

Local Land Services Submission

Future Drought Resilience Fund



Local Land
Services

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing December 2019. However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of Local Land Services or the user's independent adviser.

Foreword

Thank you for the opportunity to contribute to the draft Drought Resilience Funding Plan consultation. Local Land Services welcomes and supports the Government's Future Drought Fund initiative. Our comments both aim to reinforce elements of the draft plan and highlight actions where Local Land Services can contribute.

About us

Local Land Services was established in 2013 to provide quality, customer-focused services to landholders and the community across New South Wales.

We work with land managers and the community to improve primary production within healthy landscapes and assist rural and regional communities to be profitable and sustainable into the future.

We provide primary production advice, biosecurity, natural resource management and emergency management functions through 11 local regions that cover all of NSW. Our 11 regions are members of the national Natural Resource Management (NRM) Regions model.

Local regions are in charge of providing all front line services. Each region has a local board responsible for corporate governance, approval of regionally appropriate programs, development of a local strategic plan and budgets in line with local and state priorities, and communications and engagement with their local communities.

Regions vary in geographic and organisational size and approach their local priorities in different ways, which is why it is so important to be locally focused.

Local community advisory groups provide input into the development of plans, projects and services and are an integral link between Local Land Services and the community it serves.

Local Land Services well placed to coordinate delivery of outcomes for Future Drought Resilience Fund in line with regional, state, national and industry priorities.

Preparing our submission

Local Land Services contributed to the consultation by attending your workshops and preparing this written submission based on feedback from 11 regions across NSW (see Figure 1).

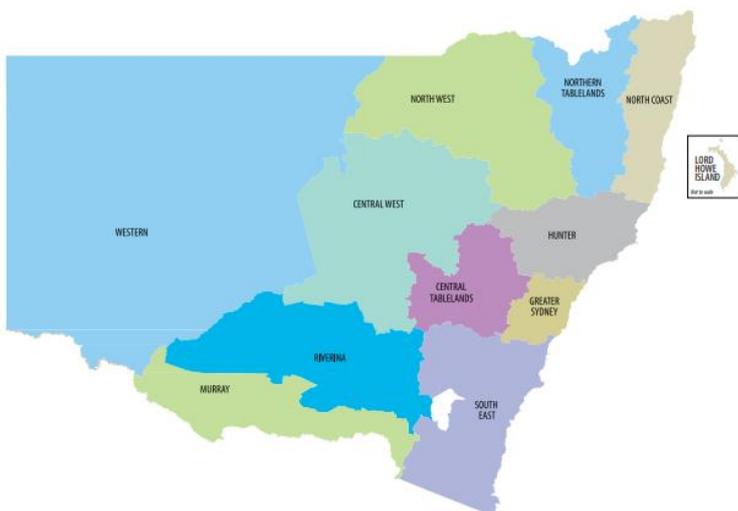


Figure 1: The 11 Local Land Services regions

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Background

The Australian Government is seeking feedback on its draft Drought Resilience Funding Plan. The draft Plan is a high-level framework to guide funding decisions for projects and activities under the new \$3.9 billion Future Drought Fund. The Fund is expected to grow over time to \$5 billion by 2028–29.

From 1 July 2020, the Fund will make \$100 million available each year to support initiatives that strengthen the drought resilience of Australian farm businesses and communities.

The *Future Drought Fund Act 2019* defines Fund's purpose: to enhance the public good by building drought resilience.

The Fund's vision is an innovative and profitable farming sector, a sustainable natural environment and adaptable rural communities—all with increased resilience to the impacts of drought.

The Fund focuses on three strategic priorities to achieve the aim:

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

Consultation

Local Land Services (LLS) reviewed the draft Plan to provide feedback on three questions:

- What do you like about the draft Plan?
- What would you change or remove from draft Plan to improve it?
- What opportunities did the draft Plan miss?

This report summarises feedback on the draft Plan from 11 LLS regions across NSW. It provides an overview of the key issues identified by the regions but is not exhaustive. The focus of this report is on the solutions and opportunities identified, rather than a restatement of the Plan content and intent.

Individual regional submissions are available on request.

Response to the Draft Plan

Local Land Services supports the aim of the Future Drought Resilience initiative to build drought resilience in Australia's agricultural sector and rural communities. We support the focus on risk management and planning and agree that success will rely on holistic, multi-tiered support from the grass roots up through social and community structures. We recommend the Plan extend its focus to drought recovery, in addition to preparedness and response.

Local Land Services recommends the draft Plan take a more coordinated, cohesive, robust approach to drought extension by engaging the existing the Natural Resource Management (NRM) Regions. Our regions comprise 11 of the 54 regional NRM Regions organisations. Each of the 11 Local Land Services regions provides primary production advice, biosecurity, natural resource management and emergency management functions to landholders and the community.

Australian and State Government investment supports the current NRM region infrastructure comprising sound governance, extension and technical skill, planning, administration, local networks and on-ground connections.

Regional NRM planning brings together climate and local data, industry strategies, landscape capability and vulnerability, and the latest rural research and development to develop and deliver clear regional extension and adaptation plans that:

- identify priority industries, farmers and landscapes for programs
- coordinate and deliver independent, targeted extension and advice
- facilitate a coordinated regional and state-wide approach to engaging relevant local networks
- deliver the greatest impact for building adaptive capacity.

Local Land Services is well placed to coordinate delivery of Future Drought Resilience Fund outcomes in NSW, in line with regional, state, national and industry priorities.

What the Plan does well

The overall purpose statements read well, providing high level direction that sets the tone for the Plan:

- To help Australian farmers and communities to become more prepared for—and resilient to—the effects of drought, and to adapt to changing conditions
- To strengthen drought resilience and consider the incremental, transitional and transformational changes needed to build capacity to deal with drought
- To enhance the public good by building drought resilience in Australia's agricultural sector and rural communities.

Economic resilience for an innovative and profitable agricultural sector

Timely, readily available information for regional businesses

There is general agreement with the Plan's intent to improve the reliability and timeliness of weather forecasting supporting early warning systems for landholders entering and recovering from drought.

Local Land Services supports investment in extension to localise and make drought research available to landholders. Regions also agreed with the more collaborative approach that would better connect public and private extension providers and research, development and extension delivery. Connecting incentive programs with extension is also supported by Local Land Services, and we have considerable experience designing and delivering these integrated, on-farm approaches to practice change.

Risk management and planning

Assisting landholders to diversify through a change in enterprise, including through investment in tax incentives and risk financing instruments is a sound approach for landholders looking to mitigate or adapt to the influence of climate change on future drought.

Detailed drought resilience plans will support the planning and training approach highlighted in the Plan.

The Plan aims to build long term capability and is not about ongoing “welfare” or capital works.

Local Land Services supports the Plan’s acknowledgement of drought impacts on all regional businesses, not only farming enterprises.

Environment resilience for sustainable farming landscapes

Local Land Services supports the Plan’s acknowledgement that improvements to natural resources including the water, soil, pastures and shelter assets that underpin agricultural landscapes will deliver public and private benefit through high-functioning ecosystem processes for drought resilience. This Plan recognises natural capital and eco-credentials from an economic perspective and the need for transformational change to adapt to climate change.

Landholders and advisors (end users) are key contributors to the development of research and extension services and support the development of information, and extension and incentive mechanisms to support and reward landholders adopting positive practice change.

Local Land Services is encouraged by recognition of natural resource management as a practice for improving farm resilience, and the need for improved analysis and practical interpretation/application of natural resource management data.

Social resilience for resourceful and adaptable communities

The Plan identified the need to support the role of existing and new community leadership and networks in building community resilience. Local Land Services confirms this need and supports the planned implementation of holistic, multi-tiered support from the grass roots up through the social and community structures.

How the Plan could be improved

Economic resilience for an innovative and profitable agricultural sector

Local tailoring for the long term

Several regions noted the Plan could better acknowledge and support current and long-standing research and extension systems and programs. A successful Plan will focus existing systems, programs and mechanisms to better support decision-making in drought affected farming enterprises and communities.

The Plan appears to be silent on the value of applied research and development investment, eg, demonstration sites used to tailor national research and development (R&D) for regional and local adoption; showcasing and demonstrating opportunities and new technologies in water use efficiency and water security across all farming systems.

Local Land Services identified several capacity and extension gaps in the Plan:

- Local, public extension capacity to interpret and share weather forecasts and early warning systems, and extend the impact and relevance of this information to support decision making by local landholders
- Addressing barriers to the uptake of technology in the agricultural sector including emerging but limited extension to support landholder participation in market-driven data and information systems, and farmer friendly decision making tools and forecast models
- Consider entry level agriculture employment programs such as a farm apprenticeship scheme to reduce staff losses and promote skill retention and enhancement in the industry

Anecdotal evidence indicates a large cohort of landholders will not seek government support during drought. Consider developing strategies to facilitate long-term engagement and reduce the perceived stigma of receiving external support, such as the Northern Drought Response in NSW. Cold calling to offer support to this group of landholders in response to continued drought was well-received by many landholders who had not previously engaged with Local Land Services.

The Plan should emphasise drought recovery in the planning phase, not just preparedness and response.

The Plan needs to acknowledge that industry structural adjustment will continue and be supported in the future.

Simplify

Actions under this priority are very broad. Tighten the actions to avoid diluting the impact of positive outcomes due to inadequate funding. Local Land Services suggests simplifying and making the actions more concise and removing several layers to bring more focus to this version of the Plan.

Robust, measurable outcomes to guide investment

The Plan currently lacks explicit outcomes to support the strategic priorities, drive accountability and guide funding decisions.

A program logic / structured pathway would better articulate what the plan will achieve (outcomes), how performance is measured (key performance indicators or KPIs), and define adaptation to changing climate (resilience) and transformative change.

Defining objectives related to *drought preparedness*, *drought response* and *drought recovery* using the matrix approach in Table 1, could provide:

- Stronger functional linkage back to the purpose of the Plan
- Better definition of the Plan's interpretation of resilience
- More explicit definition of the adaptations needed, and context for the actions undertaken
- A framework that allows for more meaningful definition of actions, and more measureable and meaningful outcomes and KPIs.

Table 1: Drought preparedness, response and recovery matrix

Strategic priority	Drought preparedness	Drought response	Drought recovery
Economic	Objective a. Objective b. etc...	Objective c. Objective d. etc...	Objective e. Objective f. etc...
Environmental			
Social			
Governance			

Avoid 'public good' roadblocks to change

The Plan emphasises it will only invest in projects and activities that enhance the public good. In this current 'drought' climate, the Plan may need to relax the level of co-contribution expected of farmers. Local Land Services Sustainable Agriculture professionals confirm on-farm economic recovery will take 3-5 years due to loss of equity during drought and poor cash flow during recovery. Transformative change will require larger on-farm incentives for longer to engage farmers in change (and the perceived or real increased business risk from maintaining and grow their collective market share and reducing emissions) rather than continue business as usual. These changes may not deliver private farmer gain at all, but rather, public good.

Accessing alternative income during a drought is a key strategy to cover domestic costs and used to generally maintain the family within the structure of the local economy. This is a form of drought resilience and should be supported.

Sustainable scaling of production into and out of drought

The Plan could pilot a Higher Education Contribution Scheme model for farmers to sustainably scale down farm production during the drought whilst being able to meet domestic costs and maintain business continuity. Such a model would support early decision making, placing less pressure on natural resources and reducing stress levels. Importantly, flow on impacts onto rural business would also be reduced. Future revenue thresholds would trigger repayments and assist in achieving recovery in a sustainable manner.

Consider payroll tax concessions to support large employers to retain employees during low revenue drought years.

Build on new and successful procurement models

Reviews such as the 2013 *Pilot of Drought Reform Measures in Western Australia* (Final Report 2013) found contestable grants programs have extremely high transaction costs. Consider using the Regional Land

Partnerships (RLP) approach for a more cost-effective and engaging approach to project design by known providers who have proven capacity to prioritise investment at state, regional and local scales, connect with local networks and have demonstrated capacity to collaborate with the Australian Government.

As a preferred tenderer to the Australian Government through the RLP program, Local Land Services is well placed to coordinate delivery of Future Drought Resilience Fund outcomes in NSW, in line with regional, state, national and industry priorities.

Environment resilience for sustainable farming landscapes

Match enterprises to resources

While the overall purpose statements read well and provide the high level direction to set the tone for the plan, stronger outcomes and more explicit objectives are needed to frame the actions that deliver this purpose.

The current drought highlights a need for greater emphasis for reliable water storage, to avoid reliance on a single water system or source for agricultural enterprises and rural and regional communities. The Plan could more strongly emphasise the need for a strategic plan to address enterprise and community water needs in period of lower rainfall and severe droughts.

The Plan could be more explicit about matching agricultural enterprises to land and water capability. Examples may include:

- setting of sustainable stocking rates better matched to lower rainfall
- data on soil moisture storage capacity after rain to identify suitable forage crops to be sown for livestock.

Social resilience for resourceful and adaptable communities

Maintain and build public advisory capacity

Successful environmental resilience initiatives delivering positive on-ground change will rely on regional support mechanisms to ensure advisory and extension services continue and incentives are invested appropriately. Local Land Services recommends the Plan explicitly acknowledge the need to adequately resource and continue to invest in internal capacity building for public advisory services.

The Plan should explicitly acknowledge the role of both private and public sector services in facilitating increased knowledge.

Longer term investment for action, not just awareness

The Plan does not articulate how it increases community capacity to prepare for and adapt to change, i.e., enhanced resilience, or how it facilitates the transformational changes needed to build capacity to deal with drought.

The Plan could better recognise the need for long-term investment in community groups and networks, and for specific community sectors such as the Aboriginal community.

The Plan should build on its focus to increase awareness and gather information, to develop and implement actions that enable the community to move forward. It could be improved by:

- further definition of the problem to be addressed, ie, equity, participation, voice, rights to service and how these differ for rural and regional communities
- focusing on the “backbone” of drought communities- the not-for-profits that make a town run
- support for local leaders that “glue” education, health and small business together in the regions (a multi-disciplinary, and cross-organisational collaboration)
- linking incentive/development programs to resilience plans to ensure plans are developed and implemented.

Local Land Services can deliver on the Plan through pro-active, peer-to-peer landholder extension programs on how to maintain income in drier seasons, based on lessons from this drought and options to increase drought resilience.

Sound governance to manage uncertainty and risk

Good governance arrangements will be critical to delivering the Plan. Traditional decision making processes focus on “doing things well”. Delivery of this Plan will require decision making processes with a stronger focus on the uncertainty and risk that accompanies change and adaptation.

A fourth strategic priority (and accompanying actions) could be: *Governance resilience for adaptive and responsive decision making.*

Opportunities for the Plan

Economic resilience for an innovative and profitable agricultural sector

Recovery

The plan should more explicitly address the drought continuum: prepare, respond, recover. Emergency management could provide a framework for this approach.

Use the Plan's triple bottom line approach to call for regional recovery plans for sustainable agriculture and resilient communities. Use these regional plans to help determine funding priorities, rather than waiting to see the type of application submitted before developing funding programs. This approach could provide a collaborative, ground-up approach to program development, and natural resource management (NRM) regions like Local Land Services would be well-placed to coordinate these plans.

Diverse regional economies

Current good commodity prices have driven some local diversification to take advantage of good prices, such as an increase in feedlotting lambs. The draft Plan could support advisory services for landholders and regional businesses looking to improve enterprise diversification opportunities by:

- Investing in specific drought recovery agribusiness advisory services to facilitate enterprise business planning, network development and best practice management.
- Identify opportunities for the NSW and Australian Governments to rectify legislative constraints that adversely impact new business development, particularly in western NSW.

Regional planning

The Plan does not acknowledge that many landholders are not keeping up with a minimum standard of best practice and are not ready to consider/adopt or apply new innovations in an effective way to their properties or enterprise. The Plan should address investment in educational/advisory services to support both new messages and current capacity to deliver base level support to industry. This will maintain both public and private independent advisory services that increase the readiness of landholders to adopt innovative practices.

Each NRM region like Local Land Services should be resourced to develop Agricultural Climate Change Plans supported by extension programs that identify and address existing research uptake and future needs and coordinate research and extension stakeholder partnerships.

Clear and resourced extension and advisory programs will support broad farmer uptake of prioritised and regionally specific, integrated resilience and adaptation opportunities, across agriculture, natural resource management, biosecurity and business adaptations. Regional programs can address enterprise scale and tailor support mechanisms for each segment, eg, large scale enterprises with significant resourcing requires different support to mid-scale and small enterprises.

Case studies of farm businesses that weathered this drought well would identify common practices for application in training programs designed to drive change, including adaptation and structural adjustment.

The next iteration of the Plan could include examples of proven drought preparation, response and recovery programs, for example, stock containment areas on farm to maintain animal welfare and production, landscape function, farm profitability, and landholder lifestyle and mental health.

Consider simple program messaging, eg, for livestock systems: match stocking rate to carrying capacity. In a regional NSW example, drought affected landholders calculated that by selling their scanned-in-lamb ewes at \$256/head, and investing some of their subsequent feed cost savings in infrastructure to better manage grazing, they are ready to buy in replacement ewes at up to \$350/head when drought conditions ease.

Supply chain approach

The Plan missed the opportunity to consider drought resilience along supply chains:

- How might approaches to understanding and educating supermarkets and other buyers, as well as consumers, about the real costs of production address the need for proper payment for primary products?
- Which market drivers could drive local farm diversification or adoption of agricultural enterprises better suited to changed conditions?
- What mechanisms could influence whole supply chains?

Is this being considered within a strategic framework for Australia's future? Consider a big picture approach involving AusTrade, Regional Development Australia and others to look at whole-of-system transformation of Australian agricultural production, and build on excellent results from examples in Israel and New Zealand.

Improving business skills

The Australian Government under Natural Heritage Trust (NHT) 1 funded Property Management Planning (Farming for the Future in NSW) which benchmarked environmental, social and business benchmarks within and outside (markets, etc) the farm gate. The structure exists and can be adapted and delivered by locally based staff, but needs a long term commitment from the Australian Government. Scalable Farm Management Deposits (FMDs), eg, based on the size of operation/ net profit, etc.

Local Land Services notes the need to develop sustainable and viable drought insurance underwritten by the government, eg, supported by compulsory participation, limit coverage to overheads. Farm businesses must have the capacity to manage highly variable, climate and market driven profits and losses, and need mechanisms to carry forward tax profits as well as tax losses.

Investigate tax incentives that provide additional capital to fund recovery opportunities such as income averaging over longer time periods, tax reimbursement from previous high income years, and establishment of a specific purpose tax credit for the purpose of directing investment into rebuilding farm enterprises.

Acknowledge and continue current great work

The Plan's focus on 'innovation' may lead to a missed opportunity to continue great work being delivered by regions with funding that may no longer exist. Current coordination of community and industry group support by regional bodies like Local Land Services is key to disseminating information to a high proportion of landholders and to improved community resilience. Continued support via regional NRM organisations will maintain the strong ties between these groups and government initiatives and information, and encourage collaboration at a regional scale.

The Plan could better acknowledge that the majority of Australian farmers are world class managers using modern practices that conserve their land and who practice a culture of continuous improvement.

Environment resilience for sustainable farming landscapes

Networks

The plan should identify the value and positive impact of collaboration between public advisory organisations and community groups to deliver advisory and extension services that drive adoption of changed practice.

Missing from this Plan is on-going support for existing local leaders who received investment in foundational skills but require networking and on-going support to maintain motivation and focus.

Regional planning

While every NRM region has a regional NRM plan, delivery of those plans is not funded. Funds are instead tied to asset protection, eg, threatened species. Local Land Services recommends funding for landscape scale initiatives.

Each regional body like LLS should be resourced to develop Agricultural Climate Change Plans supported by landscape-scale extension programs that:

- identify and address existing research uptake and future needs
- coordinate research and extension stakeholder partnerships
- identify at-risk landscapes/ecosystems and investment priorities
- plan waterway and water supply management for multiple outcomes, such as efficient and environmentally sensitive on farm water storage planning and management
- identify key threats at appropriate scale, eg, are weeds increasing fire risk, and what priority should this be given compared to revegetation or other activities?

Evidence based change

Local Land Services recommends the Plan develop science-based evidence of multiple benefits from specific farming practices under a range of climate conditions. This information could support the funding options for stewardship payments in areas that provide priority ecosystem services.

Through this Plan, Local Land Services could build on its current role in drought preparedness and provide real opportunities to deliver agricultural and natural resource management outcomes in times of drought. Local Land Services could build on existing strategic planning/information to plan, deliver and report on this outcome under the Plan.

Mutual obligation

The Plan could consider linking drought support to evidence of participation in and application of resilience and drought response planning and preparedness, including the concept of whole-farm planning or property management planning.

Social resilience for resourceful and adaptable communities

Resilience extension

The Plan is silent on implementation of programs that we know lead to resilience - for example peer learning types of activities may be more useful than bringing the community together to discuss resilience. These activities also build mental well-being by more meaningfully engaging landholders facing extended drought when no harvest and destocking means they are not fully occupied on farm.

The Plan could develop strategies to communicate and extend adaptation best practice to landholders based on adaptable response frameworks and seasonal forecasts, eg, stocking policies based on numbers and liquidity of stock type (breeders versus steers) and critical decision points such as a 50 per cent forecast of lower than average rain leading to a shift to a higher percentage of steers versus breeders and much lower total livestock numbers.

Emergency management principles apply

There appears to be a significant gap in resources to support communities and farmers prepare and implement recovery strategies. The Plan could apply emergency management principles – prepare, respond, recover - to build community adaptability to drought and climate change.

The Plan could consider opportunities for support of existing leaders and social networks to prevent burnout and maintain momentum in established community groups that may not be financially viable for short periods due to the nature of funding cycles.

Healthy economies build healthy communities

Local Land Services recommends the draft Plan explicitly address the cause of declining community and industry resilience in drought, ie, declining regional economies, not just the symptoms.

Regional diversification will help shift regions from economic monocultures reliant on a dominant industry or activity, to more flexible, resilient regional economies able to prepare for, respond and adapt to the impacts of drought, climate change and market shifts. This will require investment in community capacity and willingness to change and in some cases, transform.

Local Land Services supports a Plan for transformation to better rural/regional economic resilience that will grow a community and fulfill its aspirations. The Plan should move away from supporting existing structures and programs toward a model of transforming social fabrics under this preparedness paradigm, eg, a futuristic water security plan (eg, 50 years) that supports economic growth and critical human needs.

While regional strategic capital works such as increasing dam storage levels to promote enhanced water security appear to directly benefit the few water users, in reality, these programs deliver broader community benefits through new industries, employment opportunities, improved regional infrastructure and stronger regional communities.

More information

The individual regional responses that informed the content of this report are available on request.

If this submission generated questions or requires further explanation, please contact:

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