



Northern Hub

Response to the

Productivity Commission Interim Report

**Inquiry into the effectiveness, efficiency and
appropriateness of Part 3 of the Future Drought Fund Act
2019.**

The Northern Hub welcomes the opportunity to respond to the Productivity Commission's interim report of the Review of Part 3 of the Future Drought Fund Act. We consider the interim report to be thorough and insightful.

The Northern Hub has established and is continuing to build connections within northern WA and the NT. We have come a long way in our short existence, and this report provides an opportunity for us to reflect on what we have achieved and where we are heading. The Hub welcomes the Commission's interim recommendation that funding for the Drought Resilience Adoption and Innovation Hubs should be extended in the next Funding Plan. The Hub is also supportive of;

- A clearer definition of the Hub's roles within the architecture of the FDF.
- A refinement of the outcomes the hub will be measured by in the short, medium and longer term (MEL).
- A greater focus on longer-term transformative change.

Information request 1

Explicitly recognising climate change resilience as a priority for the Future Drought Fund could increase the types of activities eligible for funding. The Commission is seeking views on this proposed change, including:

- *given the limited resources available to the Fund, what climate change resilience activities should and should not be funded?*
- *whether changes are needed to the governance arrangements of the Fund.*

Whilst the Northern Hub supports an expanded focus to include climate change resilience we do not feel that it would be necessary to explicitly recognise it as a priority for this to be achieved. The current definition of drought resilience provides enough flexibility to work on climate resilience related projects.

If it were to be more explicitly recognised however, the change would assist the Hub in branding itself and being seen as more relevant to our stakeholders. There is an opportunity for Hubs to work locally within our regions to identify funding priorities across the spectrum of climate issues.

We believe the Fund should focus on changes that land managers can make to improve their resilience to climate variation and climate change. In particular, to improve land managers' access to and use of information/tools to reduce their risk, sustain their natural resources, and maintain continuity.

We believe the Hubs should be the regional face of the FDF, adapting programs to fit regional circumstances and directing funding to the most beneficial ends.

Information request 2

The Commission is seeking views on whether and how the Future Drought Fund can achieve greater environmental and economic resilience through more investment in natural resource management activities. The Commission is also seeking views on:

- *how existing programs could be adjusted, and what activities should be funded, to achieve mutually reinforcing environmental and economic benefits*
- *how these outcomes – and the causal links between actions and improved resilience – could be best measured*
- *how Future Drought Fund activities should interact with the National Landcare Program and other natural resource management programs.*

Resilient land management is directly linked to carbon and biodiversity. Through the Hubs, the FDF could take a greater role in improving producers' knowledge of the opportunities and risks associated with these ecosystem services and their emerging markets in a variable and changing climate.

There is partial overlap between FDF and NRM programs in the management of natural resources within a land-based production system, which have benefits to both the public good and individual businesses. We believe the overlap is justified by the importance of preserving nature. The FDF's primary focus should be on sustainability of production systems for the benefit of businesses, while the NRM primary focus should be on preserving the public good across multiple land-use types.

Information request 3

The Commission is seeking views on how the Future Drought Fund can best support social resilience, considering the roles that state, territory and local governments play. The Commission is also seeking views on:

- *whether existing programs (outside the Better Prepared Communities theme) could be adjusted to better achieve flow on benefits for social resilience, and if so how*
- *how social resilience outcomes can be best measured.*

Social resilience is difficult to both measure and maintain. The Northern Hub believes that it requires a response at both a national and local level.

We believe the best way to provide locally relevant support to communities is for the Hubs to work with local government to identify needs and allocate funding. Local government is best placed to allocate funding effectively among pre-existing programs in their region. The Hubs are best placed to ensure that FDF funding for social resilience is coordinated across their region and that funded activities adequately address FDF objectives within a localised context.

Mental health issues require a one-on-one connection and a national approach. We would like to see greater investment at a national level to continue to raise awareness of problems and solutions.

We also believe mental health is one of many reasons for us to maintain a high level of face-to-face communications of the Hub's node staff with producers.

Information request 4

The Commission is seeking views on:

- *the extent to which the suite of programs, as well as individual program design and program monitoring, evaluation and learning plans, align with the theory of change and program logic how the program theory, and its use, can be improved to better guide investment, prioritisation, program design and monitoring, evaluation and learning in the next Funding Plan period.*

The program theory has been shaped around drought resilience and much of the FDF visual media presents southern production systems. The program theory has been workable for the Northern Hub, but is sometimes an uncomfortable fit of a theory developed for different systems and constraints.

For our region characterised by extreme remoteness, the most fundamental pillar of implementing change is to build relationships. When service providers have a trusted relationship with producers, conversations can flow and lead to practice change. However, relationship-building relies on time and travel costs, which are manageable for the agriculture/horticulture sectors but extremely costly for the pastoral sector (an 800km each-way trip to attend an event is common. Node staff travel can feel more like an expedition than a trip).

Thus, for our region we would like to see the program logic and subsequent resourcing have a greater focus on building and maintaining relationships between the Hub's node staff and producers.

Information request 5

The Commission is seeking views on its suggestions for the next Funding Plan. These suggestions include that:

- *the Funding Plan should explain how the Future Drought Fund (FDF) and its programs align with the National Drought Agreement and other relevant policies*
- *the objectives and strategic priorities should be clarified, particularly those related to social resilience*
- *the principles should be revised to provide clear guidance on which principles should be met by the suite of FDF programs and which principles should apply to each arrangement and grant*

- *the Funding Plan should be accompanied by an investment plan that identifies priorities for funding and eligible activities, the sequencing of programs, and how the different programs work together.*

The Northern Hub agrees with the Commission on these four suggestions. In addition, we believe the Hubs should be integrated more deeply into FDF planning and delivery of programs, though recognising that this may preclude us from participating in delivery of some activities. The Northern Hub holds a unique position in our region by collaborating across organisations at multiple levels of seniority. We are uniquely placed to recognise the competitive strengths and capacities of each organisation, and to identify gaps and duplications in service delivery.

Information request 6

The Commission has identified challenges with the implementation of Fund and program monitoring, evaluation and learning (MEL). We are seeking further views on:

- *the clarity of MEL requirements for, and guidance provided to, program implementers*
- *what mechanisms might better integrate monitoring, evaluation and reporting with learning*
- *any other specific, practical changes that would improve how MEL is conducted across the Fund*

The Northern Hub has found it challenging to identify meaningful, measurable outputs and outcomes to capture the value of our work.

Outputs:

We think the most important *output* metrics are those that capture relationship-building conversations between Node staff and producers (build the relationships, and the practice change will follow). Nevertheless we have shied away from CRM tools to capture communications, due partly to the difficulty of implementation across our diversity of partner organisations, and partly due to the perverse outcomes that such systems tend to promote.

Outcomes:

We think the most important *outcome* metrics are those around producers' knowledge and planning. Do they have a management plan for climatic extremes? Is it written down? Has it been independently critiqued? Can they demonstrate an in-depth understanding of long-term business sustainability? Currently we are not measuring these outcomes.

A note on case studies:

Case studies are a useful tool for illustrating an otherwise verified fact. People relate to stories, and respond to the wider concept. However, case studies are not evidence and are not valid MEL instruments. There is a case study on social media to illustrate almost every point of view about almost everything, and for each there is a case study to refute it.

A note on technology uptake:

Adoption of technologies is a poor measure of success, since in many cases the conversation around the technology is more important than the technology itself. For example, to interpret satellite data

for pastoral management requires a knowledge of pasture species and nutrition change with phenology. Promotion of the technology is an opportunity for Hub members to discuss concepts around grazing land management and rangeland condition. Whether the pastoralist adopts the tool depends on perceived marginal gain to their decision making, but they will be better equipped to make decisions regardless of whether they adopt. The same argument can be made for any technology for assisting management decisions (e.g.; soil moisture probes).

Information request 7

While there have been challenges with implementing monitoring, evaluation and learning, the Commission is interested in examples of monitoring, evaluation and learning being conducted effectively to track and improve Fund and program performance and outcomes. In particular we are interested in any practical examples from across the Fund and programs, of:

- *program outcomes that are being monitored and measured, and how data is being collected and analysed to do so*
- *longer-term monitoring of outcomes and impact after the conclusion of a program, project or activity*
- *learning activities deliberately undertaken during the course of program or activity implementation, to identify any challenges and other insights, and use these to change and improve implementation*
- *how attribution and contribution has been addressed in monitoring or evaluation*
- *monitoring and evaluation of: – partnerships – environmental resilience outcomes at landscape / multi-property scale – social resilience outcomes – knowledge uptake by the wider sector; specifically, monitoring of how knowledge generated by the Fund has been applied by people beyond those directly participating in a Fund program or activity.*

We believe the MEL plan needs to be reviewed after the funding plan and suite of programs has been reviewed.

There is a strong tendency for activities to become focused on improving productivity, rather than the related FDF goal of improving resilience to climate extremity. This is driven by stakeholder interest, both by end-users (producers) and the Hub's core partners (agricultural service providers). Discussing productivity is essential for building and maintaining good relationships with stakeholders. However, it is currently too easy to downplay the FDF objectives in favour of addressing the requests of stakeholders. The focus on co-design can add to this problem.

The ultimate goal is that when a drought (or climate extreme) occurs, more producers are prepared, fewer producers become insolvent, less environmental damage is inflicted on landscape, and there are fewer suicides. Although these attributes can be measured, there is no baseline since all droughts are different, and the attributes can only be measured when a drought has occurred. An intermediate goal is that producers are able to demonstrate a plan for managing their business and natural resources through a period of climate extremity. This attribute can be measured

independently of a drought occurring, but it is not explicitly addressed by the current activities of the Hub.

Information request 8

The Commission is seeking views about its suggested options to improve engagement with, and benefits for, Aboriginal and Torres Strait Islander people. We are interested in whether these options should be implemented, and if so, what would be needed to ensure their success in practice. Other suggested options are also welcome. The options, which are not mutually exclusive, include:

- *establishing a Future Drought Fund Aboriginal and Torres Strait Islander working group to work with the Department of Agriculture, Fisheries and Forestry to improve the design and implementation of the Fund*
- *requiring the Consultative Committee to include Aboriginal and/or Torres Strait Islander representation*
- *developing a Future Drought Fund Aboriginal and Torres Strait Islander strategy*
- *providing specific funding and resources to Aboriginal and Torres Strait Islander organisations, the Hubs and other relevant organisations to advise on and undertake engagement*
- *improving guidance about how Hubs and other organisations can meaningfully engage with existing networks to foster strong partnerships with Aboriginal and Torres Strait Islander people*
- *embedding Aboriginal and Torres Strait Islander outcomes in the Monitoring, Evaluation and Learning Framework*
- *establishing a specific funding stream for Aboriginal and Torres Strait Islander people and organisations*
- *providing flexibility around some grant criteria, such as the requirement of co-investment.*

Indigenous interests have not been well represented in the initial funding round of the Northern Hub, and we welcome any changes that address this. We estimate indigenous production to be worth 10% of our region's primary economy but of greater social value (see overview below). This value excludes indigenous producers of beef and horticultural products for market sale (, who are represented as members of those industries.

FDF has focused on farmers, which has unintentionally excluded the significant wild-harvesting for direct consumption that occurs in our region. Some wild food sources are thought susceptible to climate change, as are remote communities. To address these issues, the Northern Hub believes the FDF should develop a targeted program that can be administered through the relevant Hubs. Both the issues and the extension methodologies are sufficiently different to the rest of the Hub's activities that it requires a separate program logic and MEL framework.

Overview of Northern Hub indigenous production

The Northern Hub region contains traditional lands of over 100 aboriginal cultural groups who comprise a third of the population and own or manage a third of the land area. The region contains spatially 74% of the Australia's Indigenous Protected Areas. Non-monetary value of natural resources to Indigenous populations is important, with 'connection to country' improving health and wellbeing metrics. Value is realized through (a) commercial tourism, pastoral and horticultural enterprises, (b) providing environmental management services (fire, biosecurity, pest, weed), of which savannah fire management for earning Australian Carbon Credit Units is increasingly important, and (c) management of country to sustain wild harvests for sale and consumption. Total monetary value is estimated at \$204m, excluding pastoral and horticultural enterprises. Half this monetary value is derived from tourism and a further quarter from land management services. Indigenous communities have the lowest carbon footprints but are the most susceptible to climate change. Indigenous production channels income directly to this most vulnerable group. Rising temperatures will further impact health and may limit tourism. Wild food production may be impacted by seawater incursions and more extreme dry periods. Aboriginal owned pastoral stations normally employ or lease out to non-Aboriginal managers.

Information request 9

The Commission is seeking views on the future of both Better Climate Information programs.

- *Should the Future Drought Fund continue funding both Climate Services for Agriculture (CSA) and the Drought Resilience Self-Assessment Tool (DR.SAT)? If so, what information should they provide to whom?*
- *Should DR.SAT be integrated with CSA? If so, what elements of DR.SAT should be incorporated into the consolidated tool?*

We believe the CSA tool has broad value, and that the Dr. SAT tool has niche value.

The CSA tool will be used mostly by agricultural service providers rather than producers, but through them the model predictions will become accepted throughout the community, and will drive long-term change. It is appropriate that producers are able to access this information directly, but the measure of success should be on how well communities understand climate projections for their region, rather than on use of the tool.

The Dr. SAT program is a self-help triage for those producers who will tinker online with the tool, but not talk to others about it. It has merit in providing mental health support to users who are not having in-person conversations. This is a small group of users but with potentially life-saving consequences.

Information request 10

Healthy landscapes support productive farms and contribute to greater drought resilience. The Commission is considering options to enhance the Farm Business Resilience (FBR) program to better support farmers' natural resource management. We are seeking further information on:

- *the extent to which the FBR program already supports natural resource management on individual farms, and how the program can be amended to also support landscape-scale environmental initiatives*
- *how the FBR program can be better used to improve environmental resilience, in tandem with economic resilience*
- *whether and how the FBR program can be better coordinated with other Future Drought Fund programs.*

The Northern Hub partnered with NT Government to co-deliver the Farm Business Resilience in our region. This meant that the outcomes of this program were not purely economic and limited directly to the farm business.

The program we ran delivers these requirements under four key pillars of resilience – Business, Environment, Economic, and Social. An entire day is spent on environment and farm water use efficiency with elements of Building Environmental Resilience, Water Use Planning and Technologies to Build Drought Resilience, Climate Resilience & Farming Systems Innovation (including carbon farming opportunities, FWUE, and diversification) and Environment Resilience Measures.

Information request 11

The Commission is seeking views on how the Regional Drought Resilience Planning program can be improved, including through better integration with other Future Drought Fund (FDF) programs, stronger governance and public reporting. The Commission is also seeking views on whether the Australian Government should reassess the value of the program and consider options for reallocating funds to other FDF activities

As a Hub, we were aware of the Regional Drought Resilience Planning program in our region, and the Knowledge Broker attended one of the planning workshops. However, we have not seen any outputs from the program or been advised of any resulting actions.

This program would be improved in our region by having more direct involvement from the Hubs and their nodes during planning and promotion.

Information request 12

The Commission is seeking views on whether the Future Drought Fund should be supporting agriculture innovation and if so, what types of innovation it should fund. If Innovation Grants

continue, the Commission is considering whether the Innovation Grants program could be improved by adopting a 'challenge-oriented' approach whereby the Australian Government outlines specific resilience challenge and invites applicants accordingly. The Commission is requesting feedback on:

- *whether this approach is worthwhile*
- *whether similar approaches have been effective in other jurisdictions*
- *what the process should be to identify and define challenges*
- *how to scope and stage a 'challenge-oriented' approach appropriately, given funding limits.*

The rollout of the \$2.5m innovation funding to Hubs was rushed. In the Northern Hub this resulted in funds being allocated to applied research, rather than to the incubation of innovation.

Operating an innovation incubator requires a cavalier attitude to risk and more than a high tolerance of failure. It requires an expectation that viable candidates have already failed and have learned from the experience, but will likely fail again. The culture that supports this attitude to risk is inconsistent with the FDF culture of program logics, progress reports, and MEL.

The information sessions that accompanied the innovation fund (Feb 2022) were aimed at facilitating transformational change to existing systems. This is not innovation in the startup sense, but is innovation in the sense of bold revision of existing systems and processes. There is merit in the FDF continuing the fund to facilitate transformational changes to existing systems, but the FDF is not well placed to be involved in the incubation of startups.

Information request 13

The Commission is seeking views on the appropriateness of programs delivered under the Better Prepared Communities programs (Networks to Build Drought Resilience, Drought Resilience Leaders and Helping Regional Communities Prepare for Drought). The Commission is considering ways to better target the role of the Future Drought Fund (FDF). The Commission is seeking views on the following three options:

- *maintain current arrangements and improve integration with other areas of the Fund*
- *explicitly tie community grants to regional drought development plans*
- *focus the FDF on economic and environmental programs with social capital developed within these programs*

The Northern Hub believes that Leadership programs are valuable and supports the integration with Nuffield Scholars. Other community funds are in danger of becoming generic in which drought outcomes are addressed in writing but not in spirit. The concept of "community resilience" is independent of the stress a community faces, so we see little value in tying funding explicitly to drought plans. We also think that local governments, possibly with Hub input, are best placed to allocate funding.