



9 March 2023

Commissioner Joanne Chong  
Commissioner Malcolm Roberts  
Future Drought Fund  
Productivity Commission  
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Canberra ACT 2601  
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#### Founding Members

The Australian Government  
The Sidney Myer Fund

#### Patron in Chief

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David Hurley AC DSC (Retd)  
Governor-General of the Commonwealth  
of Australia

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Hon John Anderson AC  
The Rt Hon Ian Sinclair AC  
Mr Bill Kelty AC

#### Chairman

Mr Tim Fairfax AC

Dear Commissioners,

FRRR welcomes the opportunity to make this submission to the Productivity Commission's inquiry into the effectiveness of Part 3 of the Future Drought Fund Act 2019.

Our submission aims to provide the Inquiry with:

1. a summary of FRRR's experience with the Future Drought Fund (FDF);
2. evidence of the effectiveness of the programs in supporting drought resilience for communities under the Better Prepared Community theme;
3. recommendations for increasing the effectiveness of both granting programs and the processes and systems used in governing and administering the FDF; and
4. consideration of broadening the scope of the FDF to include resilience to climate change.

We look forward to hearing the Productivity Commission's recommendations and seeing how this helps to evolve FDF programming in the future.

## About the Foundation for Rural & Regional Renewal (FRRR)

The Foundation for Rural & Regional Renewal is the only national foundation specifically focused on ensuring the social and economic wellbeing of remote, rural and regional communities.

Established in 2000 with the Australian Government and the Sidney Myer Fund as members, FRRR connects common purposes and funding from government, business and philanthropy with the genuine local needs of rural people and places. FRRR provides funding and capacity building support at the hyper-local level; aligning funding, big and small, to community-led solutions that build resilience and long-term viability and vitality of smaller remote, rural and regional communities across Australia.

Since its establishment in 2000, FRRR has delivered in excess of \$155 million to more than 13,000 local projects.



## Why investment in Communities is important

FRRR commends the Australian Government on the recognition of the importance of social capital within the Future Drought Fund Funding Plan. One of three of the Fund's objectives was to "enhance the public good by building drought resilience through programs that will strengthen the wellbeing and social capital of rural, regional and remote communities."

Over its 23 years of operation; FRRR has built a strong evidence base of effectively supporting remote, rural and regional communities to build social capital. Across all FRRR programs, the vast depth of investment focuses on the change that is created when funding volunteers and locally based not-for-profit organisations who provide vital support across the social fabric of communities. This includes:

- Of the \$19.8 million FRRR distributed during 2021/2022, \$14.5 million (73%) related to building organisational capacity, developing awareness, skills and knowledge, or providing access to services or activities. The remaining \$5.2 million related to the indirect, but equally critical, investment in infrastructure and equipment.
- Additionally, FRRR has invested \$26 million over the past three years, in activities relating to the building of community level resilience, and developing organisational resilience and capacity, representing 52% of all FRRR investment.
- In relation to broader climate related impacts and disruptions, FRRR's track record of supporting communities to build resilience has seen us distribute more than \$58 million to communities specifically for disaster recovery and preparedness. During 2021-2022 alone, FRRR supported 475 grants (62% of all grants) in recovery and preparedness (including drought).

In the specific context of drought, FRRR has always supported communities to manage the impacts of, and increasingly, enhance preparedness for drought. This has occurred through a wide variety of multi-year programs with three specific mechanisms building social capital:

- 1) The 'in-drought support' investment mechanism of FRRR's Tackling Tough Times Together program supported 430 projects across Australia investing \$13,950,000 in federal funds while leveraging an additional \$17,000,000 from other donors and community level investment, since 2014. Focus areas indicate a significant weighting (approximate average of 48% of all grants) of communities seeking support for projects that aimed to build the capacity, capability and sustainability of local not-for profit organisations to provide support to their communities, particularly where they are playing an increased role during the drought; or support to engage the community in leadership development and skills training. While this program is yet to be formally evaluated (due to commence in July 2023), the locally driven requests, final project reports to date and anecdotal evidence gathered so far from communities indicates a very strong need for and importance of long-term investment in social capital to offset the impacts and challenges that drought presents in communities.



- 2) With the eventual abatement of drought across most parts of Australia during 2020, FRRR welcomed the Government's policy shift to drought preparedness, and in early 2021, were pleased to successfully tender to deliver the Future Drought Fund's Networks to Build Drought Resilience program. This program has recently finished, resulting in the support of 87 projects and \$3,160,545 in Government investment in communities that leveraged a further 55% investment of cash and in-kind investment in social capital.

Through that program, a total of 791 activities engaged 37,841 people across regional Australia, of which 97% of participants were involved in capacity building, training or events relating to strengthening social capital. As a result of the funded activities, an average of 89% of participants rated they were satisfied, very, or extremely satisfied their networks had grown as a result of the activities, with connections ranging from 1 to 6 different sectors engaged per project.

Data indicators in the program's Measurement, Evaluation and Learnings (MEL) framework indicate a strong achievement of Year 1 outcomes relating to the building of social capital, and include 43% of projects reporting a marked increase in network participation ranging from double to triple, quadrupled, or all new.

Sixty-one percent of funded activities involved intergenerational interaction, 34% involved people with a diverse cultural background, and 32% of activities involved First Nations people, indicating a high community appetite for social connection and network strengthening — an FDF MEL Program Logic and Data Indicator of success ('The number of, and participation in, local networks and programs to enhance drought resilience increases; Increased diversity of event network participation').

A rich evidence base has emerged through data and anecdotal feedback in final project reports that reiterate the importance of the investment in social capital building activities. In relation to the Year 2-4 FDF Networks MEL Program Logic Outcome sought in relation to training ('Communities learn from and share innovative ways to build drought resilience'), a key project outcome is evidenced by one participant reporting:

*"It was crucial to begin workshops by breaking down walls and uniting the group to understand they are all in this together and their experiences are not singular. This vulnerability was an attitude shift that proved significantly influential in describing the role social connectedness plays in drought resilience".*

The Agricultural Collective Ltd, WA, Opportunity 1, Tier 2; FDF NBDR Program

- 3) Through the FDF's Helping Regional Communities Prepare for Drought Initiative, and the nearly \$30 million investment to June 2025, FRRR has commenced ongoing social capital building and drought preparedness via a locally driven program design process in 35 regions. The aims of the program are to strengthen and improve the ability of agriculture-dependent communities to adapt, reorganise or transform in response to changing temperature, increasing variability and scarcity of rainfall, and changing seasons, for improved economic, environmental and social wellbeing.



It will do this by investing in projects that seek to strengthen social and community networking, support, engagement and wellbeing. There are five parts to the program, including grants, activities to strengthen leadership, access to expertise to support community-led activities, mentoring support and networking opportunities. It is being delivered by FRRR and the [Australian Rural Leadership Foundation \(ARLF\)](#), who are each taking the lead on different program components.

A significant investment is being made in the evaluation of the program, and the effectiveness of the investment mechanism that will provide further evidence of the benefits of social capital investment, with the final report due in August 2025.

The recent FDF investment, and ongoing feedback from communities across the vast expanse of Australia, continues to strengthen the evidence base to assert the need for sustained and locally determined investment in people and grassroots, not-for-profit organisations to meet the future challenges of a changing and less predictable climate, overlaid disasters and other disruptions.

[Recent research](#) from the University of Western Australia (UWA), and the Centre for Social Impact *Understanding the social impact of drought* (June 2022) points to aligned recommendations such as the importance of infrastructure, good governance, population retention, increased support service networks, strengthened community social networks and social capital, effective responses to supporting mental health, and alignment of resilience frameworks with the noted importance of locally defined data indicators.

A strong synergy exists between the evidence base gleaned from TTTT and FDF NBDR program outcomes, and this simple diagram on page 8 of the UWA report 'What can be done' to build drought social drought resilience:

- Social Capacity;
- Community Capacity;
- Information and Communications; and to a lesser extent,
- Economic development.



Additionally, FRRR's long term involvement with, and work alongside, disaster impacted communities has also led to the development of the [Critical Dimensions for Community-Led Resilience Building, led by the University of Sydney and supported by multiple literature reviews that provide an evidence base](#) that offer check in points over time and across different aspects of community life (environment, cultural, social and economic) for anyone interested in effectively working on local resilience building.



*“Communities are vital to finding local solutions to local issues. When communities lead and drive resilience building efforts (whether it is focused on natural disasters such as cyclones, bushfires, floods, or storms or community shocks including major services or industry leaving town, accidents, or conflict) these efforts are sustained for longer, have ongoing positive impacts across the community and build local strengths which can adapt to a range of challenges.*

*“There is an increasing focus across communities in Australia and the world on building disaster resilience which will become more urgent as climate change impacts become more widespread. A strong body of research evidence as well as extensive community knowledge on the ground demonstrates that local community-led disaster resilience building enhances more general resilience building and vice versa. We also know from research that resilience building is a dynamic process, not a static state. In other words, resilience is not a goal for communities to achieve, but rather a community's resilience might develop in a bumpy, messy way, with setbacks and challenges as well as times of thriving.”<sup>1</sup>*

Critical Dimensions for consideration include: Inclusion, Networks, Communication, Information, Self-organising systems, Decision-making, and Resources, tools and support.

**FRRR strongly endorses the importance and continuation of investment relating to social capital building across communities, strengthening the social networks ahead of disruption, and recommends that a significant focus remains on social capital in future programs, arrangements and grants made through the FDF.**

## **1. Summary of FRRR's involvement with the Future Drought Fund**

FRRR has been involved in program design and delivery for the Future Drought Fund since making a tender submission in September 2020. This involvement has been as a delivery partner on one of the foundational programs - *Networks to Build Drought Resilience* - \$4.5 million (referenced as Stage 1) and more recently the *Helping Regional Communities Prepare for Drought Initiative* (referenced as Stage 2, and by contract variation), delivering \$19.6M in a joined-up approach with the Australian Rural Leadership Foundation, totalling \$23,393,570 (GST excl) of investment from the commencement of the Future Drought Fund in early 2022. FRRR also acted as a consortia partner to ARLF to deliver the Community Extension Grant component of the Drought Resilience Leaders Program.

The Networks to Build Drought Resilience (NBDR) program was designed to build community capacity by strengthening social and community networking, support, engagement and wellbeing. The program offered three tiers of grants (up to \$20,000; \$20,001-\$50,000; and \$50,001-\$150,000) to not-for-profit organisations totalling \$4.5 million over an 18-month period. Key outputs across four areas of funding

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<sup>1</sup> Howard, A., Rawsthorne, M. and Joseph, P. (2022) Critical Dimensions in Community Disaster Resilience [Fact Sheet], University of Sydney for the Foundation for Rural & Regional Renewal



are detailed in the infographic and a more comprehensive report containing outcomes to date is currently with the Department for approval and will be available for public use pending acceptance.

A brief snapshot of the program income, targets and inputs include:



Our continued involvement with the FDF through the Helping Regional Communities Prepare for Drought Initiative is currently underway, having commenced in August 2022. Consisting of five key elements, the initiative is being delivered in a 'joined-up' way with ARLF until January 2025. The primary investment within the initiative will see approximately \$12 million invested into 35 regions at a local level through a co-designed approach to building drought resilience and preparedness, with a primary focus of social drought resilience building capacity and capability, primarily through local not-for-profit organisations.

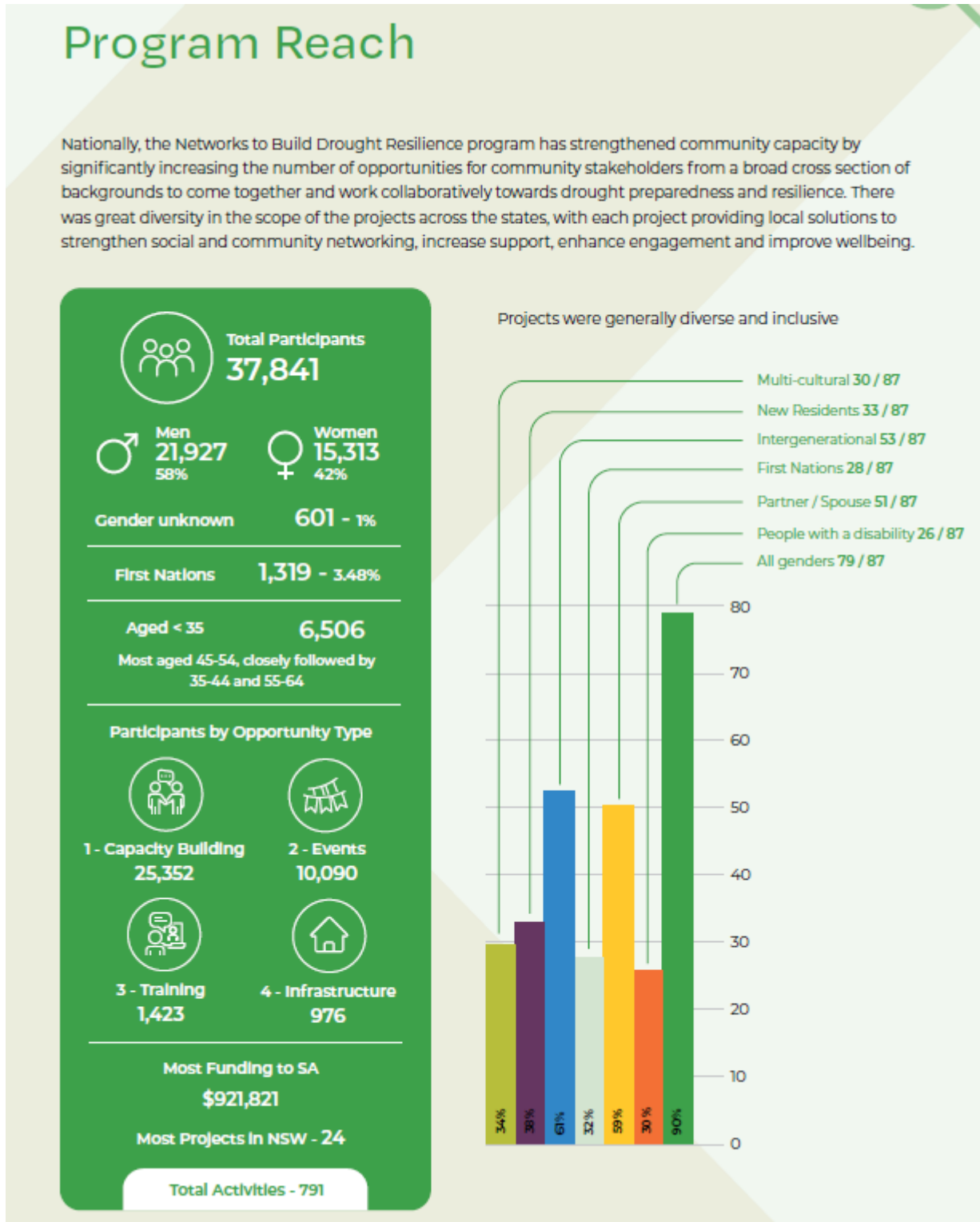
## 2. The effectiveness of grants made to communities through FDF

FRRR believes that the FDF has worked well to deliver on-ground benefits for communities and that, to date, the programs FRRR has been involved with have led to increased social resilience, and strengthened the wellbeing of remote, rural and regional communities. The foundational years of delivery have been rich with learnings both as a delivery partner, and for communities themselves as they philosophically move from the experience of in-drought support to a forward thinking / resilience building approach for the future.



## Community outcomes from the Networks to Build Drought Resilience program

While the *Helping Regional Communities Prepare for Drought Initiative* is in the very early stages, recently appointing an evaluation partner, the Stage 1 work is now completed with clear evidence of short-term outcomes and impact demonstrated.





A more detailed report on the implementation, outcomes and case studies of the program can be made available to the Commission on request and when approved by the Department, but to summarise the initial community outcomes and insights that were seen across the 87 completed projects:

- **Networks and Training are a very effective way to build skills, knowledge and awareness of droughts, and have a lasting impact of shared sense of purpose and community belonging (social bonds) beyond a one-off opportunity to connect.** Feedback from grantees highlighted that while many people in communities have lived experience of the impacts of drought and are aware of the need for drought preparation, there was a recognition that taking a proactive approach when not in drought has built their capacity and readiness for the next drought event. Workshops provided participants with the opportunity to reflect on experiences from previous droughts and formulate strategies to better respond to future droughts. In particular, Opportunity Type 1 projects (those that strengthen the capacity, capability and coordination of professional, social or community networks in agriculture-dependent communities to build drought resilience) have built greater awareness and helped communities and networks to identify gaps so they can move forward to the adoption and action stage of drought preparedness. In terms of broadening their reach, **55% reporting their network membership had doubled**, and two projects resulted in all new network membership. Eighty-one percent of respondents reported there had been a shift in diversity of their networks, with higher representation of female participants. Across the Opportunity Type 1 projects, 29% of grantees engaged participants who had a disability and 45% engaged First Nations community members. Across these projects there was a greater representation of younger community members engaging in activities, with 34% under the age of 45 years.
- **Events are effective ways to increase diversity, reach, coordination and collaboration in communities.** Grantees provided feedback that there was a significant growth in collaborative practices across communities and networks as a result of these grants, creating a shared sense of purpose and community belonging, with 87% reporting that they were more than satisfied by the growth of the network. Grantees also reported on the growth of their networks with 32 grantees now linking with an additional 207 groups across their respective regions.
- **Training is a very effective way to build a shared sense of purpose and community belonging.** Grantees provided feedback that there was significant growth in collaborative practices across communities and networks, creating a shared sense of purpose and community belonging, with 100% reporting that they were satisfied by the growth of their network. In addition to increasing the diversity and reach, projects sought to improve coordination and collaboration between social networks, other community organisations and sectors in local communities. The 11 grantees that delivered training reported they are now linking with an additional 114 groups across their respective regions as a direct result of the Networks to Build Drought Resilience program.





- **Community infrastructure is critical aspect to building a thriving, connected community and strengthens capability to respond to the challenges of drought.** Grantees delivering Opportunity Type 4 – Infrastructure projects, reported that there has been an increase in access, participation and the size of their network, with 40% reporting their network membership had doubled (at a minimum) and three projects identifying that they had all new network membership. Eighty-one percent of respondents reported there had been a growth in diversity of their networks through higher representation of both male and female participants. Across the Opportunity Type 4 projects, there was strong engagement with participants from diverse backgrounds, with 35% of the projects engaging with people with disabilities and 35% engaging with First Nations community members. Grantees indicated that they had increased access, participation and diversity in network participation, with 85% of projects reporting that their network had grown as a result of the project delivery. Recipients provided feedback on the growth of their networks with 20 grantees now linking with an additional 82 groups across their respective regions and 100% of grantees reporting that they were more than satisfied by the growth of the network.
- By sharing insights and learnings on drought preparedness within communities and between sectors, there has been a significant increase in connectedness and collaborative practices. In addition, sharing stories, knowledge and experiences in these settings has validated the social impacts of drought for community members, and highlighted the importance of seeking support and providing support to one another.
- Through the broad range of projects there has been a significant increase in skill development, an increased understanding of technology and how it can support drought preparedness and the importance of mental health strategies, and approaches for both individuals and communities.

On the ground, outcomes are also highly localised and individual to the context of the community and the project. The video project profiles highlight the diversity and individual project outcomes across Australia:

- [Young Livestock Exporters Network: Future proofing the Livestock Industry](#) (NT)
- [Strengthening wellbeing and deepening social support](#) (SA)
- [Improving Young Farmer Mental Resilience](#) (NSW)
- [Country Halls connected for farming community resilience](#) (Vic)

Together, these local outcomes and the broader changes we have seen across all the projects clearly demonstrate the positive impact being felt at community level where FDF grants are being implemented.



## Effectiveness of the FRRR model in delivering community benefit

FRRR has a proven model of how an initial investment into community granting can translate into far greater value at the community level, in a way that extends that benefit into the long-term.

FRRR was established with a \$10M corpus just over 23 years ago. Over the intervening years, FRRR has leveraged \$155M in both private and government funding, as well as capital growth from the initial investment, which translates as \$155M directly into remote, rural and regional communities. The communities receiving these grants in turn have managed to leverage \$465M in funding from other sources, making the net value of an initial \$10M investment more than \$620M.

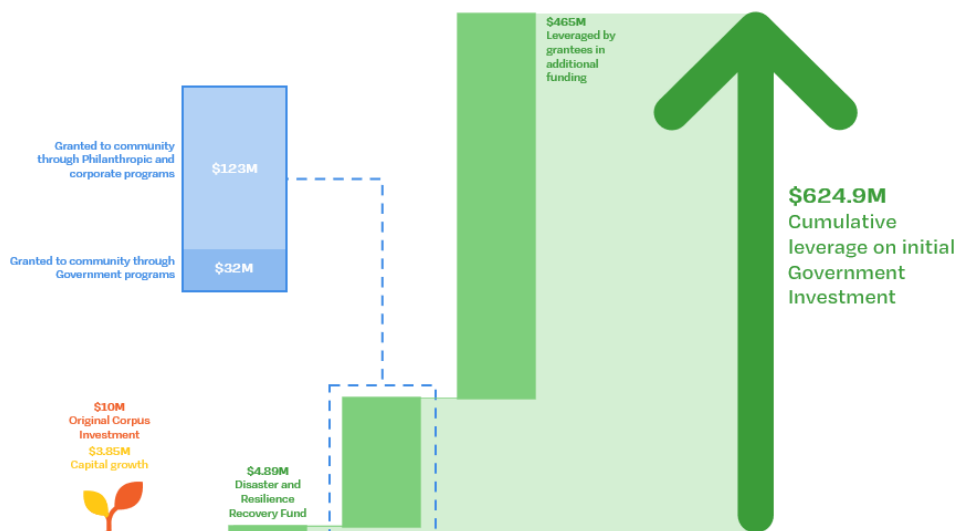
FRRR is trusted by Government, business, philanthropy and communities as an efficient grantmaking partner who enables strengthening of remote, rural and regional communities by responding to needs and aspirations with flexibility, patience and an understanding informed by lived experience.

This is a model that could be used by FDF to take a longer-term approach to building drought resilience. Using the same calculations as demonstrated above, if \$100M were invested through FRRR, it could see an additional \$1.44 billion leveraged in corporate, philanthropic, Government and local communities over the next 20 years.

Taking an approach such as this with the Future Drought Fund has the potential to drastically change the value proposition and effectiveness of its investment into the 'better prepared communities' pillar of its work.

Investing FDF money in this way has the potential to:

- Attract other philanthropic and corporate capital, not just immediately but into the long-term; and
- Provide communities with a longer-term source of funding that works at their pace / timelines, allowing them to access funding when it is needed so that they can achieve better localised outcomes.



*FRRR's corpus model – value to communities since 2000*



### 3. Recommendations for increasing the effectiveness of granting programs, and the processes and systems used in governing and administering the FDF

#### 1. Increase timelines for program implementation to allow communities longer to rollout projects.

The most common challenge that FRRR has observed for communities, and which has been reiterated in both ad hoc feedback (via phone conversations for example) and in workshop settings is that the timelines for developing project ideas, and then for delivering projects are too short. Feedback to FRRR has been that this resulted in potential applicants not applying for the Networks grants or the compressed timelines have caused issues in the implementation or required the return of grant funds.

In the experience of FRRR, flexibility and sufficient time for communities is essential.

**One of the most effective ways to improve the experience of FDF programs for communities would be to increase the timeframes for groups to design, deliver and report on their projects, and to have the flexibility to fund projects, when groups are ready.**

#### 2. Improve information sharing between FDF programs, noting that this has improved in the course of the FDF rollout to date.

A key opportunity is to create a regular state by state information sharing mechanism, including clear contact lists of representatives for easy sharing of information, and possible date coordination on a region by region basis where possible. A simple version of this is already underway in Tasmania and is effective. However, there must also be continued investment to support such information sharing and collaboration, in order to not further strain organisations delivering outcomes for the Future Drought Fund.

#### 3. Utilise alternative approaches to the existing FDF funding model to enable longer-term outcomes, and increase overall investment in communities.

Using a mechanism such as the corpus model (outlined earlier) has the potential to ensure a lasting investment in community that can be less administratively costly for Government to implement, allow continued attraction of leveraged dollars from corporate and philanthropic donors, and provide a sustainable source of investment for communities over a long time-frame. By making an upfront investment, it means that FRRR could build this social-capital building program into its annual operating plan, removing the burden (from both FRRR and Government) in regularly tendering for such funding, instead allowing effort to be invested in community engagement and in sharing lessons and insights across the FDF network and between communities.

#### 4. Being mindful of how language resonates.

Appropriate, accessible and contextual terminology is a critical consideration in conveying a new concept such as drought resilience, both in the naming of programs as well describing the aims and outcomes sought. 'Resilience' as a word and concept remains a vexed subject, with many communities



reporting negative connotations at a local level, given the increasing use of the term by government (particularly in communities in bushfire recovery) and often ambiguous or interchangeable meaning. In future, and ongoing work, a shift to 'preparedness' as a primary concept and term should be considered, given its practical grasp by community participants. Across different states, other communities also reported different connotations of the term drought, with some preferring to use 'dryness', a concept to be followed up and explored in further program evaluations.

#### **5. At every opportunity, seek to strengthen local agency.**

Diversified project delivery models have enabled communities to consider projects and initiatives that are best suited to their local circumstances. Ideally into the future, programs should therefore provide flexibility in the method of delivery and allow for communities to determine what will work best, while still working within the broader construct and outcomes sought within the philosophical architecture of the Future Drought Fund.

### **4. Should the scope of the Fund be broadened to support resilience to climate change?**

In FRRR's opinion the scope of the Fund should be increased to include climate change resilience, especially for the programs that are primarily focused on 'the social resilience for resourceful and adaptable communities' strategic priority, through the Better Prepared Communities theme.

At a community level, 'resilience building' is rarely isolated to a specific type of stressor or shock.

In practice, you may need different processes and systems to manage specific events, but more and more communities who are experiencing drought are also being hit by bushfires, floods, storms and other events. In addition, climate change will continue to have a significant effect on longer-term sustainability of agricultural communities, though the impacts are likely to be different in each community.

These events and changes are compounding, and resilience to one element is not necessarily resilience to all. Broadening the definition can allow for a greater diversity of communities to tackle the challenges unique to their area, through a greater diversity of activities acting across community, without needing to narrow their activities to fit solely within a 'drought' lens.



## Closing comment

While often silent, assumed and under-resourced in past droughts, the ongoing Future Drought Fund investment has proactively enabled an emphasis on the importance of social connectedness, highlighted the importance of community networks and deep social bonds, and invested in the practical skills, knowledge and community-wide awareness required to be better prepared for drought into the future.

In particular, the investment in the Future Drought Fund's Networks to Build Drought Resilience program is enabling two critical changes to occur within grassroots communities across Australia. Firstly, it has provided accessible and tangible opportunities for communities to come together and strengthen networks as they proactively focus on conversations of 'future drought' and how their community can be better prepared. Secondly, it provides an evidence base supporting an understanding of the importance of investing in social capital when seeking to support communities to adapt to a drying and unpredictable climatic future.

However, it will be important to ensure that such support in the future is delivered flexibly, enabling a wide variety of community actors to participate, and with a patience that allows for outcomes to be realised over multiple years.

It is also FRRR's strong belief that an alternative funding mechanism such as FRRR's corpus model would add to the long-term effectiveness of the Future Drought Fund, especially for programs that are aimed at 'better prepared communities' – it would have the power to leverage philanthropic and corporate capital over a number of years, alongside initial Government investment, and provide communities with a long-term source of funding to increase their drought resilience.

FRRR would once again like to thank the Productivity Commission for the opportunity to provide a submission to this Inquiry. The Future Drought Fund is a significant initiative for Australia, and for ensuring the continued prosperity of remote, rural and regional Australia. We appreciate our part in its delivery, and the enormous effort by all others involved, especially the communities across Australia living the actual experience of climate change and droughts.

Should you require additional detail regarding our submission, we would welcome the opportunity for further discussion. Please contact us

Yours sincerely,

**Sarah Matthee**  
**Acting Chief Executive Officer**