



Productivity Commission Inquiry into Part 3 of the *Future Drought Fund Act 2019*

Queensland Department of Agriculture and Fisheries
Submission

INTRODUCTION

The Queensland Department of Agriculture and Fisheries (DAF) is the lead agency for whole-of-government drought policy and programs in Queensland. DAF also delivers policies and programs to support industry to be resilient to and recover from natural disasters, pandemics, biosecurity incidents and other supply chain disruptions.

Consistent with the National Drought Agreement, Queensland Drought Policy aims to help producers prepare for, manage and recover from drought.

Recent reforms to Queensland drought assistance have helped Queensland primary producers better manage and prepare for future droughts through tailored training, grants, loans and support, including preparing and implementing farm business plans. As these new drought assistance programs were developed at the same time as the commencement of the Future Drought Fund (FDF), components, such as the Farm Business Resilience Program (FBRP), have been able to be fully integrated with Queensland drought programs.

In this context, DAF provides the following observations of the operation and performance of the FDF and its programs, and suggestions for how they may be improved in future iterations of the FDF.

RESPONSE TO INQUIRY QUESTIONS

Inquiry question 1: Are the funding principles, vision, aim, strategic priorities, and objectives of the funding plan (attachment B) appropriate and effective?

DAF considers overall the funding principles of the Drought Resilience Funding Plan are appropriate and are consistent with the objectives of the National Drought Agreement (NDA). DAF strongly supports maintaining the principle that funding should not provide in-drought support and are focused on enhancing the resilience of primary producers and their communities. DAF considers that, in general, the current mix of programs is targeted at multiple levels (farm, regional, national) and is consistent with the objectives of the Drought Resilience Funding Plan.

However, as with any new program, there is room for improvement in delivery and implementation, including better integration with existing state, territory and industry programs, reductions in program duplication and overlap, and improving overall governance. Generally, the FDF does and should focus on the broader, interconnected priorities of strengthening economic, environmental and social resilience. An example of where this could be improved is that the four-year nature of the FDF Drought Resilience Funding Plan may not align well with the long-term needs of regional communities impacted by drought. As discussed in many previous reviews of drought programs, such as the Kenny Report¹, the short-term implementation of regional services aimed at drought resilience, such as mental health programs in times of crisis, are less effective compared with long-term investment in such services.

This review, therefore, is very timely.

¹ It's about people: changing perspectives on dryness: a report to government: [Peter Kenny](#) 2008

Inquiry question 2: Do the programs, arrangements and grants focus on the right priorities to support drought resilience? If not, what should the programs, arrangements and grants focus on and why?

DAF will not comment on all the programs funded since the introduction of the FDF. As a general observation, however, some of the programs have been variable in performance or not found as useful for the intended recipients as envisaged. This can be expected in any new suite of programs, as it can take time to determine which approach works better than others. This may reflect the generous level of funding, with some programs over allocated, while others were underfunded.

To address the uncertainty as to the effectiveness of some programs, a pilot year was conducted for many projects in these programs. However, this timeframe was too short to accurately measure effectiveness and, in fact, led to design and implementation problems. The managers of the FDF in the Federal Department of Agriculture, Fisheries and Forestry (DAFF) addressed this issue with longer term funding for follow up projects, however as the Drought Resilience Funding Plan has a four-year cycle, the problem still exists.

Two of the programs, the FBRP and the Regional Drought Resilience Program (RDRP), are implemented by Australia's states and territories, and require matching funding from the relevant jurisdiction. However, for the majority of the other programs, the state and territory governments are specifically excluded from access or participation—or at most are allowed to be a minor partner to a primary applicant. As the state and territory governments are, in most circumstances, the major deliverer of services in their jurisdiction, including drought programs, this exclusion is a notable issue, leading to delays, duplication or overlap, additional expense and inconsistency in delivery.

Drought Resilience Self-Assessment Tool

It appears from feedback received from producers and industry groups, that the Drought Resilience Self-Assessment Tool (DRSAT) has not been well adopted by producers. The plan for DRSAT was, perhaps, developed with limited consultation with industry groups and end users. While [DRSAT's website](#) is visually very impressive, it is uncertain how popular it has been with the intended audience. It is important that those developing such decision support tools have a good understanding of the viewpoints and needs of producers. It would be beneficial if further investigation could be made into the uptake DRSAT at a producer level and their feedback on the tool.

DAF notes that the funding for DRSAT was considerably higher than the funding for the Queensland FBRP, even though the FBRP has received a much higher uptake and acceptance by producers.

Climate Services for Agriculture

The Climate Services for Agriculture (CSA) and DRSAT online tools aim to provide climate and drought preparedness information for all areas in Australia and for multiple commodities. At a broad level, some of the information replicates existing long standing online information (e.g., Queensland's [Long Paddock website](#) which has been operational since 1995). Queensland delivers historical climate data (e.g., [SILO](#)) which is widely used for modelling, research and applications; and bespoke property scale information services such as the [FORAGE service](#). In addition, The Long Paddock website houses considerable climate science work including downscaled climate projections and the Queensland Future Climate Dashboard.

Clearly, there are opportunities for aligning with and supporting such existing jurisdictional services to complement, rather than duplicate them.

Farm Business Resilience Program

The [FBRP](#) is one of two programs equally funded by the FDF and the Queensland Government. Feedback received so far from attendees of the FBRP is that it has been well received and the information provided has been valuable.

In Queensland, the FBRP has been fully integrated with Queensland's new drought preparedness measures and is a significant extension program delivered collaboratively by the Queensland Government and industry partners. The Queensland Government has also created incentives to encourage climate risk planning, including through the FBRP, by providing access to assistance with implementation of producer's plans such as [Drought Preparedness Grants](#) and concessional [Drought Ready and Recovery loans](#). This has encouraged greater participation in the FBRP workshops and has resulted in on-farm actions to improve drought preparedness, with the aim of being ready for the next drought.

In addition to the FBRP extension program of workshops and training, the Queensland Government has also provided several pathways for improved farm business planning including:

- simple online templates for farm business resilience plans (successful)
- additional funding for the [Rural Financial Counselling Service](#) (RFCS) to provide specialist farm business planning services (successful)
- financial assistance for private sector consultants to aid producers with improved planning (lower uptake).

Like the FDF, these approaches are new and have had varying degrees of adoption, just like, for example, the differences between DRSAT and the FBRP. DAF will progressively vary the mix of these new programs to account for these differences. Similarly, as the FDF is funding half of the FBRP in Queensland, any changes to the FBRP at the national level could impact on the Queensland Government's goals in this area. Therefore, close consultation on any changes is preferred as they could, consequently, impact on the delivery of Queensland Government programs.

DAF has established comprehensive monitoring, evaluation and review processes for the FBRP and integrated the FBRP into the governance arrangements for Queensland's [Drought and Climate Adaptation Program](#) (DCAP) to ensure coordination and delivery of the various DCAP programs. From the commencement of the FBRP in early 2022 to 31 December 2022, over 500 farm business resilience plans were commenced, over 130 new plans were fully developed and over 100 existing plans updated to include a specific drought resilience section.

Regional Drought Resilience Program

The RDRP is one of two programs being implemented with equivalent funding from the Queensland Government. It is still being rolled out and not all regions have developed regional drought resilience plans. DAF does not have any formal feedback on the performance or efficacy of this program to date as full delivery hasn't been completed in any region. However, it can be observed that the FDF amount of \$150,000 (matched by the Queensland Government for a total \$300,000) for RDRP implementation grants may be insufficient to implement some of the actions identified within the plans developed to date.

In Queensland, the RDRP is being implemented in parallel to the *Resilient Queensland 2018-2021* strategy completed by the Queensland Reconstruction Authority. Under the strategy, 14 regional plans were developed, aimed at improving community disaster resilience. The RDRP in Queensland reflects the learnings from the implementation of the strategy and is being developed for another 14 regions.

The Rural Economies Centre of Excellence (RECoE), a consortium of four Queensland Universities (the University of Southern Queensland, Central Queensland University, James Cook University and the University of Queensland), has been contracted to bring together local communities to deliver plans, with five plans developed to date. RECoE and DAF implemented strong governance and project management arrangements for the development of these plans, and this has been reflected in the timely delivery of these first five plans.

Independent monitoring and evaluation were also implemented to ensure the project is on track and to ensure regional communities found the plans useful and beneficial. The merit of this approach is reflected by peer recognition, when the Queensland RDRP was entered in the [Project Management Australia Awards](#) (PMAA) Queensland competition, and won the 2022 Government Project of the Year, and overall Queensland Project of the Year.

While noting early successes in the RDRP, it is necessary to note there is some confusion amongst community and primary producer groups aware of similar FDF programs. An example of this is the [Helping Regional Communities Prepare for Drought Initiative](#), which provides grants to individual community groups within a region of up to \$500,000 through the Foundation for Rural and Regional Renewal (FRRR). Unlike RDRP, the FRRR program does not require an extensive community plan development process before an implementation grant of \$300,000 can be made. In the FRRR program, a community group can directly lodge an Expression of Interest for the FRRR grant—a simpler process and a larger amount of funding. This overlap and inconsistency of approach for an overlapping FDF program is an example of where there is considerable room for improvement in the delivery of the FDF.

Another concern is that the announcement of the RDRP by the Australian agriculture minister, including a co-funding requirement, occurred without prior consultation. Further, there was no conclusive detail on how the RDRP plans would be approved as well as how the grants would be delivered, much of which remains to be resolved at the time of this submission. This federal approach to the RDRP has led to considerable implementation delays and will also be discussed later in the submission.

Drought Resilience and Adoption Hubs

The key objective of the Drought Resilience and Adoption Hubs (drought hubs) was to support farmers and communities to get ready for drought by connecting farmers with regional agricultural experts, fostering innovation and supporting new practices.

Drought hub performance in achieving this objective seems to have been variable, with engagement models adopted by some drought hubs appearing to be better than others. Where drought hub staff and resources have been embedded into regional organisations, for example Natural Resource Management (NRM) groups, advantage has been taken of existing networks. In drought hubs where this has not occurred in a systematic way, there can be a duplication of services (including with state agencies), which may not be adding value to existing extension and adoption efforts.

The core FDF funding provided to drought hubs appears to only have been sufficient to provide funding for staff. There seems to be limited additional FDF funding for collaborative projects to partner in meaningful ways with other organisations, even though partnering efforts are a requirement of the drought hubs, and some drought hubs have had success in this respect. While drought hubs may be attempting to 'fill the gaps in their delivery landscapes', it is not evident, at least in Queensland, that this has been always happening since their establishment. Primary producers have commented and queried why the drought hubs have been established when the funding could have been given to existing agencies which are already working effectively to address similar issues.

While supporting and linking with a diverse range of delivery organisations has occurred, it would be useful if programs aligned with each other to provide synergies and cross-promotion opportunities across other drought hubs, FDF programs and other programs delivered by state and territory agencies more generally.

It is also apparent that there are examples where some logical partnerships could have been developed with existing entities in the same organisations which are hosting the drought hubs, but in some cases this may not have occurred. This may be a result of the short-term nature of the funding and may be solved with longer term funding which would support stronger linkages between groups with similar aims and objectives. Collaborations between drought hubs and climate-related Cooperative Research Centres (CRC), other university partnerships, state and territory governments, and research and development organisations may better foster linkages and improve partnerships. The University of Southern Queensland's [Northern Australia Climate Program](#) (NACP), funded through a partnership between the Queensland Government's DCAP and Meat and Livestock Australia, is a good example of a collaborative program which is delivering Research, Development and Extension outcomes with multiple project partners across all of Northern Australia. Integration of the drought hubs with such programs could leverage existing work and provide better outcomes.

Inquiry question 3: - Should the scope of the fund be broadened to support resilience to climate change? Why or why not?

Australia has one of the most highly variable climates in the world². North Queensland's climate is even more variable than the rest of Australia³⁴. Even the current range of climate outcomes can regularly exceed climate change projections. Drought is just one of the climate risks faced by Australian agribusinesses and their communities. It makes sense to integrate farm and community level climate risk preparedness approaches.

Given the overlap between drought and climate change, as well as other current climate risks such as floods, hail and bushfires, there is merit in broadening the scope of FDF resilience programs to explicitly support climate change measures particularly around practical adaptation and mitigation activities or programs.

Consideration could be given to how FDF funding would differentiate between other multi-hazard funding programs (e.g., [Disaster Recovery Funding Arrangements](#) (DRFA), [Disaster Ready Fund](#)), and project eligibility would need to be specific to ensure the right communities and projects receive funding to support drought resilience. However, it is important to note that drought is currently an ineligible disaster under various funding programs including the DRFA and the Disaster Ready Fund.

The Australian Government is currently conducting a review of the DRFA which may have future implications on disaster recovery and resilience funding at the state and national level, and there may be an opportunity to consider possible links with the FDF regarding broader climate risk resilience.

There would be a considerable overlap between measures which consider climate change, such as renewable energy initiatives or energy conservation, but which also in turn improve the resilience of

² Climate Variability and Climate Risk Management [Graduate Certificate course topic 2014](#)

³ Love, G (2005) Impacts of climate variability on regional Australia. Outlook 2005

⁴ Nicholls, N., et al. (1997). "Australian rainfall variability and change." *Weather* 52(3): 66-72.

the farm business more generally to climate risks, including drought. Ongoing access to markets in the Australian context is also key to the viability of farm business and there are potential impacts on market access because of climate policies undertaken not only domestically but in our export markets.

Inquiry question 4: - How could the fund enhance engagement with and benefits for Aboriginal and Torres Strait Islander people?

The RDRP explicitly includes Indigenous communities as part of the regional planning process. In Queensland, the first Regional Drought Resilience Plan, for the Cape and Torres Strait region had as its major partner the Torres Cape Indigenous Council Alliance (TCICA).

DAF suggests integration of First Nations interest could be an important component of ensuring advantage is taken of cultural histories regarding managing Australia's highly variable climate. Queensland, thus, agrees with the proposal to enhance engagement with, and benefits for, First Nations peoples.

DAF could work with the FDF to ensure its programs are inclusive and fully integrate with Queensland Government actions and activities through its [Closing the Gap](#) targets and other First Nations peoples' priorities under the next iteration of Queensland's [Moving Ahead Strategy](#), and [Path to Treaty](#) commitments. This consideration in each of the FDF programs will increase readiness for a treaty, by actively creating and supporting new and emerging Indigenous agribusiness and community opportunities and improve their resilience to climate risks such as drought.

Additionally, if the governance of the FDF is strengthened as proposed in this submission, full integration of First Nations representation will enhance the delivery of FDF program and ensure accessibility of First Nations peoples to the FDF.

Inquiry question 5: What opportunities are there to enhance collaboration in planning and delivering drought resilience initiatives, including with state and territory governments?

It can be noted that overall, the relationship with Queensland and Australian Governments has been strong which has assisted in successful delivery of various FDF programs. There are areas for improvement, in the development of programs prior to announcement, processes to avoid overlap and duplication with long standing existing programs offered by all jurisdictions, and improved governance and monitoring of the performance of the various programs and the overall FDF. Strong well-connected networks, together with a coordinated collaborative approach to increase alignment of effort across the drought and climate cycle, will provide a favourable environment for drought resilience initiatives to take effect.

For some programs, such as the FBRP and the RDRP that require co-funding and delivery by state and territory jurisdictions, the Australian Government has made announcements without prior engagement regarding these programs. This means that post announcement, the relevant state and territory governments must first decide if it will participate in the program, how it will fund its contribution and then formalise a Federation Funding Agreement with the Australian Government. The inevitable result is there has been a considerable delay from when the Australian Government first announces a measure until it is implemented. Queensland Cabinet processes, for example, typically require whole-of-government endorsement before an individual minister can sign an

agreement with the Australian Government that commits Queensland to specific undertakings, such as program delivery and co-funding. This is consistent across state and territory jurisdictions.

DAF would support involvement in the development of FDF programs in the future, well before the announcement of programs by the Australian Government. Early consultation before the announcement of new programs would be beneficial to provide better development and agreement, particularly when new funding sources need to be made available. It would enable each jurisdiction to complete their own government approval processes prior to the announcement. Early consultation before the announcement of new programs would also reduce implementation timeframes.

DAF would support improved and coordinated overall governance of the FDF programs as suggested in response to question six where it proposes an FDF steering committee is formed. To enhance collaboration and early engagement on delivery of programs in each state and territory, DAF recommends the steering committee has a state and territory representative agreed between the states and territories as a member, to ensure early engagement and coordinated development of FDF programs.

In addition to the proposal to form an FDF steering committee, a state and territory consultation group chaired by the state and territory steering committee member, to provide advice on all proposed FDF programs, may improve communication and collaboration to avoid confusion and duplication within the FDF and within other programs.

While the strongest relationship regarding the FDF is between DAFF and DAF in Queensland, it is also advantageous to consider the support available through other state and territory agencies. For example, the Queensland Department of Communities, Housing and Digital Economy (DCHDE), is well positioned and experienced at local levels and could support service delivery by participating in the projects intended to promote community resilience. Other state agencies, such as health departments and justice departments, may also be able to provide worthwhile input into the development of programs, particularly ones aimed at improving the resilience of regional communities. A community of practice regarding these kinds of expertise could benefit future FDF programs, or the next iteration of the Drought Resilience Funding Plan.

An example where collaboration with a broader range of state and territory agencies in program development and service delivery could be in mental health, as it impacts not only on individual resilience, but on the resilience of regional communities as a whole. While some of the programs in the first round of the FDF, particularly those based on community resilience, implicitly include mental health as a consideration, perhaps a more significant focus with full consideration of mental health within FDF economic and resource programs would help enhance the development of climate risk resilience.

Inquiry question 6: Are there any other changes needed to improve the effectiveness of Part 3 of the Act? Who needs to do what to make those changes happen?

DAF would make the general observation that Part 3 as it currently stands does provide for some checks and balances managed by DAFF to ensure accountability, and that money spent is in accordance with the objectives of the FDF and the Drought Resilience Funding Plan. Improvements in governance and administration in most cases should not require amendment of the *Future Drought Fund Act 2019*, beyond some exceptions discussed below.

The FDF as a whole and its programs would benefit from better overall governance with formal arrangements and reporting frameworks. It can be observed when administering funding programs that organisations and agencies sometimes resubmit the same project under various funding opportunities. It is important funding guidelines should include caveats that Commonwealth funding from any source cannot be used by an applicant to cover their co-contribution. This may provide challenges if projects are simultaneously submitted under various funding programs. The only exception perhaps being First Nations applications, which are already heavily reliant on government support.

An FDF steering committee would improve oversight of the development of program proposals, overall delivery of programs funded by the FDF and their alignment with the Drought Resilience Funding Plan. The steering committee would have a role in assessing and monitoring project performance. While this submission will not get into too much detail, membership could perhaps consist of the Chair being a Deputy Secretary of DAFF, with members from key federal partner agencies, the Chair of the FDF Consultative Committee, the Chair of a Stakeholder Reference Panel, a member to represent state and territory jurisdictions along with the national managers of each of the FDF programs (degrees of collective representation may be required to manage numbers). DAFF would provide the secretariat function which should not be too significantly different to its current approach. A national representative of First Nations peoples on the steering committee would ensure each FDF program is relevant and accessible by First Nations peoples.

The FDF Consultative Committee under current arrangements develops the Drought Resilience Funding Plan and is consulted on the delivery of FDF programs against the plan periodically by DAFF. In the proposed governance process, this becomes a more formalised process with the Chair providing the Consultative Committee's advice to the steering committee.

There are of course many more stakeholder groups and dozens of organisations that would like to have more input to the development and implementation of various FDF programs than currently occurs. To manage the consultation with the sheer number of stakeholders, it is proposed that a committee for each of these groups (e.g., charities, natural resource management groups, state and territory governments etc.) would each have their own consultation process managed by a chair, with respective chairs participating in a Stakeholder Reference Panel. The chair of this panel would also be a member of the steering committee to report on the views of the various stakeholder groups. Separately, the state and territory consultative group chair would also be a member of the steering committee.

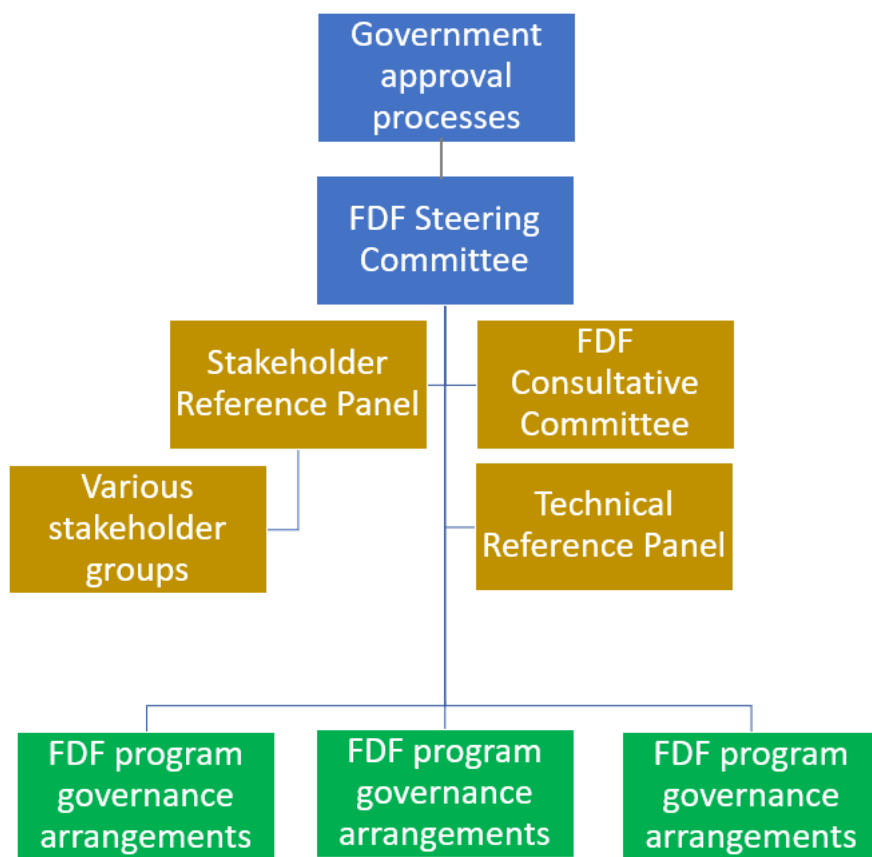
Depending on the nature of the next iteration of the Drought Resilience Funding Plan, an independent technical reference panel could also be considered to provide expert advice to the steering committee on alignment with FDF objectives, value for money and other project assessment criteria.

A possible governance framework is detailed in the chart below. Each FDF program (green box), regardless of the number, would also have its own governance arrangements.

Within Part 3 of the Act, Section 28 requires the drought minister to request advice from the Regional Investment Corporation (RIC). DAF would ask whether there are alternative entities who could also provide advice, or even if such statutory advice is useful or relevant. The proposed governance arrangements above are an example of an alternative approach. The RIC, as a statutory body providing concessional loans through various schemes to producers, may not be the most appropriate entity from which to seek this advice by government, and perhaps this requirement could be removed.

DAF would make a general observation that if the scope of the FDF was expanded, a First Nations peoples specific inclusion amendments to Part 3 will be required. Additionally, references to resilience and the development of the Drought Resilience Funding Plan (which would also require a name change) would need to be changed to be more inclusive of the broader scope of the FDF and First Nations peoples' interests and concerns. Involvement of a First Nations representative in stakeholder groups and in the steering committee should aid in consideration of the needs of rural and remote First Nations communities. This approach would also benefit the regions overall in which these communities are located.

Possible Future Drought Fund Governance Framework



Given the Act is Australian Government legislation, any changes that may be warranted to Part 3 of the Act arising from this inquiry will need to be endorsed and written by the Australian Government. DAF or other Queensland agency participation in FDF programs is not contingent on the legislative provisions of the Act however, as noted above, participation would be contingent on Queensland Government agreement.

DAF looks forward to continuing to work with the Australian Government in improving and implementing programs within the remit of the FDF to improve the capacity of regional and rural communities and their associate businesses to manage drought and other climate impacts.