

11 July 2023

Productivity Inquiry  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

# SUBMISSION TO THE INQUIRY INTO THE EFFECTIVENESS OF PART 3 OF THE FUTURE DROUGHT FUND ACT 2019

Final submission in response to the Interim Report on the Future Drought Fund

Dear Commissioners,

The Future Drought Fund (FDF) Consultative Committee (the Committee) wishes to make a further submission to the Productivity Commission's (the Commission's) Inquiry into the effectiveness of Part 3 of the *Future Drought Fund Act 2019* (FDF Act). This submission is in response to the Interim Report released on 13 June 2023.

## AREAS OF GENERAL CONCURRENCE

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We would firstly note that the Committee is pleased to see that the Commission has agreed with many of the points that we raised in our earlier submission.

### FEWER, BETTER INTEGRATED, AND LONGER PROGRAMS

We agree with the key point made in the Interim Report that the FDF should have fewer, better integrated and longer programs in the next funding cycle. Longer programs are more likely to be effective in driving meaningful change. We are also firmly of the view that integrated programs should foster triple bottom line results to achieve maximum impact.

### COMMUNICATING RESULTS AND KNOWLEDGE MANAGEMENT

We also agree that more needs to be done to share information on drought resilience as well as to communicate FDF activities and outcomes. We note [Interim Recommendation 2](#) suggests that a knowledge management system should be established.

The Committee has considered this matter several times and at our request, the department commissioned advice to identify the best ways to provide drought resilience information to farmers. We found that investing a single platform would not meet the needs of final users, especially farmers.

Conveying information through existing local networks, such as trusted advisors, grower groups, NRM organisations, peer groups etc. is the most effective way to disseminate FDF data and knowledge. Communication efforts should champion human impact case studies, noting learning captured in this format has historically had the greatest impact on farmers, their trusted advisors and other service providers. Despite this being the preferred way to share knowledge, we unfortunately have observed that the department was often resource constrained on this and other FDF support activities. It is our suggestion that the department needs to be adequately resourced to undertake this communications function.

There is a role for government in making information available and it is important that efforts are made to reduce duplication of research. A knowledge management system may aid coordination of drought resilience activity and/or knowledge but this would largely be for the benefit of enablers (governments, research and other organisations) rather than farmers and service providers themselves. There are also many existing platforms and tools that may meet this need.

## LEGISLATED REVIEW AND PLANNING CYCLE

The Committee notes [Interim Recommendation 4](#) regarding the timing of the Commissions' next review. It is our view that the suggested modifications to the FDF Act may provide some assistance, especially to the Commission, but do not address the underlying problems in the timing and sequence of legislated activities. In particular, the suggested change will not greatly assist the next Committee and their stewardship of the Fund.

Continuity from one Funding Plan to the next is essential to maximise benefits from the Fund. Suggestions to improve continuity include reappointing two members of the Committee for two years and considering only minor modifications to the existing Funding Plan – with a view to working towards enduring, longer term Funding Plans.

The Commission might consider the need for a 6–10-year Funding Plan as an appropriate timeframe to reflect the long-term nature of the drought resilience objective. It would ensure that the Commission has a greater evidence base to inform their considerations, noting findings in the Interim Report suggest it is too early to assess many programs. Programming decisions would need to be reviewed in the intervening period, in accordance with the Monitoring, Evaluation and Learning Framework to ensure we are on track to achieve the longer-term objectives.

## MONITORING, EVALUATION AND LEARNING

We note [Interim Finding 4](#) and agree with the importance of developing enhanced metrics for drought resilience in economic, environmental and social outcomes. We would note that the FDF has made a significant investment (\$1.5 million) into the measuring the impact of social resilience as part of the new *Helping Regional Communities Prepare for Drought Initiative* which is yet to conclude.

The Committee is strongly of the view that more investment in monitoring, evaluation and learning (MEL), is required and it has been our observation that with resourcing, this could be done much better, driving better program outcomes as learnings are applied. The Committee suggests potentially ten per cent of the funds committed each year should be invested in MEL, impact assessment, communications and consultation. The government could agree to this investment as a specific Funding Principle.

## HUBS

We note [Interim Recommendation 5](#) to continue and improve the Hubs program. The Committee supports an independent performance review of each Hub to refocus efforts. This would also address governance, funding decisions and distribution, and reach.

Members of the Committee also feel it important to give the Hubs time to further demonstrate their value. This is due to the short life of the Hubs to date (approximately two years). It is suggested that timing of the Commission's next review will mean that most Hubs should be well past their start-up phase, with ongoing value being assessed against their impact. In addition, any learnings from an independent review in the intervening period could ensure that the Hub model is adequately focused and performing as originally intended.

We met with the eight Hubs recently and were impressed by the evident collaboration of the Hub Directors and their staff in meeting regularly to swap ideas and share learnings. Many Hub partners have not worked together previously which makes this a noteworthy achievement. The Communities of Practice established on knowledge brokering and First Nations engagement appear to have value and are driving outcomes. The self-initiated, collaborative cross Hub projects are another excellent example of efficient and mutually beneficial work programs.

## LANDSCAPE PROGRAMS

We agree on the important drought resilience public good benefits generated by investing in environmental/landscape scale projects. Delivered at a broad scale, these projects through peer-to-peer interactions also deliver social benefits, which maximise outcomes. It is noted that priority should be placed in the extension and adoption of good practices. We also note that driving landscape scale outcomes can be challenging, working at scale with multiple landowners involved in delivery – requiring longer timeframes.

The research, development, extension, adoption and commercialisation sector is complex, with many moving parts and players. It will be important for the FDF to continually evolve to reflect the role and activities of Research Development Corporations, farming systems groups and Natural Resource Management organisations – and work to provide additional value.

## CLIMATE INFORMATION SERVICE

We note [Interim Finding 6](#) regarding Climate Services for Agriculture Platform and the Drought Resilience Self-Assessment Tool (DR.SAT). The Committee would support an independent review of the tools to determine future funding and/or integration as well as the merits of establishing an independent oversight committee for the programs should they continue in their current form or similar.

## ADDITIONAL MATTERS THE COMMITTEE WISHES TO RAISE FOR FURTHER CONSIDERATION

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### LIKELY IMPACT OF FDF PROGRAMS

[Interim Finding 1](#) states that it is too early to assess the impact of the Fund and its programs. However, subsequent commentary suggests that long-term change and improved resilience is unlikely due to the short-term nature of some programs.

While the Committee agrees that longer term programs are required, and championed this opportunity and its benefits, we find this commentary disappointing. While it may be less likely it is not unlikely. It is in fact, the Committee's view that current FDF programs have delivered the foundations required for long term change and that these can be built on. These programs have been designed to drive regionally based capacity within the agriculture sector, to lead participants to develop their own drought resilience actions. Action led by the communities and regions impacted by drought is what is required to ensure enduring long term economic, environmental and social outcomes. These actions are essentially facilitating national enabling frameworks which are essential to building drought resilience.

The impact has not been measured yet, which is to be expected after only 3 years into delivery (two years for the Hubs and less for other investments). But we have heard qualitative evidence which suggests programs are having the intended effect, including driving new regional collaboration, increased farmer planning, increased capacity and the start of on-ground behaviour change to name a few. It is agreed that MEL reporting needs to improve and well-resourced impact assessments will need to be conducted to determine the level of change. It is also important to re-iterate that early steps have been taken to deliver longer-term programming, for example the Long-term Trials program.

### FOCUS ON CLIMATE RESILIENCE VS DROUGHT

[Interim Recommendation 1](#) states that building resilience to climate change should be more explicitly recognised as an objective. The Committee notes that the Funding Plan and resulting investments already acknowledges both drought and climate resilience. We should not be seeking to further broaden the scope, but rather to maximise outcomes for the agriculture sector and rural communities in the face of drought which is expected to increase in severity and frequency due to climate change.

Currently, drought preparedness is the entry point – meaning that any broader climate resilience project needs to be able to identify direct and tangible drought resilience benefits. This ensures activities are adequately targeted to drive impact at scale given the quantum of funding available. We note there is a risk that casting the net too broadly will increase demand on the Fund and may not allow us to effectively prioritise, focus and resource the efforts of the Fund – something the Interim Report has said is needed.

We also note that there are many Australian and state and territory government programs on climate resilience already. One of the many examples includes a \$200 million investment by the Clean Energy Finance Corporation and the CDPQ for the Wilga Farming Platform to improve productivity while reducing emissions on a broadacre farming property.

There is a high risk of duplicated effort and confusion for stakeholders. It is also noted that the broad nature of terms like climate adaptation, climate resilience, disaster resilience and climate mitigation will be problematic in ruling activities in and out, for example:

- Climate adaptation includes actions to address coastal erosion, but also frost risk.
- Climate mitigation includes actions to encourage renewable energy, but also soil carbon.
- Disaster resilience includes infrastructure investments including flood gauges, but also building natural capital.

While it is important that the FDF is engaged with other bodies on the broader issues of climate resilience, including sharing learnings, it is essential that the drought focus of FDF is not lost. In the absence of such

significant initiatives focussed on drought, we note the current outlook with drier conditions approaching and, are concerned that there is still much more to be done to boost drought preparedness.

We also have a concern that a greater focus on climate resilience without legislative change may mean we are going outside our legislative mandate. We suggest that no legislative change is necessary.

## PRIORITISING ENVIRONMENTAL RESILIENCE

The Interim Report's position on the importance of the triple bottom line approach (economic, environmental and social) is unclear in places. While support for this approach is noted, there is a clear suggestion that environmental resilience should be prioritised, and an implicit suggestion that social resilience should be deprioritised – this is not supported by the Committee. We note that investment in farm, soil and land management practices (including what can be termed as NRM) is already a significant focus across FDF programs with dedicated programs and activities embedded in multiple programs, including through most programs under the "Better Practices" theme.

The Funding Plan emphasises triple bottom line outcomes – to build economic, environmental and social resilience – and we see all three elements as equally important to improve resilience. This approach is supported by academic literature on resilience theory. This is not to say that each objective should be equally resourced. We support flexibility in resourcing these objectives depending on local and regional drought resilience needs.

In the consultations led by the Committee, stakeholders were very clear about the need for community initiatives to support drought and broader resilience. Building social capital is particularly important in facilitating change, especially in the agriculture sector, which has a distrust of government and preference to act based on the advice of trusted advisors within their community, regional and industry. Social resilience is a crucial piece of the drought resilience challenge – it is regional communities who are impacted by drought, and it is the people in those communities who, if supported, are best placed to take locally appropriate decisions about how best to prepare for drought.

Difficulty in measuring social resilience impact should not mean that it is not invested in. We note that the FDF has already made investments to better understand and measure social resilience outcomes.

Noting the Commission's findings that it is too early to assess the impact of programs, we do not support the prioritisation of a single element of FDF's triple bottom line – economic, environmental and social strategic priorities (noting that each are of equal priority though not necessarily equally funded).

## THE IMPORTANCE OF PLACE-BASED ACTIVITY

The Interim Report does not sufficiently recognise the importance and value of place-based activities and learning to achieve practice change. Regional, local, place-based activity is by its very nature likely to be less efficient and more costly to implement, but far more likely to be effective in delivering change. Activities are nuanced for local circumstances and made relevant for the audience to drive impact. This was a major component of feedback received in our 2019 consultation, and it has featured strongly in the delivery of the Hubs program, the two planning programs and three community programs. We stand by its value.

We note [Interim Finding 11](#) but recommend that the Commission rethinks the suggested approach. We note that the *Helping Regional Communities Prepare for Drought Initiative* already encourages a high degree of integration with the *Regional Drought Resilience Planning* program. It is only at its early stage of rollout, but we have seen early examples of regional plans being used to inform more detailed co-design of support packages focusing on community and social resilience.

[Interim Finding 8](#) suggests that regional plans could be improved. This is at odds with the commentary in the report that suggests government should reassess the value of this program and potentially reallocate the program funds. The Committee does not support this suggestion of reallocation. However, we would welcome a discussion on tangible suggestions to improve the program.

We would stress that drought resilience and transformational change is a long-term challenge. To create transformational change as suggested by the Commission, we need to support longer-term adaptation pathways. This means that programs need to be afforded the time, support and resources to see through incremental, transitional and transformational actions. It is early days for the program and while there is room for improvement the program should not be prematurely disbanded.

It is agreed that regions need to own the vision and actions to build drought resilience. But it takes time to build relationships, trust and institutional capacity to support this. Regional plans are a fantastic asset and go a long way in establishing drought resilience thinking at a regional scale in Australia.

The *Regional Drought Resilience Planning* program has so far focused on building the foundations needed to create ownership of actions – firstly bringing together people with different roles and a dedicated process to focus on planning for regional drought resilience. The Committee has been briefed on the key themes arising from the initial 15 draft plans. The outcomes were broad and reflect the complexity in building drought resilience and transforming complex socio-economic systems. We should continue to invest in this process.

### FIRST NATIONS ENGAGEMENT

The Committee would further stress that engaging with First Nations people is most appropriate at a local scale, through Hubs, farmer groups and regional groups. Creating respectful and reciprocal relationships must be through place-based activities to ensure mutually beneficial outcomes. The Committee recently heard from the Hubs that engagement with First Nations is a priority and is acknowledged this will continue to be improved and enhanced.

Reducing investment in local, community building activities as suggested in the commentary surrounding the place-based programs and value of social resilience is at odds with the discussion in [Interim Finding 5](#) which seeks to improve participation, engagement and benefits for Aboriginal and Torres Strait Islander people. The Committee does agree that there is a place for FDF programs, at a national level, to further encourage First Nations engagement as part of its ongoing strategy.

### PUBLIC GOOD

We consider the Commission’s analysis of “public good” to be too narrow and at odds with the agreed importance of addressing market failures. Specifically, the *Farm Business Resilience* program and the *Drought Resilience Scholarship* program should be acknowledged for having strong public good elements, by addressing market failures (e.g. farmers not investing in planning), capability building and knowledge sharing. It is noted that both programs encourage tangible actions relating to soil and land management and farm activity as a direct result of the educational aspects of the program. These actions combined are expected to reduce the need for government support in the next drought.

We note [Interim Finding 7](#) about the potential of the *Farm Business Resilience* program to deliver public benefits and seeking ways to increase this by focusing more on NRM outcomes. The Committee believes that NRM already features strongly in this program, and where it doesn’t, it reflects deliberate decisions to avoid duplication based on the local context. The Interim Report itself notes the impact already had by the program, with very high confidence rates by participants who wish to change their behaviour and/or make changes to their farm business as a direct result of the program.

### CLOSING COMMENTS

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The Committee would like to acknowledge the substantial work undertaken by the Commission to date and thank them for this Interim Report. We would be happy to discuss any of the matters raised. Finally, the Committee would also like to acknowledge efforts of the department in supporting the FDF and in particular, successfully establishing the many programs, in this still new endeavour of building drought resilience. We would also like to recognise the efforts of the department to consider the interim findings of the Commission as well as multiple other reviews, particularly the 2022 Review of the National Drought Agreement, as they plan for the next phase of the Future Drought Fund.

Your sincerely

Brent Finlay

On behalf of the FDF Consultative Committee

11 July 2023