



# Productivity Commission inquiry Future Drought Fund Southern Farming Systems

**17 February 2023**

**Future Drought Fund  
Productivity Commission  
GPO Box 1428  
Canberra ACT 2601**

## **Inquiry to assess the effectiveness of Part 3 of the Future Drought Fund Act 2019**

I am pleased to provide a submission to the Future Drought Fund enquiry being undertaken by the Productivity Commission on behalf of Southern Farming Systems (SFS), a farmer-based group with 600 members in Southern Victoria and Tasmania. Southern Farming Systems have been a 'node' in the Victoria Drought hub, responsible for consultation and delivery of local drought resilience initiatives in Southwest Victoria as well as participating in State-wide and across State projects. We believe our first-hand experience provides some valuable insights into possible improvements in the next phase of the Future drought Fund.

We would like to offer the following constructive suggestions around the scope and future of the fund.

### **1. Drought Resilience Funding Plan 2020 to 2024 and governance arrangements**

The Drought Resilience Funding Plan (2020-2024) is a good document. It is clear, concise and set the right high-level objectives and actions. The high-level governance arrangements are appropriate and effective, especially the advisory role of the Future

Drought Fund Consultative Committee. It is a lean committee with high calibre people on it.

The overall program is also a very welcome initiative and the funding structure allows for long term thinking which is required to achieve a fundamental shift in our response to drought. It could be argued four years is not enough time to achieve a fundamental change in thinking or practice around drought preparedness. However, we believe a four-year funding cycle is appropriate, if good initiatives, that have a proven track record, could be resubmitted and reconsidered for ongoing funding separate to a call for 'new' projects. Evaluation of the merits to refund a project would be based on the MEL documentation submitted from the previous project.

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*Recommendation 1: Make provision for refunding previous initiatives if there is sufficient evidence for their continuation.*

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## **2. The Victoria hub, structure and consultation**

The hub and node model established in Victoria is a good structure because it utilises established, locally trusted organisations as the face of the drought initiative. The existing connections and networks have meant the nodes have hit the ground running. The nodes have been able to implement a consultation approach (details in attachment 1) that has built, and continues to build, invaluable relationships that will be used in the future. It is very cost effective. We note this contrasts with some other States, where the consultation/call for ideas was done at the start of the funding plan but with limited follow up.

The reason for favouring a rolling consultation is threefold;

- Thinking and opportunities evolve over time. The more people discuss issues, the more opportunities arise.
- It gives time to do the due diligence and market research so future FDF investments have a sound rationale behind them. Funding calls with short time times make this much harder to achieve.

- It gives Regional Development Corporations and other private businesses time to realign their strategic planning and investments to support drought co-investment (see later).

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*Recommendation 2: Make a rolling consultation process a requirement in the next funding plan.*

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While SFS is a supporter of the hub and node model, it would be unwise to assume the structure and headline partners enrolled in 2020 remain the best organisation and structure post June 2024. It can easily get top heavy and inefficient. Through the extensive consultation we are now much clearer of the types of challenges we need to address. Inviting new partners into the hub and reducing the role of others, while uncomfortable at the time, is prudent. Continuous improvement of the hub arrangement and efficiency in delivery (e.g. staffing, roles, resourcing etc) should be a requirement associated with each funding cycle. This would be hard to do internally, so we suggest independent evaluators review the current structure and with consideration to the findings, let each hub recommend the best structure going forward. This is simply good business practice.

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*Recommendation 3: Make each hub (independently) review the current partners involved, resource allocation and how the skills set brought by partners align with the objectives of the FDF and the needs identified from the consultations and priorities.*

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### **3. Expectations for engagement with Traditional Owners, State Agencies and Research and Development Corporations**

There was a clear directive for the FDF to engage with other parties, especially Traditional Owners and RDCs. This has been difficult to achieve, even to the point of being counterproductive.

Traditional Owners were overwhelmed with requests for input. They simply did not have the personnel to respond, yet there was this ongoing expectation to involve them. While the intent is sound, the practicalities were near impossible to meet.

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*Recommendation 4: Redesign the approach to engagement with traditional owner at a State and Regional level.*

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Engagement with RDCs was also problematic because they run a separate process to identify priorities and much of their funding had already been allocated to investments. Unless priorities were similar, the ability to partner in projects was minimal, especially when there was limited time to make a commitment with funding submission deadlines. States were each approaching RDCs with proposals. The engagement with RDCs needs to start by partnering during the consultation stage so they can realign their priorities over time.

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*Recommendation 5: Redesign the engagement with RDCs, which recognise their existing internal processes.*

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Agriculture Victoria are a key stakeholder in Victorian drought preparedness, yet they were funded by the FDF to undertake the development of regional plans independent of the hub. Their engagement required consultation with the same organisations, groups and people the hub was aiming to consult and work with. While efficiencies were worked out between AgVic and the nodes, it created significant confusion with the target audience which was unnecessary. This was not the best role for AgVic to play.

AgVic should play a more prominent role in the Victoria hub, which would provide a stronger 'buy in' of the State Government into the FDF objectives, but it needs to be done as part of a single approach, with clear expectations of what they bring to the table, how they utilise the ideas from the regional consultations, and not as a separately funded entity i.e. AgVic are supported through hub funding and not separately. Recommendation 2 would address this revised inclusion.

#### **4. Calls for FDF projects and reporting**

There were too many discrete calls for funding proposals. A large amount of time was spent developing project proposal, often at short notice and without adequate time to do the due diligence and planning required to develop first class projects. RDCs and private organisations could not respond in time, so co-investment was not achieved. Having a known date to work towards (like RDCs do with research calls) enables projects to be developed with adequate timing.

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*Recommendation 6: Replace the multi project call with an annual call for well researched R, D & E projects that meet the criteria specified in the new Drought Resilience Funding Plan.*

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Reporting was also problematic because it kept changing depending on the grant round. Sometimes ridiculously detailed information was required, other times general information was sufficient. We needed to build different data collection methods depending on the project. Reporting creep added to the frustration. After 4 years we should be able to settle on an agreed and standardised way of collecting the MEL data required.

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*Recommendation 7: Develop an agreed MEL reporting package that is adhered to for the duration of the next funding plan.*

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The inclusion of the innovation component was a distraction. It drew attention away from the main task of consulting, understanding and developing projects that what would build long term drought resilience. We started chasing rainbows! Southern Farming Systems have been innovative in building high rainfall agricultural systems since we formed in 1995. However, we never set out with innovation as the goal, innovation is just part of how we deliver cutting edge practices. The critical parts of our innovations are a clear understanding of the barriers and opportunities, well researched ideas with the best players and then finding funding partners who are willing to take a risk. Innovation happens if you get this right.

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*Recommendation 8: Disband the innovation part of the drought hub and embed the thinking into the future drought component.*

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Some recurring themes have emerged in Victoria from the rolling consultation. The same issues have also been raised in other States and Territories. For example, mental health is common, as is better decision making (trigger points) and even specific practices such as confinement feeding of livestock. However, there is no mechanism to make these national initiatives (which is what they require to address them properly). Instead we compete with other States because the funding cap on a project limits collaboration. This is not efficient and is less effective than it could be.

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*Recommendation 9: Create a mechanism to generate and fund national initiatives identified from the 2020-2024 consultation process.*

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## **5. Other considerations**

Southern Farming Systems strongly endorse the suggestion to include climate change or hazard planning / management in the remit of the hubs. We know the devastation extreme events can have and how quickly we can go from one extreme to the other. These climate events ultimately cause the same outcome – human and animal suffering, damage to assets and loss of income. This is what the FDF is trying to reduce/avoid by communities being better prepared. In numerous consultations people asked “what about fire, flood” etc? It is logical in the mind of stakeholders, it should also be in the FDF. The climate cycle embedded in our consultation process (attachment 1), would enable these considerations to be incorporated.

I trust you find these comments useful and would be happy to discuss further with the Productivity Commission.

Yours Sincerely,

**Scott Chirnside**  
**Chair**  
**Southern Farming Systems**