

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

Council of
Australian
Governments

An agreement between

- n the Commonwealth of Australia and
- n 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 commenced in May 2010 on signing of the original agreement by the Commonwealth Government and Western Australian Government. This Agreement was varied

by the Parties on 31 October 2011 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 2012. 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;

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- (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 – in 2010-11 provide support to assist rural communities facing significant agriculture-related hardship to build social capital and community networks, and to encourage participation in social networks and community events, in accordance with Attachment A of Schedule E.
 - 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;
 - 1 in 2011-12 fund and deliver the Stronger Rural Communities program through the provision of a suite of community support measures in accordance with Attachment A of Schedule E.
 - (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 31 March 2012. Any subsequent successful application will not take effect until 1 July 2012 at the earliest;
 - (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.

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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 \$13.31 million as contributions toward the funding of the Farm Planning program, the Building Farm Businesses program and the Stronger Rural Communities measures 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	42.69	7.93	1.23	62.62
Estimated National Partnership payment (2)	0.00	1.06	16.78	7.77	1.16	26.77
Estimated WA contribution (3)	0.00	3.35	9.74	0.16	0.07	13.31
Commonwealth own purpose expense (4)	0.17	6.21	16.17	0.00	0.00	22.55
Total Commonwealth contribution (2) + (4)	0.17	7.27	32.95	7.77	1.16	49.32

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 and by 30 March 2012 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***

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

The Honourable Julia Gillard MP
Prime Minister of the Commonwealth of Australia

June 2011

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

June 2011

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.

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

B1.A From 1 July 2011 the pilot of drought reform measures will occur in the local government authorities of Western Australia as shown below:

Local Government Area				
Albany	Cottesloe	Kellerberrin	Nedlands	Wandering
Armadale	Cranbrook	Kent	Northam	Wanneroo
Ashburton	Cuballing	Kojonup	Northampton	Waroona
Augusta-Margaret River	Cue	Kondinin	Nungarin	West Arthur
Bassendean	Cunderdin	Koorda	Peppermint Grove	Westonia
Bayswater	Dalwallinu	Kulin	Perenjori	Wickepin
Belmont	Dandaragan	Kwinana	Perth	Williams
Beverley	Dardanup	Lake Grace	Pingelly	Wiluna
Boddington	Denmark	Leonora	Plantagenet	Wongan-Ballidu
Boyup Brook	Donnybrook-Balingup	Mandurah	Quairading	Woodanilling
Bridgetown-Greenbushes	Dowerin	Manjimup	Ravensthorpe	Wyalkatchem
Brookton	Dumbleyung	Meekatharra	Rockingham	Yalgoo
Broomehill-Tambellup	Dundas	Melville	Roebourne	Yilgarn
Bruce Rock	East Fremantle	Menzies	Sandstone	York
Bunbury	Esperance	Merredin	Serpentine-Jarrahdale	
Busselton	Exmouth	Mingenew	Shark Bay	
Cambridge	Fremantle	Moora	South Perth	
Canning	Geraldton-Greenough	Morawa	Stirling	
Capel	Gingin	Mosman Park	Subiaco	
Carnamah	Gnowangerup	Mount Magnet	Swan	
Carnarvon	Goomalling	Mount Marshall	Tammin	
Chapman Valley	Gosnells	Mukinbudin	Three Springs	
Chittering	Harvey	Mullewa	Toodyay	
Claremont	Irwin	Mundaring	Trayning	
Cockburn	Jerramungup	Murchison	Upper Gascoyne	
Collie	Joondalup	Murray	Victoria Park	
Coolgardie	Kalamunda	Nannup	Victoria Plains	
Coorow	Kalgoorlie/Boulder	Narembeen	Vincent	
Corrigin	Katanning	Narrogin	Wagin	

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. For the 2010-11 delivery year, \$7,500 will be available, to provide each eligible farm enterprise in the pilot region, consisting of:

- (a) up to \$6,500 per farm enterprise to an endorsed service provider for the delivery of training and advice for the development of 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).

For the 2011-12 delivery year, the Western Australian Government will fund this measure as necessary to achieve Pilot objectives, and in doing so will expend a minimum of \$7,500 per farm enterprise as indicated by (a) and (b) above.

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 for 2010-11.	By June 2010.
Farm Planning program is publicly available.	1 July 2010.
Report evaluating the operation of the program for the period 1 July 2010 to 30 June 2011.	By end of August 2011, to feed into the review of the pilot of drought reform measures.

Training providers engaged for 2011-12.	By June 2011
Farm Planning program is publicly available in expanded region.	1 July 2011
Report evaluating the operation of the program for the period 1 July 2011 to 30 June 2012.	By end of August 2012
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.
Farm Planning program completed by farmer to be potentially eligible for Building Farm Businesses program.	By 31 May 2012.

Financial Arrangements

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

\$ million	2010-11	2011-12
Commonwealth	0.00	0.00
The Western Australian Government	3.18	8.00

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 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 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.
 - (c) Applications can be made for either one or both grants. However, the total funding per farm enterprise under Building Farm Businesses is capped at \$60,000 (GST exclusive) in 2010-11 and \$30,000 (GST exclusive) in 2011-12.
- 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 for 2010-11	1 July 2010 to 31 May 2011
Implementation of projects approved in 2010-11	Up to 30 June 2014
Grant applications for 2011-12	1 July 2011 to 31 May 2012
Implementation of projects approved in 2011-12	Up to 30 June 2013
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 operation of the program for the period 1 July 2010 to 30 June 2011.	By end August 2011, to feed into the review of the pilot of drought reform measures
Report evaluating the operation of the program for the period 1 July 2011 to 30 June 2012.	By end August 2012, 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	16.78	7.77	1.16	26.77
The Western Australian Government	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 as follows.:

- (a) For grant applications between 1 July 2010 to 31 May 2011 for every \$1,000 paid to farmers under the program, the Commonwealth government will contribute \$890 and Western Australian government will contribute \$110 respectively.
- (b) For grant applications between 1 July 2011 to 31 May 2012 for every \$1,000 paid to farmers under the program will be borne solely by the Commonwealth.
- (c) Costs associated with the administration of this program are the responsibility of the Western Australian government 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).

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

INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

Preliminaries

- A1. Schedule E (this Schedule) varies the National Partnership Agreement on the Pilot of Drought Reform Measures in Western Australia (the Agreement). Variations are specified in this Schedule.
- A2. Tables in clauses 24, B1, C4, C5, D5 and D6 have been updated to reflect the amendments to the Pilot of Drought Reform Measures and can be found in Attachments B-G of this Schedule. In all other respects, the National Partnership Agreement remains unchanged.

Description

- A3. This Schedule:
 - (a) varies clause 6 of the Agreement by extending the terms of programs included in the Agreement to 30 June 2012.
 - (b) varies clause 15 of the Agreement by referring to Attachment A of this Schedule which outlines the role of the Commonwealth Government with regard to Stronger Rural Communities.
 - (c) varies clause 16 of the Agreement by referring to Attachment A of this Schedule which outlines the role of the Western Australian Government with regard to Stronger Rural Communities.
 - (d) varies clause 16 of the Agreement by extending the date by which the Western Australian Government agrees not to submit an Exceptional Circumstances application and outlines the date which a subsequent application, if successful, would take effect.
 - (e) varies clause 23 of the Agreement by amending the Western Australian Government's financial contribution and the programs which are to be funded.
 - (f) varies clause 24 of the Agreement by updating Table 1 to reflect the amendments to the Pilot of Drought Reform Measures. The table can be found at Attachment B to this Schedule.
 - (g) varies clause 30 of the Agreement by including an additional date to review this Agreement.
 - (h) varies clause B1 of the Agreement to include the local government authorities which will be included in the amended pilot. The table can be found at Attachment C of this Schedule.

- (i) varies clause C3 of the Agreement to outline the new funding arrangement for the Farm Planning program for the 2011-12 financial year.
- (j) varies clause C4 of the Agreement by updating the Implementation Plan to reflect the amendments to the Farm Planning program. The table can be found at Attachment D of this Schedule.
- (k) varies clause C5 of the Agreement by updating the Financial Arrangements to reflect the amendments to the Farm Planning program. The table can be found at Attachment E of this Schedule.
- (l) varies clause D3 of the Agreement to amend the description of the Farm Business Adaption Grant.
- (m) varies clause D3 of the Agreement to amend the description of the Landcare Adaption Grant.
- (n) varies clause D3 of the Agreement to outline the maximum grant amount per farm enterprise under Building Farm Business in the 2010-11 and 2011-12 financial years.
- (o) varies clause D5 of the Agreement by updating the Implementation Plan to reflect the amendments to the Building Farm Businesses program. The table can be found at Attachment F of this Schedule.
- (p) varies clause D6 of the Agreement by updating the Financial Arrangements to reflect the amendments to the Building Farm Businesses program. The table can be found at Attachment G of this Schedule.
- (q) varies clause D7 of the Agreement to outline the cost-sharing arrangements for the amended pilot in the 2011-12 financial year

Terms of the Schedule

A4. Amendments to the Agreement are outlined below:

Former clause		Varied clause
(a)	<p>Clause 5</p> <p>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.</p>	<p>Clause 5 – replaces</p> <p>This Agreement commenced in May 2010 on signing of the original agreement by the Commonwealth Government and Western Australian Government. This Agreement was varied by the Parties in [June 2011] and will expire on 30 June 2014, unless terminated earlier or extended as agreed in writing by the Parties.</p>
(b)	<p>Clause 6</p> <p>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.</p>	<p>Clause 6 – replaces</p> <p>Programs included in this Agreement will cease on 30 June 2012. However, payments for the Building Farm Businesses program will cease by 30 June 2014.</p>
(c)	<p>Clause 15(a)(2)</p> <p>Stronger Rural Communities – provide support to assist rural communities to prepare for and manage agriculture-related hardship to build</p>	<p>Clause 15(a)(2) – replaces</p> <p>Stronger Rural Communities – in 2010-11 provide support to assist rural communities to prepare for and manage agriculture-related</p>

	social capital and community networks, and to encourage participation in social networks and community events.	hardship to build social capital and community networks, and to encourage participation in social networks and community events, in accordance with Attachment A of Schedule E.
(d)	Clause 16(b)(1) (new clause)	Clause 16(b)(1) adds in 2011-12 fund and deliver the Stronger Rural Communities program through the provision of a suite of community support measures in accordance with Attachment A of Schedule E;
(e)	Clause 16(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;	Clause 16(d) – replaces 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 31 March 2012. Any subsequent successful application will not take effect until 1 July 2012 at the earliest;
(f)	Clause 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.	Clause 23 – replaces The Western Australian Government's financial contribution to the total costs of the pilot will be \$13.31 million as contributions toward the funding of the Farm Planning program, the Building Farm Businesses program and the Stronger Rural Communities measures and whatever additional financial or in-kind resources it requires to deliver these programs.
(g)	Clause 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.	Clause 24 – updated table Updated Table 1 can be found at Attachment B of this Schedule.
(h)	Clause 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.	Clause 30 – replaces The Agreement will be reviewed by 17 December 2010 and by 30 March 2012 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.
(i)	Clause B1A (new clause)	Clause B1A – adds From 1 July 2011 the pilot of drought reform measures will occur in the local government authorities of Western Australia as shown below (The table of expanded local government authorities can be found at Attachment C to this Schedule).

(j)	<p>Clause C3</p> <p>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:</p> <p>(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</p> <p>(b) up to \$1,000 per farm enterprise, paid by reimbursement, to offset the cost of attendance (travel, accommodation, childcare costs).</p>	<p>Clause C3 – replaces</p> <p>The program will be funded and delivered by the Western Australian Government. For the 2010-11 delivery year, \$7,500 will be available, to provide each eligible farm enterprises in the pilot region, with:</p> <p>(a) up to \$6,500 for the delivery of training and advice for the development of 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</p> <p>(b) up to \$1,000 per farm enterprise, paid by reimbursement, to offset the cost of attendance (travel, accommodation, childcare costs).</p> <p>For the 2011-12 delivery year, the Western Australian Government will fund this measure as necessary to achieve the Pilot's objectives, and in doing so will expend a minimum of \$7,500 per farm enterprise as indicated by (a) and (b) above.</p>
(k)	<p>Clause C4</p> <p>The program will be available from 1 July 2010.</p>	<p>Clause C4 – updated table</p> <p>Updated Implementation Plan table can be found at Attachment D of this Schedule.</p>
(l)	<p>Clause C5</p> <p>The Western Australian Government will fully fund this measure. Estimated financial contributions to the program are</p>	<p>Clause C5 – updated table</p> <p>Updated Financial Arrangements table can be found at Attachment E of this Schedule.</p>
(m)	<p>Clause D3(a)</p> <p>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</p>	<p>Clause D3(a) – replaces</p> <p>Farm Business Adaptation Grants are available for eligible activities that help farm enterprises to prepare for drought, reduced water availability and the impacts of increased climate variability; and</p>
(n)	<p>Clause D3(b)</p> <p>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</p>	<p>Clause D3(b) – replaces</p> <p>Landcare Adaptation Grants 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.</p>

	priorities.	
(o)	Clause D3(c) (new clause)	<p>Clause D3(c) – adds</p> <p>Applications can be made for either one or both grants. However, the total funding per farm enterprise under Building Farm Businesses is capped at \$60,000 (GST exclusive) in 2010-11 and \$30,000 (GST exclusive) in 2011-12.</p>
(p)	<p>Clause D5</p> <p>The program will be delivered over the four years 2010-11 to 2013-14.</p>	<p>Clause D5 – updated table</p> <p>Updated Implementation Plan table can be found at Attachment F of this Schedule.</p>
(q)	<p>Clause D6</p> <p>The estimated financial contributions to the program are:</p>	<p>Clause D6 – updated table</p> <p>Updated Financial Arrangements table can be found at Attachment G of this Schedule.</p>
(r)	<p>Clause D7</p> <p>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.</p>	<p>Clause D7 – replaces</p> <p>Expenditure under this National Partnership will be cost-shared between the Commonwealth and Western Australia as follows:</p> <ul style="list-style-type: none"> a) For grant applications between 1 July 2010 to 31 May 2011 for every \$1,000 paid to farmers under the program, the Commonwealth will contribute \$890 and Western Australia will contribute \$110 respectively. b) For grant applications between 1 July 2011 to 31 May 2012 for every \$1,000 paid to farmers under the program will be borne solely by the Commonwealth. c) Costs associated with the administration of this program are the responsibility of Western Australia and are outside these funding arrangements.

Attachment A

Stronger Rural Communities

- E1 The Stronger Rural Communities program aims to build resilient communities and help them manage significant hardship caused by an agricultural downturn. It will do this by assisting communities to build social capital and community networks and by supporting projects that encourage participation in social networks and community activities.

Implementation Plan

- E2 The program will be available from 1 July 2010 to 30 June 2012.

Output/milestones	Due By
Projects for 2010-11 (Commonwealth Government)	
Grant applications for local government and community organisations	1 July 2010 to 15 September 2010.
Assessment of applications and grants awarded	December 2010
Progress reports provided by DAFF on application and assessment processes and management of grants.	Monthly in accordance with Part 4 of the National Partnership Agreement.
Local government and community organisations implement approved projects	Up to 30 June 2011
Final reports from grant recipients	30 June 2011
Projects for 2011-12 (Western Australian Government)	
2011-12 program commences	1 July 2012
Suite of measures available in the pilot region	1 July 2011 – 30 June 2012
Progress reports provided by DAFWA	Monthly in accordance with Part 4 of the National Partnership Agreement.

Financial Arrangements

- E3 The Commonwealth will fully fund and deliver this measure in 2010-11. The Western Australian Government will fully fund and deliver this measure in 2011-12. Estimated financial contributions to the program are.

\$ million	2010-11	2011-12
Commonwealth	0.90	0.00
The Western Australian Government	0.00	1.31

Role of the Commonwealth

- E4 The Commonwealth, represented by DAFF, will have responsibility for:
- a. In 2010-11 funding and delivering grants of up to \$300 000 to local government authorities and community organisations to fund projects that build the resilience of rural communities and help them manage hardship resulting from an agricultural downturn;
 - b. ensuring that DAFWA is fully aware of links with other measures in the Pilot of Drought Reform Measures in Western Australia; and
 - c. reporting on the program to the Working Group for the period 2010-11.

Role of the Western Australian Government

- E5 The Western Australian Government, represented by the DAFWA, will have responsibility for:
- a. In 2011-12 funding and delivering a suite of community and family support measures;
 1. A trial program "Recognition of Prior Learning or Skills Passport", which will provide farmers with the opportunity to gain formal, marketable qualifications to assist with the transition to an alternative career or gain supplementary employment;
 2. WA Farm Training Scheme which will provide for co-funding of specific skills programs (not co-funded by Farm Ready). It allows funding for specific proposals for farm and business financial training developed by third parties, such as the Westpac Farm Finance program, and programs supported by other banks, agricultural consultants, accountancy and legal specialists. This will include funding for events which target rural women such as the Grower Group Alliance Women's Day; and
 - b. Professional support for non- farm regional small businesses will provide an extension of funding to the Western Australian Government's Dry Season Assistance program for small business ensuring that DAFF is fully aware of links with other measures in the Pilot of Drought Reform Measures in Western Australia; and
 - c. reporting on the program to the Working Group for the period 2011-12.

Performance Measures

- E6 DAFF, as the entity responsible for the Stronger Rural Communities program in 2010-11, will collect and make available to the Working Group data on key performance measures to inform the review of the pilot. DAFWA, as the entity responsible for the Stronger Rural Communities in 2011-12, will collect and make available to the Working Group data on key performance measures to inform the management of the pilot. Information will be collected under the following categories:

- (h) level of interest in the program;
- (i) accessibility of the program;
- (j) compliance with program requirements;
- (k) administrative efficiency;
- (l) program expenditure;
- (m) stakeholder feedback; and
- (n) preliminary outcomes.

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	42.69	7.93	1.23	62.62
Estimated National Partnership payment (2)	0.00	1.06	16.78	7.77	1.16	26.77
Estimated WA contribution (3)	0.00	3.35	9.74	0.16	0.07	13.31
Commonwealth own purpose expense (4)	0.17	6.21	16.17	0.00	0.00	22.55
Total Commonwealth contribution (2) + (4)	0.17	7.27	32.95	7.77	1.16	49.32

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.

Local Government Area				
Albany	Cottesloe	Kellerberrin	Nedlands	Wandering
Armadale	Cranbrook	Kent	Northam	Wanneroo
Ashburton	Cuballing	Kojonup	Northampton	Waroona
Augusta-Margaret River	Cue	Kondinin	Nungarin	West Arthur
Bassendean	Cunderdin	Koorda	Peppermint Grove	Westonia
Bayswater	Dalwallinu	Kulin	Perenjori	Wickepin
Belmont	Dandaragan	Kwinana	Perth	Williams
Beverley	Dardanup	Lake Grace	Pingelly	Wiluna
Boddington	Denmark	Leonora	Plantagenet	Wongan-Ballidu
Boyup Brook	Donnybrook-Balingup	Mandurah	Quairading	Woodanilling
Bridgetown-Greenbushes	Dowerin	Manjimup	Ravensthorpe	Wyalkatchem
Brookton	Dumbleyung	Meekatharra	Rockingham	Yalgoo
Broomehill-Tambellup	Dundas	Melville	Roebourne	Yilgarn
Bruce Rock	East Fremantle	Menzies	Sandstone	York
Bunbury	Esperance	Merredin	Serpentine-Jarrahdale	
Busselton	Exmouth	Mingenew	Shark Bay	
Cambridge	Fremantle	Moora	South Perth	
Canning	Geraldton-Greenough	Morawa	Stirling	
Capel	Gingin	Mosman Park	Subiaco	
Carnamah	Gnowangerup	Mount Magnet	Swan	
Carnarvon	Goomalling	Mount Marshall	Tammin	
Chapman Valley	Gosnells	Mukinbudin	Three Springs	
Chittering	Harvey	Mullewa	Toodyay	
Claremont	Irwin	Mundaring	Trayning	
Cockburn	Jerramungup	Murchison	Upper Gascoyne	
Collie	Joondalup	Murray	Victoria Park	
Coolgardie	Kalamunda	Nannup	Victoria Plains	
Coorow	Kalgoorlie/Boulder	Narembeen	Vincent	
Corrigin	Katanning	Narrogin	Wagin	

Attachment D

Implementation Plan for Farm Planning

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 for 2010-11.	By June 2010.
Farm Planning program is publicly available.	1 July 2010.
Report evaluating the operation of the program for the period 1 July 2010 to 30 June 2011.	By end of August 2011, to feed into the review of the pilot of drought reform measures.
Training providers engaged for 2011-12.	By June 2011
Farm Planning program is publicly available in expanded region.	1 July 2011
Report evaluating the operation of the program for the period 1 July 2011 to 30 June 2012.	By end of August 2012
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.
Farm Planning program completed by farmer to be potentially eligible for Building Farm Businesses program.	By 31 May 2012.

Attachment E

Financial Arrangements for Farm Planning

\$ million	2010-11	2011-12
Commonwealth	0.00	0.00
The Western Australian Government	3.18	8.00

Attachment F

Implementation Plan for Building Farm Businesses

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

Output	Due
Grant applications for 2010-11	1 July 2010 to 31 May 2011
Implementation of projects approved in 2010-11	Up to 30 June 2014
Grant applications for 2011-12	1 July 2011 to 31 May 2012
Implementation of projects approved in 2011-12	Up to 30 June 2013
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 operation of the program for the period 1 July 2010 to 30 June 2011.	By end August 2011, to feed into the review of the pilot of drought reform measures
Report evaluating the operation of the program for the period 1 July 2011 to 30 June 2012.	By end August 2012, to feed into the review of the pilot of drought reform measures

Attachment G

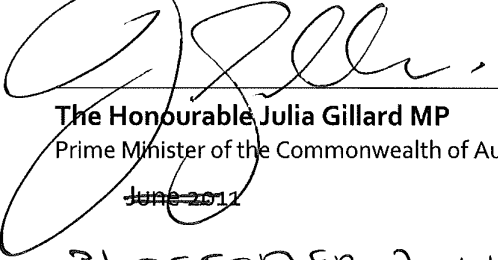
Financial Arrangements for Building Farm Businesses

The estimated financial contributions to the program are:

\$ million	2010-11	2011-12	2012-13	2013-14	Total \$m
Commonwealth	1.06	16.78	7.77	1.16	26.77
The Western Australian Government	0.17	0.43	0.16	0.07	0.82


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

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



The Honourable Julia Gillard MP
Prime Minister of the Commonwealth of Australia
~~June 2011~~
31 OCTOBER 2011

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



The Honourable Colin Barnett MLA
Premier of the State of Western Australia
June 2011