



# **Future Drought Fund**

# Farm Business Resilience Program – Foundational Year Evaluation Report

## 24 August 2022

## 1. Purpose

This report evaluates the performance of the foundational year of the Farm Business Resilience Program (the Program).

The report provides evidence of outcomes at the completion of the foundational year (to June 2022) and summarises lessons learnt from delivery. The report provides an assessment of the extent to which the program outcomes have been achieved.

This report contributes to broader FDF reporting and informs the mid-term evaluation for the Program.

# 2. Key evaluation questions

The following list of questions are adapted from Annex 3 of the MEL Plan and are designed to evaluate the appropriateness, effectiveness, and efficiency of the Program's delivery as well as considering its challenges. You are not expected to provide answers to each question. Please select two or three of the most relevant questions for your jurisdiction from each of the four headings to respond to.

1. Appropriateness – Is the program design adequately aligned with the objectives of the FDF?

KEQ: To what extent is the Program reaching the intended participants? (Including, for example, the targeted farming sectors. Are the eligibility settings right?)

Business planning was offered to generalist farmers through coaching, then three specific business planning streams were tailored for different groups: young farmers, flood affected farmers, and dairy farmers.





Participants in coaching were spread across industries, locations, and sizes, and participants were generally younger and on smaller farms than the average NSW farmer. The evaluation has identified some groups with distinct needs or characteristics, where the coaching or eligibility criteria could be reviewed or adjusted. This includes hobby/ weekend farmers, government workers, farmers undergoing succession, absolute beginners, and small farms with a marketing focus.

Participants in the dairy planning program were reached successfully. The evidence suggests that the eligibility criteria was too broad for this program – some participants may not have been appropriate and may not have gained a lot from business planning.

This evaluation did not focus on the farmers reached through the young farmer program or flood program due to timing and/or need to reduce respondent burden.

#### Program eligibility

The evaluation found that most participating farmers were established farmers attempting to maintain or grow their businesses. A small group of business planning course participants worked on a family farm or were hobby farmers – these farmers were inappropriate for the program.

Given the generalist of participants in coaching, the evaluation has identified some groups with distinct needs or characteristics. There were some questions about whether these groups were appropriate for the program.

- **Hobby/ weekend farmers**: One coach suggested that these businesses should be ineligible as they would provide low value for money. Off-farm income is the primary source of income for this group, which does not meet the definition for primary producer.
- Government workers: Multiple government workers including delivery partner employees participated in coaching. In addition to this group being mainly weekend/ hobby farmers, one coach suggested that it was inappropriate to include those workers in coaching.
- **Farms undergoing succession**: There were instances where coaches successfully facilitated a succession process for their participants. However, one coach suggested that a separate program was needed because facilitate succession planning was an ineffective way to use coaches.

If I spend my nine months talking about whether their son is the appropriate person to takeover the farm because that's what succession planning is, I don't know how that's going to improve their ability to be more drought resistant. (CO1)

One farmer who underwent a succession process disagreed, explaining how succession contributes to their resilience in the future.

"If the next generation have a clear vision of what things are going to look like at an early age, say mid-twenties to mid-thirties, if they know what the succession plan is and





what things are going to look like, then they can strive forward in their farming career. But while those things are vague or non-existent and no-one wants to talk about it, it can really impact on people's relationships, the mental health... and their finances." (CP30)

- Absolute beginners: Many coaching participants were just starting out their farm, having
  never worked in farming before. One coach explained that coaching is more appropriate for
  those with existing businesses, as other programs are available to support people with the
  basics.
- **Small farmers with a marketing focus**: The needs of this group of farmers were distinct; many small farmers were very interested in marketing, whilst for most other farmers marketing was completely irrelevant.

### Coaching reach

Coaching participants were present across most of NSW (Figure 1), however there was a gap in the Western Local Land Services region. The program limited its promotions in the Western NSW as existing coaching program was already in place.

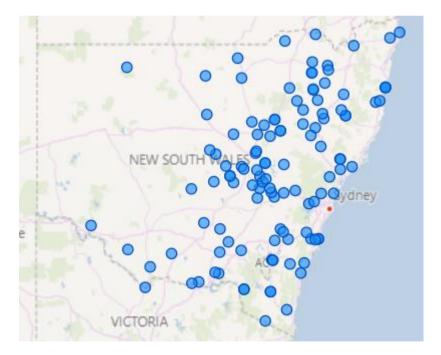


Figure 1 Coaching participants by location (application form)

**Coaching participants were much younger** than the general farming population. The average age of coaching participants was 43, compared to 61 for the NSW farming population (ABARES). Figure 2 shows coaching participants by age range.





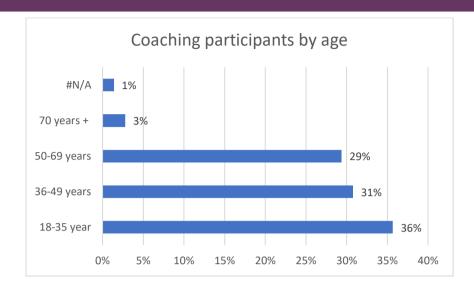


Figure 2 Coaching participants by age (application form)

The income of coaching participants was slightly less than the general farming population. The median (average) farmer earned less than \$250,000 in gross income, whereas the median farming population earns more than \$500,000 (ABARES). Figure 3 shows the average gross income of participating businesses.

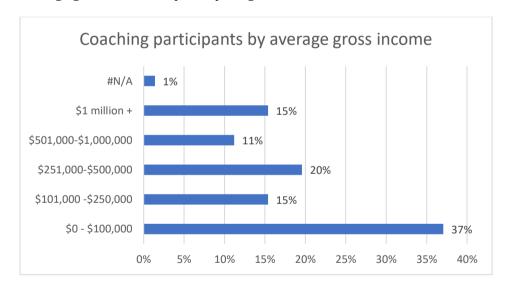


Figure 3 Coaching participants by average gross income (application form)

KEQ: How effective were your Program's governance arrangements?

The Program Implementation Plan (PIP) provided guidance and direction. Two program team members said the PIP guided their ongoing decisions and actions by team members. The planned governance committee was established and met twice during the pilot year.





#### 2. Efficiency – Is the program administered efficiently and to the expected quality?

KEQ: Did the program appropriately employ co-design and user research methodologies? Designing and delivering tailored events across all NSW regions during the pilot year was an accomplishment. This included establishing new partnerships with regional actors to ensure existing networks and knowledge were leveraged. The rush to design and deliver a program in 12 months may have contributed to overlap with other programs. This overlap was compounded by the presence of other FDF-funded programs and the impact of COVID lockdowns. Given more time, the program would have benefitted from a co-design process and more formal situational or needs analysis, which is in line with the Future Drought Fund Plan and other government drought policy. The program would benefit from a single contact point for their delivery partner. The lack of co-design and situational analysis process is at odds with the Drought Resilience Funding Plan and other government drought policy. State and federal drought policy encourages collaboration and coordination between government agencies (Table 1 shows relevant policies and research). Reviews of previous drought responses have found duplication and lack of coordination between agencies and other organisations that aim to support farmers before and during drought. The National Drought Agreement states that Commonwealth, states, and territories have shared responsibility for the complementarity of drought programs (see Table 1).

Table 1 Federal and state policies related to collaboration and co-design (emphasis added)

Drought Funding Resilience Plan: Funding Principles

The arrangements and grants will:

- 4) **not duplicate or replace existing Commonwealth, state, territory or local government funding programs**, and will aim to improve the coordination or integration of existing Commonwealth Government policies, frameworks and programs where they meet the Fund's purpose.
- 8) deliver programs through a user-based lens and, where possible, a community-led, **codesign**, **and/or end-user approach**

National Drought Agreement Roles and Responsibilities

The Commonwealth, states and territories are responsible for:

 G) ensuring consistency of drought policy and reform objectives and complementarity of drought preparedness, response and recovery programs

Interim report into support for drought affected communities in NSW (2020)

Finding 5: The Committee acknowledges the work currently being undertaken by the Commonwealth and State Governments to **improve coordination between all levels of government in the development of drought recovery and resilience strategies**. However, gaps in coordination have been identified during this inquiry and we hope the current collaborative approach is ongoing





KEQ: Were reporting requirements and processes adequate and effective?

The monthly reporting requirements were burdensome and inappropriate for a pilot program. Good practice approaches to pilots focus on learnings and minimise the ongoing reporting burden where possible. Three program team members said that monthly reporting requirements were burdensome. All three members highlighted the challenges of providing monthly reporting in a pilot year when the program is being established, in addition to the other reporting requirements from both DAWE and DPI.

The **delivery partners reporting processes were inefficient**. The program team collected, stored, and analysed all outcomes data according to the MER Plan. This data was then provided to delivery partner staff so they could report back to DPI. One program team member explained that delivery partner reporting processes were inefficient.

# 3. Effectiveness – To what extent are programs achieving their intended outcomes (and any unintended outcomes)?

KEQ: Have key milestones/outputs been delivered on time and to the expected quality levels?

The program is made **substantial progress towards the business plans target**. The program has successfully delivered 249 business plans, which represents 83% progress towards the target of 300. The program **essentially delivered the events target**. The program delivered 73 events out of the 76 target. This is substantial progress considering that delivery partners were affected by flooding and COVID lockdowns. The program reached over 1,700 people, below the target of 3000.

The program made limited progress on the benchmarking study. The program initially set out to deliver a benchmarking study, and midway through the program adapted to support an existing benchmarking study being delivered in the Department.

Table 2 Overview of program delivery against targeted outputs

Deliverable	Target	Delivered (as of 10 June 2022)
Business plans	<ul> <li>300 Business plans, including:</li> <li>140 plans delivered through coaching</li> <li>50 delivered through Our Farm Our Plan</li> <li>100 delivered through events</li> </ul>	<ul> <li>249 business plans</li> <li>140 coaching</li> <li>50 Our Farm Our Plan</li> <li>11 Young Farmer Accelerator</li> <li>27 Flood recovery course</li> <li>21 other courses</li> </ul>





Deliverable	Target	Delivered (as of 10 June 2022)
Events	<ul> <li>76 events, including;</li> <li>60 for all farmers</li> <li>16 tailored for young farmers</li> <li>3,000 event attendees</li> </ul>	<ul> <li>73 events, including:</li> <li>58 for all farmers</li> <li>15 tailored for young farmers</li> <li>1725 event attendees</li> </ul>
Coaching	140 farm businesses	140 farm businesses
Farm benchmarking tools Farm performance assessments	Benchmarking tool updated	Not delivered

**Delivery was overly concentrated in the final quarter** (April – June). Figure 4 shows that four events were held before March 2022, with 44 events held between March – May. Similarly, 11 group coaching sessions were held between November 2021 – January 2022, with 50 group coaching sessions held across February – May. Findings workshop participants were concerned that similar Future Drought Fund-funded programs faced a similar rush, overly crowding the space for farmer participation.

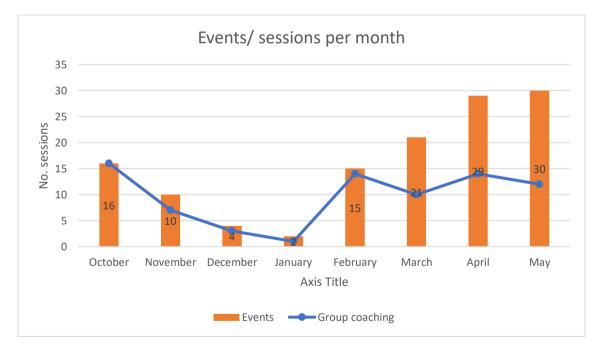


Figure 4 No. events and group coaching sessions held per month (Event log) (as of 20 May 2022)





KEQ: Were there any unintended outcomes?

There were some cases of **farmers making major changes to their business operations**, such as by establishing new studs and properties, and facilitating the succession process. These cases are shown below.

One oyster farmer was affected by a biosecurity issue, and the coaching supported them to setup a new operation on the other side of NSW. Successfully establishing this new operation has ensured cash flow during a challenging year and diversified the business to better manage similar risks in the future.

"Last year, they found a disease in our local town, and our biggest operation pretty much died overnight because of biosecurity... We've moved a portion of our operation to [across NSW] to capitalise on an opportunity but also, it's risk management. It's giving us a better chance at surviving through this disease that's killed off more than half the crop. Without the coaching, we'd probably still be tossing up whether it was a good idea or a bad idea and we'd have no real metrics to figure out how it would be clever to pursue... Currently we're on track to make [over \$200,000]." (CP8)

Two farmers said the **coach supported them through the succession process**. In one case, the coach provided emotional support to the farmer, helped them navigate the legal complexities, and reached out to this farmers' parents to facilitate the succession process.

"After the first few sessions the coach reached out and said, "How about I have a chat to your parents, and we do a little bit of coaching with them as well?" ... She was able to talk them through some of the impacts of not going through the succession plan or stalling the plan or not being open about the conversations around succession, and I think that's helped." (CP30)

Some farmers received **support for their marketing and sales** through coaching. Support for marketing was a common need for small-scale farmers trying to sell direct to customers rather than into a marketplace.

Some farmers received **help getting started in their business**. Some farm businesses were in embryonic stages and the coaching participants needed support with everything.

"We started the business pretty much right when we heard about the program and the program started, so we're like at the very, very beginning of our farm business... This is our first business that we've started as well, so it's having someone there that's a bit knowledgeable in business running, not even the farming specific but just the business running has been invaluable." (CP20)





#### 4. Issues/Challenges Arising

KEQ: Were program delivery timetables realistic? Were there delays? If so, what caused the delays?

The **delivery targets for coaching and Young Farmer events were appropriate**. Two program team members said the targets were appropriate, even acknowledging the challenges to setup and recruitment.

The initial scale and format of the workshop delivery target for events was unrealistic. The program aimed for 121 events (11 regions, one event per month). One program team member said this target was overly ambitious and should have been lower. Another program team member said that the focus on monthly events was inappropriate – delivery partners have historically delivered roadshows (several events on successive days/ nights) and prefer to deliver less events with more attendees.

The benchmarking study objective was overly ambitious. The program aimed to design, recruit for, and deliver a benchmarking study during the pilot year. One program team member said the benchmarking study was overly ambitious for a one-year program.

KEQ: Were all projects completed as planned? Why / why not?

Please see response to KEQ above

# 3. Financial management

Were Program funds disbursed within planned timeframes? Were Program funds disbursed appropriately?

# 4. Progress toward Short-Term Program Outcomes

Please describe the ways in which the Program has contributed towards the achievement of the following short-term outcomes. There is no expectation that these outcomes have been fully achieved, rather, we are interested in the contribution the foundational year has made towards meeting these outcomes. Please also report on challenges encountered, and how these were addressed.

Producer awareness of the benefits and value of strategic planning, business management skills, and professional advice is increased (PO1)

Farmers are **drawing more on business advice from accountants and other externals**. This includes drawing more on existing advisors, changing advisors when necessary, and establishing new business advisors where required.





Six coaching participants said they have **drawn more from their business advisors than they normally do**, such as by asking more of their existing accountant. Two participants have changed their business advisors as they felt their current advisors were not meeting their increased demand for information and support.

"As part of the program we've had presenters as well. I've actually started working with one of those presenters on farm succession planning, but even though I have a lot of contact with our bank manager and our accountant, I'm feeling like I'm having even more contact [now]." (CP19)

Five participants have **reached out to new advisors**, such as an agronomist or soil specialist.

"The whole way along, they've encouraged to get more information. Now we use our accountant a lot more. We use our broker all the time. Another one is we have relied on information from the DPI, and, also, we have an AGnVET agronomist. [...] Joel's never spoken to an agronomist about sowing before. That was a massive change." (CP15)

Seven participants explicitly said they have not changed how they use business advice. Six other participants did not address the question nor raise any examples of changed use of business advice.

**Farmers aspirations** were stimulated by the coaching program. Twelve (12) participants explained that the program improved their visioning and planning or helped them develop a long-term vision for their business.

"It is a very different business... [The coach] made us sit down and dream big. Who do you admire? Who do you follow on Instagram? What do you want to be? Almost – not vision board stuff but she made us think a lot more out of the box in terms of what it could be." (CP21)

Participants have an increased understanding of their farm business drought resilience level (PO2)

**Farmers' capacity to manage future risks** – including future droughts – has improved. Thirteen (13) coaching participants said they improved their capacity to manage future risks (including drought risks) through coaching. While seven participants were unsure or unable to give examples of how their capacity to manage future risks had changed, the evaluation finds that they had adopted practices which support their capacity to manage drought risk.

"Drought's always just around the corner, and that's why it's made me plan. Be prepared, know what stock we've got, what fodder we've got, so that if the season turns, this is how long I've got before we need to start making decisions, instead of just waiting until there's no feed and then making the decision. Then also knowing which stock we're going to sell first, knowing young sheep, old sheep, should we be selling the old sheep first or the young sheep? What do we want to do? Instead of making the decisions on the fly or waiting 'til the situation gets too bad and then having to sell when the market's not good." (CP9)





"12 months ago, if we'd had a case of salmonella here, the whole place, we would have just sold everything.... Whereas now, I feel because we've had someone in our corner problemsolving with us, it freed up time for me, and I was motivated to look at risks and how we would manage something like that. I just felt like it's a real – by having this coach, it's just been a real attitude shift for us." (CP2)

Participants have an improved capacity for strategic business management and decision making (PO3)

Farmers **applied a business lens when assessing their farm's performance**. A 'business lens' refers to specific performance metrics such as profitability, return on investment, and similar metrics to assess whole-farm performance. Five farmers said they had adopted at least one of these lenses to assess their business performance.

"Instead of going, yep, we're going to buy cattle because we need it, running the numbers, doing everything before we buy the cattle. Knowing what they're going to cost me, if we sell them, what we sell them for, [...] what it's going to cost me to run them for the time, when do they need to be sold. Just, yeah, instead of just making a decision solely because [...] we need it, looking at it going, no. Can we do it? And if we can, then this is what we're going to make off them." (CP9)

Two coaches explained the significance of using a business lens to assess farm performance.

"[A key outcome is] an increased awareness of what metrics are important in business. It's not just about the size of the business but it's about the profitability of a business. And, so, just because you're doing a huge amount of turnover or sales doesn't mean that the business is doing well. And I've put a very, very heavy emphasis on them fully understanding and converting their activities into numbers. And, so, they will now be more business savvy or be aware of the consequences of their chosen activities from a business point of view."

(CO1)

Farmers have **embedded the ongoing practice of using a business lens** to assess performance and inform decision-making. While many programs teach farmers to use this lens at a single point in time for their entire farm, some coaching participants are using this lens to periodically assess performance and inform their ongoing decision-making for different elements of their business. Six farmers said they were using farm performance information internally to make decisions, whereas in the past they would have just provided it to a bank or accountant.

"We've learned a lot of things and put some processes in place that are a bit new. [...] I think we've been doing a bit more business analysis of the books, so trying to forecast our cashflow each month, which is something – [we] owned a business before, but we never really did that." (CP12)

Farmers have **embedded other periodic business management practices**. This refers to organisational practices other than using a business lens to assess performance. These organisational practices varied by farming situation but included ongoing monthly meetings,





cash flow budgeting, and reviewing the short-term priorities for the business. Four farmers reported instigating these organisational practices.

Participating farmers have improved farm business planning in place (PO4) Farmers completed a business plan. All participants in coaching and business planning courses have developed or updated their farm business plan.

Business planning facilitated **better communication between members of the farm**, including farming families, employees and business partners. Eleven (11) participants mentioned that coaching helped them better communicate with business partners and/or family, which resulted in benefits including a better understanding of business tasks across business members, better task allocation, improved willingness to work together, and better navigation of difficult conversations.

"[The program] opened up the lines of communication between us as a family. There were no barriers between us but we had different ideas." (OFOP participant)

#### Participants seek to implement their Farm Business Plan (PO5)

**Farmers confidence in managing the business** has improved. This included confidence in their decision-making and ideas, managing difficult conversations with business stakeholders, prioritising working on the business, and making more significant strategic purchases. Fourteen (14) participants mentioned that the coaching helped increase their confidence in managing the business while two said it did not.

"[The confidence] was huge for me personally. Not having an understanding of the numbers behind the business and having any foresight, I definitely didn't have confidence to stand by the decisions I made for the business... I definitely had a turning point where I could then stand up and say, "No, this is why I'm making this decision and it's the right thing for us. Let's go." (PCP8)

# Participants have improved natural resource management and planning skills and capability (PO6)

The evaluation found that about **one-third of farmers have improved their business management or land management by implementing something they saw at an event**. The findings indicate that 32% of survey respondents have either made or are actively planning to implement changes as a result of what they learned through the workshops, within 2-3 months of attending the workshop. These changes were all related to either economic resilience or social resilience as required by the program.

The workshops are providing farmers with new and useful information. At workshop events with topics encompassing natural resource management, this evaluation found 62% of survey respondents learnt something new.

Participants have greater awareness of the importance of personal and social resilience (PO7)





Farmers are **spending more time on important tasks and less time on tasks that kept them busy but could be delegated**. Two farmers explained that they had delegated or outsourced simple tasks that in the past they did themselves. In many cases these simple tasks were exhausting and left farmers with less time for important tasks and work-life balance. Many interviewees raised the idea of '\$20 per hour jobs verses \$100 per hour jobs', and that they needed to focus on the more valuable jobs.

"I used to collect the eggs myself every single day, seven days a week, Christmas Day, etc. And by having a business coach, when he says things like, 'Why would you do that? Anyone can do that but not anyone can be sitting down and working on your marketing plan and attracting new clients or working on your budget and getting your finances in order.'... So, I only collect eggs a couple of times a week now. I have staff." (CP2)

Formal or informal (peer) networks are established / utilised for farmers to share their knowledge and learning (PO8)

**Face-to-face workshops enabled farmers to meet new people**. The results show that 71% of face-to-face event attendees reported meeting someone new at the workshop, and a further 24% of respondents reconnected with someone they already knew.

Some farmers will **draw upon networks again** in the future. The evaluation found that 26% of respondents said they would catch up with someone from this event again in the near future. It is unclear whether the program is helping form ongoing connections, as they may have connected with someone they already knew.

**Farmers have created lasting connections with other participants**. Some flow-on benefits of those new networks included resilience, information sharing and the exchange of ideas, and a new openness to talking about business with others. Twelve (12) participants mentioned creating connections with other coaching participants. Two participants said they had not expanded their networks through the program.

"We know all these people that are all over New South Wales now. We've been visiting all the farms locally [...] and we're setting up with all local farm networks as well where we can all talk about our problems and meet each other once a month and that, and I think that the whole emphasis is just that everyone needs to work together. I think it just helps the whole cause because it creates that resilience, you're not facing all of these problems alone. Someone else has faced that problem, and someone else can probably tell you what they did to fix it. [...]. Having all of these people that you can just call and just ask questions, I think, is one of the most valuable things that's coming into the farming sector." (CP20)

Business planning facilitated **better communication between members of the farm**, including farming families, employees and business partners. Eleven (11) participants mentioned that coaching helped them better communicate with business partners and/or family, which resulted in benefits including a better understanding of business tasks across business members, better task allocation, improved willingness to work together, and better navigation of difficult conversations.





"[The program] opened up the lines of communication between us as a family. There were no barriers between us but we had different ideas." (OFOP participant)

# 5. Evaluation of progress toward Program Outcomes

Please indicate how well you think the foundation year Program contributed toward the following outcomes. You do not need to detail how the outcomes were met, rather, consider how the Program's design, governance and program management impacted on your ability to deliver activities to meet the outcomes. What was successful about your approach? What would you do differently next time? Please include strategies to better meet the outcomes for the Program extension if you have developed them. Please do not duplicate information you provided in sections 3 and 4 above.

Producer awareness of the benefits and value of strategic planning, business management skills, and professional advice is increased (PO1)

As above

Participants have an increased understanding of their farm business drought resilience level (PO2)

Refer to PO2 section above

Participants have an improved capacity for strategic business management and decision making (PO3)

Refer to PO3 section above

Participating farmers have improved farm business planning in place (PO4) Refer to PO4 section above

Participants seek to implement their Farm Business Plan (PO5) Refer to PO5 section above

Participants have improved natural resource management and planning skills and capability (PO6)

Refer to PO6 section above

Participants have greater awareness of the importance of personal and social resilience (PO7)

The **scope of 'social resilience' was unclear and changed over time**. The evaluation found a lack of clear understanding of social resilience, and whether it was in scope. Two program team members said that the initial scope was too broad, and some workshops (particularly those listed under 'social resilience') were not aligned with the goals of the program. One team member said that the initial scope did align with 'social resilience' and was relevant to the broader goals of the program.





Formal or informal (peer) networks are established / utilised for farmers to share their knowledge and learning (PO8)

Refer to PO8 section above

## 6. Program Management

#### **Communications**

Collaboration between **program comms and the delivery partner** was inefficient. The role of developing communications assets was shared between the two agencies rather than being outsourced to the delivery partner. This meant that materials were assembled and disseminated by the delivery partner, but any minor changes had to be approved by the DPI before they could be released, which could take weeks. Two team members and four delivery partners said that the communications processes were inefficient and inappropriate.

#### Risk

The program team may have **lacked project management capacity**. Findings workshop attendees suggested that while the program team brought significant farm experience, there was a lack of project management capacity and missed opportunities to train staff early in the program. This was compounded by the challenges filling and retaining the program manager role. The **inability to fill the benchmarking role** prevented delivery of the benchmarking component. The program team tried to recruit for this role but was unable to find a suitable candidate. One program team member explained that feedback from applicants suggested that the short-term and regional attributes of the position were barriers to accepting this role.

**Late recruitment** delayed delivery of the Young Farmer Business Program events. The program recruited a new staff member to manage the Young Farmer Business Program after the previous program team left early in the program. The new staff member was recruited in November 2021, three months after the previous team member left and five months into the program with no events delivered. Two program team members explained how that this late recruitment delayed the delivery of Young Farmer events.

#### **Opportunities for sharing learnings**

Shift the focus from outputs to collaboration and needs: The state's emphasis on outputs (both in design and reporting) over collaboration and needs analysis reflects the priorities of the Commonwealth, its funder. It is the shared responsibility of the Commonwealth and states to ensure the complementarity of programs in this space. The Commonwealth could enable greater coordination by the following:

- Remove or reduce the monthly reporting requirements: the monthly reporting requirements
  were burdensome for the program team and focus entirely on outputs and reach. Time spent
  on monthly reporting requirements could be spent on collaboration and needs analysis.
- Ensure that states collaborate with other delivery providers in their region.
- Develop formal processes for collaboration between jurisdictions, including both delivery teams and comms teams.



