

Future Drought Fund – Farm Business Resilience Program

FEDERATION FUNDING AGREEMENT - ENVIRONMENT

Table 1: Formalities and operation of schedule																																															
Parties	Commonwealth New South Wales Victoria Queensland Western Australia South Australia Tasmania Australian Capital Territory Northern Territory																																														
Duration	This Schedule is expected to expire on 30 August 2022.																																														
Purpose	This Schedule will support the delivery of financial assistance from the Commonwealth to the State and Territory governments (States) to deliver the Farm Business Resilience Program (the Program). The States will use this funding to provide subsidised training for farm owners and farm managers to build their strategic management and planning skills.																																														
Estimated financial contributions	The Commonwealth will provide an estimated total financial contribution to the States of \$15.97m in respect of this Schedule.																																														
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Additional terms	<p>States will be responsible for providing an agreed minimum co-contribution as specified in the agreed Program Implementation Plan and maintenance of effort to support the implementation of this Schedule.</p> <p>States must deliver the program in accordance with the agreed Program Implementation Plan. Program Implementation Plans must be informed by and aligned to the Program Framework at Appendix A.</p> <p>In addition to Paragraph 21 of the Federation Funding Agreement - Environment, and Schedule E, Clause 26 of the Intergovernmental Agreement on Federal Financial Relations:</p> <ol style="list-style-type: none">1. The Commonwealth will provide states with a program Communication Plan and Co-branding guidelines. States must undertake program communications and branding consistently with the national guidance.2. the announcement of a program or a project under this Schedule must be made jointly with the Australian Government and the relevant jurisdiction, unless otherwise agreed by the Commonwealth.3. when referring to the program or a project under this Schedule, it must be described as “jointly funded by the Australian Government and (insert name of jurisdiction) under the Future Drought Fund”. <p>In addition to Part 4 of the Federation Funding Agreement - Environment, the Commonwealth will provide a program Monitoring, Evaluation and Learning Plan (MEL Plan). States will negotiate with the Commonwealth to agree a format for progress reporting in the context of their Program Implementation Plan, and the MEL plan.</p> <p>States are expected to deliver the program in accordance with public sector ethical values and duties such as probity, accountability, and transparency.</p> <p>–As per the provision in Subsection 22(4) of the <i>Future Drought Fund Act 2019</i>, where states do not meet the requirements of the agreed Program Implementation Plan, states may be required to refund to the Commonwealth part or all of any previously distributed funding that remains unexpended.</p>
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Table 2.A: Performance requirements and reporting		
Output	Performance milestones	Report due
Program Implementation Plan	<p>Completion of a Program Implementation Plan, as evidenced in writing and signed by both the Commonwealth and the relevant state and territory government officials, that outlines:</p> <ul style="list-style-type: none"> a) Program delivery approach and timing, including alignment with program framework (Appendix A) and any jurisdictionally tailored inclusions b) Program governance, risk management and stakeholder engagement c) Indicative program budget, including State and participant co-contributions and any industry sponsorship and expected number of funded program participants d) Communication and co-branding strategy (consistent with Commonwealth requirements) e) Monitoring, Evaluation and Reporting Plan (consistent with Commonwealth requirements) <p>The Program Implementation Plan must be consistent with and based upon project proposals provided to the Commonwealth ahead of execution of this Schedule.</p>	30/04/2021
Delivery of Farm Business Resilience program	Completion of deliverables and provision of a progress report, as per the agreed Monitoring, Evaluation and Reporting Plan, detailing performance against this Schedule and the agreed Program Implementation Plan for reporting period to 31 December 2021.	31/12/2021
	Completion of all deliverables and provision of a final report, as per the agreed Monitoring, Evaluation and Reporting Plan, detailing performance against this Schedule and the agreed Program Implementation Plan for the reporting period to 30 June 2022.	30/06/2022 (or earlier)
	Provision of an evaluation report, as per the agreed Monitoring, Evaluation and Reporting Plan, that describes the delivery, benefits and outcomes of the program as a whole and evaluates the project, including assessing the extent to which the outcomes have been achieved, or not. The evaluation report is due 24 August 2022, or within 40 business days of termination of the Schedule, whichever is earlier.	24/08/2022 (or earlier)

Table 2.B: Payment summary	
Payment amount	Date
Total financial contribution of the Commonwealth as specified in Table 1.1	By 30 June 2021

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

Signed for and on behalf of the Commonwealth of Australia by



The Honourable David Littleproud MP
Minister for Agriculture, Drought and Emergency Management

25 March 2021

Signed for and on behalf of the State of New South Wales by

The Honourable Adam Marshall MP
Minister for Agriculture and Western New South Wales

2021

Signed for and on behalf of the State of Queensland by

The Honourable Mark Furner MP
Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities

2021

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The Honourable David Basham MP
Minister for Primary Industries and Regional Development

2021

Signed for and on behalf of the Australian Capital Territory by



Ms. Rebecca Vassarotti MLA
Minister for the Environment and Heritage

29 April 2021

Signed for and on behalf of the State of Victoria by

The Honourable Mary-Anne Thomas MP
Minister for Agriculture; Regional Development

2021

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

The Honourable Alannah MacTiernan MLC
Minister for Regional Development; Agriculture and Food; Minister Assisting the Minister for State Development and Hydrogen

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Minister for Primary Industries and Water

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Deputy Chief Minister; Minister for Agribusiness and Aquaculture

2021

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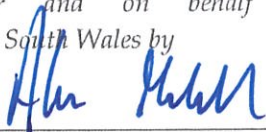
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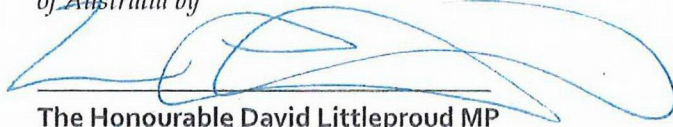
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29th April

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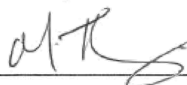
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30 June 2021

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2021

Future Drought Fund

Farm Business Resilience – Program Framework

Overview

The Future Drought Fund

The Future Drought Fund (the Fund) is a long-term investment fund that provides a sustainable source of funding to help Australian farmers and communities become more prepared for and resilient to the impacts of drought. Established under the *Future Drought Fund Act 2019* in September 2019, the Fund began with a \$3.9 billion investment, with earnings to be reinvested by the Future Fund Board until the balance reaches \$5 billion. The Fund is part of the Government's Drought Response, Resilience and Preparedness Plan. From July 2020, \$100 million from the Fund is available each financial year to invest in drought resilience programs.

The Drought Resilience Funding Plan 2020-2024

The *Future Drought Fund (Drought Resilience Funding Plan 2020 to 2024) Determination 2020* (the Funding Plan) serves as a framework for all expenditure from the Fund, it guides the design of the program and types of projects offered.

The Funding Plan has three inter-connected strategic priorities:

- economic resilience for an innovative and profitable agricultural sector
- environmental resilience for sustainable and improved functioning of farming landscapes
- social resilience for resourceful and adaptable communities.

The Fund's three objectives to achieve the strategic priorities will enhance the public good by building drought resilience through programs that will:

- grow the self-reliance and performance (productivity and profitability) of the agricultural sector
- improve the natural capital of agricultural landscapes for better environmental outcomes and
- strengthen the wellbeing and social capital of rural, regional and remote communities.

The Farm Business Resilience Program 2020-21

The Farm Business Resilience Program (the program) is one of eight foundational programs under the Future Drought Fund in 2020-21. The Australian Government will invest \$15.97 million dollars from the Future Drought Fund in 2020-21, with a co-contribution from the state and territory governments. Activities under the program will run until 30 June 2022.

The program will build the strategic management capacity of farmers/farm managers and employees to prepare for and manage risk, adapt to a changing climate and improve the farm business's economic, environmental and social resilience. The program will support learning in areas including strategic business skills, risk management, natural resource management, and personal and social resilience.

The program will also support farm business planning, tailored to participants' business and situation, and the opportunity for professional feedback on the plans. This planning is expected to have positive impacts on the self-reliance and viability of farm businesses in the face of all kinds of challenges, including drought.

The program takes a proactive approach to promoting long-term resilience and sustainable productivity and growth in farm businesses, before the times get tough – it is not a hardship program. It may, however, provide a pathway for farmers exiting hardship programs and looking to improve

their strategic farm business management, planning and decision making to increase their resilience to future droughts and other impacts.

The program will create a national framework to improve farm business management and planning skills, delivering on the AGMIN decision from February 2020 to work towards a national program to improve farm business management and planning skills. The program will be delivered through the state and territory governments in their respective jurisdictions with Commonwealth funding provided via a governing agreement under the Federal Financial Relations framework.

State and territory governments have flexibility to build on their existing expertise and delivery mechanisms where they exist, or to establish new programs if needed. Program content and delivery should be tailored to specific regional or industry priorities where possible, building on, or filling the gaps in existing programs. In the foundational year, state and territory governments may take a staged or 'pilot' approach to implementing the full suite of core program elements (outlined below). The foundational year will also enable governments to trial and evaluate a range of delivery approaches, to ensure the learnings inform future program design and delivery.

Detailed program design and tailoring in jurisdictions must involve consultation with peak industry bodies and the Rural Financial Counselling Services within jurisdictions to ensure the program will meet regional needs, reflect existing programs and learn from past efforts.

State and territory governments will be required to provide robust performance monitoring and reporting to ensure the program meets the program's outcomes, outputs and strategic priorities in the current Drought Resilience Funding Plan. Performance monitoring and reporting should also be guided by the drought preparedness and recovery objectives in the National Drought Agreement and relevant objectives of the NFF National Drought Policy.

Core program elements

Program Outcomes

The program outcomes, consistent with the Funding Plan, are to:

- support the strategic management capacity of farm business managers through the use of innovative tools, improved drought risk business planning, education and training, and improved knowledge of market and private sector services
- support the application of data and information to improve on-farm decision-making and risk management
- increase farmers' understanding of their farm business drought resilience level
- encourage farmers to adopt innovative approaches and technology, including on and off farm diversification options or new farming practices, farming systems and markets
- encourage improved natural resource management capability through planning and training on financial, drought and risk management.

To support these outcomes, the program will:

- encourage farmers to take a holistic and transformative approach to building resilience in their farm business, including by embedding resilience principles in the training
- focus on practical skills, knowledge and advice relevant to individual farm businesses and that can be implemented on farm
- deliver enterprise-specific benefits that will, in turn, generate broader benefits for the agriculture sector and communities which depend on agriculture
- increase producer awareness of the benefits and value of strategic planning, business management skills, and professional advice

- utilise and encourage the use and sharing of best practice and innovative approaches, tools, resources, data and information to assist farmers to understand their business, strengthen business decision-making and establish sustainable and resilient risk management practices
- draw on local case studies and farming champions, as evidence shows farmers learn best from trusted local sources and local examples and
- draw participants' attention to opportunities to obtain support to implement their Farm Business Plan and undertake further learning and education, to instil a culture of continuous improvement and establish a pathway for doing so.

Training and planning

- The program is to provide subsidised training for farmers to develop their strategic management skills and support them to develop a Farm Business Plan.
- The program, and its content, must be developed specifically for farm businesses and their employees rather than a general business skills program. The program must be available to the agriculture, horticulture, pastoral, apiculture and aquaculture industries, even if the delivery model includes industry-specific course delivery (further detail below about potential delivery methods).
 - In the foundational year, state and territory governments may target a specific industry or industries identified as a gap or priority.
- The training must cover the following areas:
 - strategic farm business management and planning – including financial literacy (such as business structures, governance models, access to finance and investment in farm assets and other equity investments), best practice business planning approaches, long term profitability, benchmarking and monitoring performance, people management.
 - farm risk management and informed decision making – including tools and strategies, decision-making frameworks, understanding and using data, adverse event preparation, climate adaptation, diversification.
 - natural resource management – including understanding best practice activities that build drought resilience, experimenting with and implementing holistic natural resource management approaches that improve the farm resource base on which agriculture depends.
 - personal and social resilience – including succession planning, time management, building networks and community involvement and continuous learning.
- The program should draw participants' attention to opportunities to obtain support to implement their Farm Business Plan e.g. grant programs such as the FDF 'Natural Resource Management Drought Resilience Program – Grants' for eligible natural resource management activities, state-based grants, or private sector funding and lending options.
- Training is to be primarily delivered through facilitated workshops by public or private local trainers with relevant qualifications, and utilising a variety of suitable delivery options where possible e.g. online learning and face-to-face.
 - Training costs are estimated at up to \$10,000 per participant (full amount assumes participant undertakes all training streams).
 - Any online resources (e.g. course outline, farm business plan template, self-assessment checklist etc.) should be accessible to all (at least to preview) to enable farm businesses that are not formal program participants to benefit from program materials and increase awareness of the program.

- The program will require participants to undertake a farm business resilience/performance assessment before (or during) and after participating in the program. This will assist in determining a benchmark for participants to track their progress against, help participants target support to their specific needs and provide valuable data to feed into program monitoring, evaluation and future design.
 - State and territory governments (or their training providers) can select the most appropriate method or tool to undertake this assessment. This could be undertaken via an advisor or an appropriate data tool, which may differ based on industry e.g. AgriHive or DairyBase.
 - In the future, the FDF Drought Resilience Self-Assessment Tool (once developed) may fulfil this purpose and provide national consistency of assessment method and data.
- The program must require and support participants to develop or update existing Farm Business Plans.
 - Generally, plans should be evidenced based, identify risks and actions to build resilience, outline an approach to implementation, and ongoing monitoring and review of the plan. They should be informed by and incorporate relevant learnings from the program training.
 - Farm Business Plans can take a range of forms and styles. The plan should be tailored and fit for purpose for each farm business.
 - The Commonwealth and state and territory governments will work together to provide resources and guidance to assist farmers in undertaking this planning.
- Once complete, participants will provide their Farm Business Plan for review by an appropriately skilled and qualified independent professional(s) (e.g. a trusted farm business consultant/advisory network). This will provide participants with the opportunity for one-on-one tailored advice on the potential effectiveness of the plan in improving the drought resilience of their farm business.
 - The independent assessor, or network of assessors, will be identified and engaged by state and territory governments using a robust accreditation process to ensure assessors are appropriately skilled and qualified to undertake this function.
 - The Commonwealth and state and territory governments will work together to provide a high-level guiding framework to assist assessors in reviewing Farm Business Plans.
 - Reviews of plans are estimated at a cost of up to \$2,500 per review (one per farm business, regardless of number of members of the farm business that participate in training).

Other elements

- Participants will be required to co-contribute to the course cost to encourage greater buy-in and commitment from participants in attending and finishing the program and to maximise program reach.
 - Participant co-contributions should be a minimum of 5% of the training cost (e.g. \$500 towards the \$10,000 training cost.)
- The program must include a contribution to assist with travel & childcare costs reasonably incurred to encourage farmers to participate in face-to-face sessions. Participants who do not genuinely need to incur these costs to participate in face-to-face training, or participate in online based learning, would not be eligible for this allowance.
 - The travel and childcare contribution is up to \$1,000 per participant.
- Options to further maximise program reach should be considered, including collaborative cost sharing arrangements such as industry cost-shared delivery, sponsorships and/or scholarships (including to cover participant contributions in certain circumstances).

Eligibility

- The program is to be aimed at *members of viable farm businesses* (including those with genuine potential to become viable) that are looking to improve their farm business strategic management and planning skills, as a mechanism for building future drought resilience, particularly to prepare for impacts of climate change.
- Eligibility criteria will be streamlined and nationally consistent. This will equitable access across Australia, limit unnecessary barriers to participation amongst eligible participants. The suggested criteria takes a balanced and proportionate approach to managing the risk of non-target cohort being able to participate in the program.
- State and territory governments will determine the most appropriate methods for applicants to demonstrate their claims to the eligibility criteria, allowing them to leverage existing programs' eligibility assessments.
- Attachment A sets out the core eligibility criteria for subsidised participation, along with guidance on evidentiary options state and territory governments might use to assess applicant's claims against the criteria.
- A maximum of two members of each farm business would be eligible to attend subsidised training. Additional members (beyond the subsidised places) would be encouraged to attend at their own cost, or through state funding or industry-sponsored positions (discussed further below).
- Key aspects of program design, including the tailoring, the development of Farm Business Plans and the requirement for a co-contribution from participants will assist to attract participation from members of viable farm businesses.
- A targeted approach to promotion of the program, particularly at the local level by state and territory governments and relevant providers will ensure the program reaches the target audience through their involvement with state farming bodies, industry representative bodies, grower groups, the Rural Financial Counselling Service and agricultural advisory networks (e.g. accountants, agronomists and agents).

Program elements that could be tailored

Jurisdictionally tailored elements must contribute to the program's outcomes and objectives.

Course content

- The core elements as described above must be covered, but course content can be tailored for regions, industry or production method (as appropriate) e.g. appropriate decision making tools or methods for pastoral regions or farm systems, and the wide range of participant abilities and current farm business resilience levels.
- Links into existing state-based programs and funding opportunities would be specific to each jurisdiction.

Design and delivery

- There are a range of training delivery options depending on individual circumstances, including state and territory governments -
 - delivering the training directly
 - engaging a relevantly qualified training provider(s) to design and/or deliver the training package or modules
 - accrediting/approving private or industry-based training providers to design and/or deliver training modules aligned with program outcomes or expanding/tailoring their courses to align.

- Utilising a range of existing industry providers would allow tailoring for different industries. Seeking co-contributions for interested industry providers could extend the reach of the program.
- A robust accreditation process will be required to ensure providers are appropriately skilled and qualified to undertake this function, and that across all leveraged programs the core program elements and outcomes are delivered.
- State and territory governments are encouraged to tailor the training and support by region, industry or production method, as appropriate.
- State and territory governments can, and are encouraged to, utilise a variety of delivery formats including face to face group learning, online delivery (such as self-paced modules, YouTube or webinars through platforms such as Farm Table), utilise local and regional facilities for remote attendance at training sessions, such as those provided by Regional University Centres and explore other options to make it as easy as possible for participants to engage.
- If states choose to fund additional positions or allow applicants to pay in full, eligibility criteria would be more flexible e.g. more than two farm business members or employees of public companies may pay to attend (to be determined by state and territory governments).

Additional elements

- State and territory governments could tailor the program and provide additional elements through co-contributions (for example):
 - subsidise training attendance for additional members (beyond the 2 subsidised places under the core aspects of the program)
 - add additional training modules tailored for state and territory needs (e.g. specific to an industry, or geographic differences etc.)
 - provide follow up 1:1 support to participants e.g. assessment of current farm business resilience, and the implementation and review of plans after 12-24 months
 - provide funding to support implementation of farm business plans
 - support ongoing peer networking, sharing and learning
 - promote continuous informal (peer) and formal learning through, for example, ongoing networking amongst course participants and providers
 - develop a community of practice to ensure ongoing sharing and learnings across jurisdictions and to promote consistency where required
 - support program trainers and facilitators to stay up-to-date and take a consistent approach to training such as through a conference and/or online community of practice to access innovative resources and discussion forums and/or
 - cover administrative costs.

ATTACHMENT A

Eligibility criteria – Commonwealth subsidised places in the Farm Business Resilience program	
Eligibility Criteria	Assessment & Evidentiary Options
PART 1 - Eligible farm businesses	
<p>An eligible farm business is:</p> <ul style="list-style-type: none"> carried on by a primary producer and trades as a primary production business in the agriculture, horticulture, pastoral, apiculture, or aquaculture industries located in Australia and undertakes all primary production aspects of the business wholly within Australia registered for tax purposes in Australia with an Australian Business Number (ABN) and is registered for Goods and Services Tax (GST) established under the legal structure of a sole trader, trust, partnership or private company commercially <i>viable</i>. <p>A viable farm business is:</p> <ul style="list-style-type: none"> able to generate sufficient net profit under normal seasonal and market conditions after fixed and variable expenses to service borrowings (if applicable); able to provide an adequate standard of living for relevant members of the farm business; able to allow investment on-farm to maintain the farm's productive assets; and financially sustainable and productive long term <p>OR</p> <ul style="list-style-type: none"> is able to demonstrate genuine potential to become a viable business (as outlined above). 	<p>Evidentiary options for determining an eligible <i>farm business</i> is to be determined by States and can include using existing data and information available on farm businesses from within government, examples may include:</p> <ul style="list-style-type: none"> ABN or ACN number or Unique 'Holding reference number' from annual land and stock return (NSW) or other equivalent state-based system <p>Evidentiary options for determining a <i>viable</i> farm businesses may include:</p> <ul style="list-style-type: none"> ABN number, indicating the business is registered for GST; or Previous financial statements, income tax returns, etc Financial reference letter from an accountant, or letter of support/comfort from a commercial bank, confirming: <ul style="list-style-type: none"> that over the past five years, the business is trading at a profit; or overall the business is commercially viable after consideration of factors such as the financial sustainability of the farm business and whether it provides/genuinely contributes to a livelihood for the people whose livelihoods depend on it.
PART 2 - Eligible farm business members	
<p>Eligible farm business members must be:</p> <ul style="list-style-type: none"> the owner or manager or endorsed employee of a farm business through private companies, partnerships and trusts; and one of only two members of the farm business receiving a subsidised place in the program. 	<p>Evidentiary options for farm owners, managers and employees may include:</p> <ul style="list-style-type: none"> ABN number, ACN, company search or other business registration documentation, certificates or taxation documents showing ownership and Declaration/letter of support from the farm business owner or manager indicating support for your participation in the course Payslips or tax returns showing employment in the farm business Declaration from landowner, employer or accountant, declaring the participant's relationship to the nominated farm business Declaration from associated farm business professional such as agronomist or agent, declaring the participant's relationship to the nominated farm business.