reduced water availability and the impacts of increased climate variability, confer a broader public benefit in relation to natural resource management and are consistent with national and state natural resource management priorities.
- D4** Farm enterprises will not be eligible for Exceptional Circumstances Interest Rate Subsidies in any financial year in which they have accessed or will access Building Farm Businesses program funding.

## Implementation Plan

**D5** The program will be delivered over the four years 2010-11 to 2013-14.

Output	Due
Grant applications	1 July 2010 to 31 May 2011
Implementation of approved projects	Up to 30 June 2014
Reports provided by the Department of Agriculture and Food Western Australia to the Commonwealth Department of Agriculture, Fisheries and Forestry, identified by Farm Business Adaptation grants and Landcare Adaptation grants, on application numbers, approved grants, and funds committed to projects for each of the years 2010-11 to 2013-14	Monthly, in accordance with Part 4 of the National Partnership Agreement.
Report evaluating the program	By end August 2011, to feed into the review of the pilot of drought reform measures

## Financial Arrangements

**D6** The estimated financial contributions to the program are:

\$ million	2010-11	2011-12	2012-13	2013-14	Total \$m
Commonwealth	1.06	3.38	1.07	1.16	6.67
The State of Western Australia	0.17	0.43	0.16	0.07	0.82

**D7** Expenditure under this National Partnership will be cost-shared between the Commonwealth and Western Australia in proportion to their respective contributions to total funding. For every \$1,000 paid to farmers under the program, the Commonwealth will contribute \$890 and WA will contribute \$110 respectively. Costs associated with the administration of this program are the responsibility of WA and are outside these funding arrangements.

**D8** Payments by the Commonwealth to Western Australia will be conditional on the acceptance of a report by the Commonwealth Department of Agriculture, Fisheries and Forestry from the Department of Agriculture and Food Western Australia, which sets out:

- (a) Commonwealth funds received to date;
- (b) Western Australian funds contributed to date;
- (c) funds paid to successful grant applicants; and
- (d) Commonwealth funding required to reimburse Western Australia for the Commonwealth's share of the grants paid to farmers under the program.

## Role of the Commonwealth

- D9** The Commonwealth, represented by the Department of Agriculture Fisheries and Forestry, will have responsibility for:
- (a) ensuring that the Western Australian Government is fully aware of related measures in the pilot of drought reform measures in Western Australia;
  - (b) providing clarification and advice on any matters relating to overall policy intent; and
  - (c) jointly approving the program's grant guidelines.

## Role of the Western Australian Government

- D10** The Western Australian Government, represented by the Department of Agriculture and Food Western Australia, will have responsibility for delivery of the Building Farm Businesses program in the Western Australia pilot region, including:
- (a) jointly approving the program's grant guidelines;
  - (b) assessing all grant applications against Grant Guidelines agreed by the Commonwealth and the Western Australian Government and seeking advice, as necessary, to ensure that the purpose of the grant has been substantiated;
  - (c) developing arrangements for the efficient administration and timely transfer of funds to successful grant applicants, including financial, contractual and reporting arrangements;
  - (d) ensuring a fair and equitable complaints and appeals process for grant applicants; and
  - (e) reporting on the program to the Pilot of Drought Reform Measures Working Group.

## Performance Measures

- D11** DAFWA, as the entity responsible for administering the Building Farm Businesses program, will collect and make available to the Commonwealth data on key performance measures to inform the review of the pilot. Data will be collected from participants and DAFWA records, including on the following:
- (a) level of interest in the program;
  - (b) accessibility of the program;
  - (c) compliance with program requirements;
  - (d) administrative efficiency;
  - (e) program expenditure;
  - (f) stakeholder feedback; and
  - (g) preliminary outcomes (e.g. recipients consider that they have improved their preparedness for drought, reduced water availability and a changing climate).