



**National
Farmers
Federation**

National Farmers' Federation

**Submission to the Productivity Commission on Interim
Report on Australian Government's Future Drought
Fund**

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NFF Member Organisations



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The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

Statistics on Australian Agriculture

Australian agriculture makes an important contribution to Australia's social, economic and environmental fabric.

Social >

There are approximately 85,000 farm businesses in Australia, 99 per cent of which are wholly Australian owned and operated.

Economic >

In 2020-21, the gross value of Australian agriculture was estimated to be \$71 billion and contributed 1.9 per cent to Australia's total Gross Domestic Product (GDP).

Workplace >

The agriculture, forestry and fishing sector employs approximately 318,600 people, including full time (239,100) and part time employees (79,500).

Seasonal conditions affect the sector's capacity to employ. Permanent employment is the main form of employment in the sector, but more than 26 per cent of the employed workforce is casual.

Environmental >

Australian farmers are environmental stewards, owning, managing and caring for 51 per cent of Australia's land mass. Farmers are at the frontline of delivering environmental outcomes on behalf of the Australian community, with 7.4 million hectares of agricultural land set aside by Australian farmers purely for conservation/protection purposes.

In 1989, the National Farmers' Federation together with the Australian Conservation Foundation was pivotal in ensuring that the emerging Landcare movement became a national programme with bipartisan support.

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Executive Summary

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission to the Productivity Commission on their Interim report on the effectiveness, efficiency and appropriateness of Part 3 of the Future Drought Fund Act (Interim Report).

Australian farms collectively ensure that Australia is one of the most food secure nations in the world, with affordable access to a consistent supply of safe, healthy and nutritious foods. Australian agriculture also makes an invaluable contribution to global food security as leading exporter of safe and sustainable produce, producing enough food to feed around 77 million people.¹ However, food production and distribution is increasingly challenged by a range of factors including extreme weather events, the availability and increasing cost of critical inputs, labour shortages, threats of disease and both pre- and post-farmgate supply chain disruptions and inefficiencies. In this context, supporting resilience through measures such as the Future Drought Fund (FDF) has never been more important.

The value of the FDF to Australian farmers and regional communities is immense. The establishment of the FDF in 2020 was a milestone in the nation's approach to drought policy. It signified the beginning of Australia's proactive approach to the drought cycle. The FDF formally acknowledges the Australian Government's commitment to building long-term resilience, given drought is a recurring feature of Australia's natural environment and, as such, a recurring challenge for Australian farmers and rural communities.

It remains a top priority for the NFF to continue to work with the Australian Government to ensure the FDF achieves its objective to build drought resilience in Australia's agricultural sector, the agricultural landscape, and communities.

In alignment with our submission to the Productivity Commission in March 2023, the NFF supports:

- Interim findings 1–4, 6–9.
- Recommendations that the FDF would be improved by:
 - better articulating what the FDF is intended to achieve, how and when it will be achieved, and the roles of key participants
 - prioritising the FDF's objectives
 - having a greater focus on supporting natural resource management through investments that achieve environmental and economic objectives
 - providing a detailed investment plan that sets investment priorities for the FDF, to facilitate better planning, sequencing and coordination of FDF programs
 - investing more in longer-term programs that support transformational change
 - establishing systems for sharing information about FDF programs and their outcomes.

Additionally, the NFF agrees with the Productivity Commission's interim findings and recommendations, including:

- explicit recognition of climate change resilience as an objective of the FDF
- prioritising environmental actions that also improve economic resilience for farmers
- exploring measures, such as interim recommendation 2 and information request 5, to reduce the complexity of drought policy, increase accessibility of information, avoid research and program duplication and generally improve the strategic direction and execution of the FDF
- improvements to monitoring, evaluation and learning activities to track program and fund performance

¹ Australian Farm Institute, 2011 <<https://www.farminstitute.org.au/australia-exports-enough-food-for-61536975-people-give-or-take-a-few/>>.

- addressing barriers to Aboriginal and Torres Strait Islander participation in FDF programs and proactive measures to ensure program benefits can be realised by members of the agricultural sector alike.

The NFF supports specific improvements to FDF programs, including:

- consolidating FDF climate information tools
- improving the Drought Resilience Adoption and Innovation Hubs through better strategic planning and accountability mechanisms
- re-considering the need for the FDF to invest in innovation
- discontinuing current social resilience programs in favour of programs which:
 - build farmers' long-term mental health and wellbeing e.g. ifarmwell.com, 'fit farmer programs', etc.
 - focus holistically on wellbeing leadership and skill development e.g. how to have difficult conversations and provide support in times of crisis.

Introduction

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission to the Productivity Commission on their Interim report on the effectiveness, efficiency and appropriateness of Part 3 of the Future Drought Fund Act (Interim report).

Drought is a recurring part of Australia's landscape and managing drought is an inherent feature of Australian agriculture.

The NFF strongly supports the sentiment that the best time to prepare for drought is before it happens (FDF Market Research, 2021). The Intergovernmental Panel on Climate Change (2022) has said that climate change, including increases in the frequency and intensity of extremes, has reduced food and water security.² As Australia's weather and climate continues to change in response to a changing global climate, droughts are forecast to become more frequent, severe, and longer lasting in many regions.³

The NFF and the Australian Government are strongly aligned in the goal to ensure that farmers and regional communities across the country are efficiently and effectively supported before, during and after drought events to minimise future triple bottom line impacts of drought.

The establishment of the Future Drought Fund (FDF) in 2020 was a milestone in the nation's approach to drought policy. It signified the beginning of Australia's proactive approach to the drought cycle. The FDF formally acknowledges the Government's commitment to building long-term resilience, given drought is a recurring feature of Australia's natural environment and, as such, a recurring challenge for Australian farmers and rural communities.

The value of the FDF to Australian farmers and regional communities is immense. Australian farmers are responsible for our sustainable domestic food security and make an important contribution to global food security. This responsibility is increasingly challenged by a range of factors including extreme weather events, the availability and increasing cost of critical inputs, labour shortages, threats of disease and both pre- and post-farmgate supply chain disruptions and inefficiencies. In this context, supporting resilience through measures such as the FDF has never been more important.

It remains a top priority for the NFF to continue to work with the Australian Government to ensure the FDF achieves its objective, to build drought resilience in Australia's agricultural sector, the agricultural landscape, and communities.

To ensure Australian agriculture is able to achieve our vision of becoming a \$100 billion industry by 2030, we must continue to strive towards the FDF vision of an innovative and profitable farming sector, a sustainable natural environment and adaptable rural, regional and remote communities — all with increased resilience to the impacts of drought and climate change.

² IPCC, *Summary for Policymakers* (2022).

³ CSIRO, *State of the Climate 2020* (2020).

Interim findings and recommendations which align with NFF's position

The NFF strongly supports the following interim findings and recommendations, in alignment with our submission to the Productivity Commission in March 2023 and National Drought Policy:

- Interim finding 1. The intent of the Future Drought Fund is sound, but it is too early to assess its impact.
 - Inquiry participants support the FDF, especially its long-term funding commitment, its focus on the 'triple bottom line', and its support for local collaboration and priority setting. Despite doubts about aspects of the Fund, participants see the FDF as a valuable initiative.
- Interim finding 2. Future Drought Fund design and delivery problems will continue to constrain progress unless addressed:
 - the Funding Plan lacks a strategy to inform program design, selection, integration and sequencing
 - short-term programs and too many programs created inefficiencies
 - a lack of deliberate, timely mechanisms for participants across the FDF to share knowledge and learnings more regularly and directly.
- Interim finding 3. The Funding Plan does not provide clear guidance on planning, strategic sequencing and prioritisation of programs.
- Interim finding 4. Monitoring, evaluation and learning activities have not adequately tracked performance.
- On FDF programs (see expanded feedback below);
 - Interim finding 6. Investing in climate information services is appropriate, but funding two overlapping tools may be unnecessary.
 - Interim finding 7. The Farm Business Resilience program has untapped potential for delivering public benefits.
 - Interim finding 8. Regional Drought Resilience Plans could be improved.
 - Interim finding 9. There is scope to improve the Drought Resilience Adoption and Innovation Hubs.
- Interim recommendations that the FDF would be improved by:
 - better articulating what the Fund is intended to achieve, how and when it will be achieved, and the roles of key participants
 - prioritising the FDF's objectives
 - having a greater focus on supporting natural resource management through investments that achieve environmental and economic objectives
 - providing a detailed investment plan that sets investment priorities for the Fund, to facilitate better planning, sequencing and coordination of FDF programs
 - investing more in longer-term programs that support transformational change

- establishing systems for sharing information about Fund programs and their outcomes
- simplifying FDF governance processes while strengthening oversight of delivery outcomes.

Next steps for FDF

Interim recommendation 1. Building resilience to climate change should be more explicitly recognised as an objective of the FDF

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.

The NFF recognises that climate change presents both significant challenges and opportunities for Australian farmers. The continued success of the Australian agriculture sector will depend on our ability to continue to innovate and adapt to best manage future climatic risks and to further reduce the emissions intensity of our production systems. The NFF welcomes investment in assisting our sector to innovate and adapt economically, transition justly and recognise the unique role that agriculture plays in both emitting and sequestering greenhouse gasses, and supplying food and fibre to the world.

As noted in our submission to the Commission in March 2023, while the NFF strongly supports the need to build climate change resilience, we are cautious about diluting the impact and effectiveness of the FDF by serving several purposes. Additional objectives should be accompanied by additional funding.

However, formal recognition of the objective to build climate change resilience aligns with the core purpose of the FDF, to build our sector's resilience and preparedness. We recognise expanding the Fund's remit would allow programs to consider and respond to the broader array of climate risks, including but not limited to drought.

The Commission should acknowledge that many FDF programs already support resilience to climate change. Programs which help farmers to prepare and plan for drought tend to also prepare them for seasonal variability and other climate events, such as the implementation of farm business plans or uptake of climate information tools. Drought Resilience Scholarships support farmers to increase knowledge of tools and practices in the context of climate change. Natural resource management (NRM) programs which improve agronomic and environmental practices enhance farmers' resilience to drought but also seasonal variability and climate events. Formal recognition of the objective to build climate change resilience should enable FDF programs the explicit freedom to account for climate risks.

Should the FDF explicitly recognise building resilience to climate change as an objective, the NFF strongly suggests:

- the FDF apply this objective in conjunction with existing drought-centric objectives. It is logical for FDF programs to seek to address both objectives to some degree given their intrinsic link.

- the FDF should not fund emission reduction activities, as this would subtract limited resources from the core purpose of the funding, being to build resilience and preparedness.
- the governance arrangements of the FDF remain fundamentally the same. Adding a climate change resilience objective should not change the core purpose of the FDF, and hence need not alter governance arrangements. Rather, formally recognising the objective to build climate change resilience should enable FDF programs the explicit freedom to account for climate risks broadly.

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
- 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.

The NFF supports prioritising environmental actions that also improve economic resilience for farmers. Economic resilience can be supported by targeting activities which leverage the strong causal links between better natural resource management and improved on-farm productivity.

The NFF supports the Interim Report's observation that many public and private benefits arise from improved NRM practices, including:

- increased profitability and productivity (economic resilience).
- producing direct benefits for the environment (such as improving water or vegetation quality).
- undertaking trials and demonstrations of improved NRM practices that increase the awareness and understanding of farmers about these techniques, which is essential to encourage adoption.
- facilitating coordination and collaboration across multiple parties needed to affect meaningful landscape-scale change.

FDF investment in NRM activities must consider the existing NRM program landscape to avoid duplication and deliver additional value to industry. As noted in the Interim Report, there are many existing government and private programs in the NRM space. The FDF has previously and continues to support NRM activities through the Natural Resource Management Drought Resilience Program and the more recent Drought Resilient Soils and Landscapes program. Additional FDF investment in NRM activities should be strategically planned, through robust sector consultation, to best support, align with or extend existing programs.

The NFF suggests consideration of the following adjustments and additions to FDF programs:

- Expand existing programs such as the Drought Resilient Soils and Landscapes, with a greater focus on empowering local farming systems groups to undertake up-scaling of natural capital management practices.
- Reconfigure Better Climate Information programs and Better Planning Programs to incorporate and support NRM outcomes. For example, the Drought Resilience Self-Assessment Tool could become a hub for best-practice NRM information. Planning programs should already include a focus on building natural capital and economic resilience.
- The FDF may seek to fast-track and bolster the capacity of existing research and programs in the NRM pipeline, such as [Farming for the Future](#). Farming for the Future intends to create

national-scale evidence that connects natural capital management and farm profitability, and develop resources which support Australian farmers to make changes that will benefit both their bottom line and the environment. This type of initiative will significantly increase the economic resilience of farm businesses across Australia and deliver tangible environmental outcomes through wide-spread NRM practice change.

Interim recommendation 2. Establishing a drought and climate change resilience knowledge management system

The complexity and variety of approaches to support drought and climate change resilience can result in duplication and create barriers to accessing valuable and relevant information. The NFF supports the exploration of options to improve the flow of FDF and non-FDF knowledge.

A central platform which combines FDF and non-FDF knowledge could facilitate information sharing, particularly between the Drought Resilience Adoption and Innovation Hubs, research institutions and other extension groups such as farming systems groups.

However, farmers are unlikely to divert from established, trusted information networks such as local system groups, state farming organisations or publications of Research and Development Corporations. Developing a knowledge management system which targets farmer engagement would be wasteful and unlikely to deliver the intended objectives. The NFF does not support attaching any additional investment to develop this system. Rather, this system should form part of the existing remit of the Drought Resilience Adoption and Innovation Hubs, to better facilitate knowledge management and sharing across states, territories and the Commonwealth.

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 NFF agrees with the Commission's suggestions. The national drought policy space is complex and increasingly intertwined. The Funding Plan should explain how the FDF and its programs align with the National Drought Agreement and other relevant policies. Improved clarification of the Funding Plan objectives and strategic priorities is welcome. This will assist to better define program objectives, define success and inform monitoring and evaluation processes.

Monitoring, evaluation and learning

Interim finding 4. Monitoring, evaluation and learning activities have not adequately tracked performance.

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.

The NFF strongly supports Interim finding 4. It is critical that each FDF program, grant or arrangement includes appropriate performance indicators to define objectives, define success and inform monitoring and evaluation processes.

Measuring drought resilience is inherently complex. Establishing baseline metrics for the resilience of the agricultural sector is difficult and will vary depending on factors such as geography, industry, socio-economic considerations, etc.

However, the lack of appropriate performance metrics around FDF measures renders it impossible to effectively assess programs in terms of their contribution to improving industry resilience and demonstrable value for money. FDF programs should include a clear identification of the range of needs farmers have to become more resilient and how the program will meet and improve those needs in the form of a qualitative or quantitative metric. By regularly tracking and analysing performance metrics, we can make data-driven decisions and adjustments to FDF measures, resulting in better outcomes for industry.

While it is not realistic to expect on-ground outcomes from programs at this early stage of their lifespan, as programs move into maturity, we want to ensure industry-wide changes in resilience and preparedness are measured. This requires metrics at all levels of FDF implementation.

Regular reviews and independent evaluations of programs are also critical to ensuring that they remain effective and relevant. Current program review processes are time-consuming, repetitive, and largely ineffective without baseline and performance metrics. Addressing the lack of performance metrics in planning will improve evaluation processes.

Aboriginal and Torres Strait Islander participation

Interim finding 5. Aboriginal and Torres Strait Islander people have had limited participation in the Future Drought Fund

Information request 8. Aboriginal and Torres Strait Islander people and participation in the FDF

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.

Increased Indigenous collaboration and leadership is in the interests of everyone involved in the Australian agriculture sector, as outlined in sector vision statements such as the NFF 2030 Roadmap. The NFF 2030 Roadmap identifies that supporting Indigenous collaboration and leadership in agriculture will work to reduce disadvantage in Indigenous communities, encourage better representation of Indigenous agriculture and attract new labour and skills. The NFF is committed to deepening our engagement and helping amplify the contribution of Indigenous Australians as a central part of the industry's growth.

As per the NFF and KPMG's 2023 report *Releasing the Opportunity*, recent baseline analysis into the agricultural capacity of the Indigenous Estate indicates that the sector is diverse and thriving, spanning a mix of agricultural sub-industries including beef, sheep, aquaculture, fisheries and horticulture. The Cooperative Research Centre for Northern Australia (CRCNA)'s 2022 baseline study of the Indigenous Estate found that although relatively small, the emerging Indigenous primary production industry is increasingly financially stable, delivering meaningful cultural, environmental and social benefits back to Indigenous communities. This study identifies there are at least 95 Indigenous primary production businesses operating on 8.1 million hectares of land spanning every state and the Northern Territory. The total 8.1 million hectares is equivalent to 2% of the Australian agricultural estate.

FDF program benefits, including best-practice information, research and extension opportunities, and increased social, economic and environmental resilience, should be accessible and meaningful to Indigenous primary production businesses, Indigenous people engaged in the agricultural sector, and the broader agricultural industry alike.

The NFF supports addressing any barriers to Aboriginal and Torres Strait Islander participation in FDF programs. With this lens, the NFF suggests the following mechanisms:

- the Consultative Committee to include Aboriginal and/or Torres Strait Islander representation, to advise on any current or potential barriers to program benefits being realised by Indigenous participants in Australia's agricultural sector;
- improving guidance about how the Drought Resilience Adoption and Innovation Hubs and other organisations can meaningfully engage with existing networks to foster strong partnerships with Aboriginal and Torres Strait Islander people;
- timely feedback mechanisms to address any current, emerging or potential barriers (such as accessibility, cultural appropriateness, etc.) for Aboriginal and Torres Strait Islander people in the agricultural sector as programs are implemented.

In this analysis, it is important to acknowledge that growing the economic and environmental resilience of farm businesses benefits the entire agricultural sector, including agribusiness and regional communities. Ensuring the long-term sustainability and productivity of Australian farmers supports increased and consistent employment opportunities in regional and rural Australia, the profitability of dependant enterprises including agribusinesses and bolsters regional economies.

Programs

As a general note for all programs, Australian farmers are inherently resilient. The agricultural sector in Australia has historically been, and continues to be, contingent upon resilient practices, people and communities. FDF programs should consider nuanced language to recognise that resilience is not a new concept for Australian farmers. The use of the word resilience may have deterred participants away from projects. Similarly, eliminating the word 'drought' from the title of projects, even those which build drought resilience, may better and accurately demonstrate their broader relevance to farmers, fostering greater engagement when outside periods of drought.

Interim finding 6. Investing in climate information services is appropriate, but funding two overlapping tools may be unnecessary. Providing information about climate risks is important to inform decision making. However:

- the uptake of the climate information tools has, so far, been modest
- there is an overlap between the target audience and information provided by Climate Services for Agriculture and Drought Resilience Self-Assessment Tool
- the effectiveness of the tools could be enhanced with improved user engagement
- the uptake of the tools could be increased through better coordination with the Drought Resilience Adoption and Innovation Hubs, Farm Business Resilience and Regional Drought Resilience Planning programs.

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?

The NFF supports Interim finding 6. Integrating the Better Climate Information programs may be the best path to increase adoption at farm level. At a minimum, this would eliminate the overlap in target audiences.

To determine which elements of the DR.SAT should be incorporated into the consolidated tool, the Department should convene an industry working group including farmer managers, agronomists and relevant agribusiness consultants. This will ensure the consolidated tool addresses any duplication and better accounts for industry-specific trends, such as farmers' current technology portfolio, information channels, programs and records they access to inform their planning.

Concerted and consistent extension efforts are also key to achieving adoption outcomes. Agronomists and agribusiness consultants are best positioned to drive adoption at the farm level, in the regions they service. Further, the NFF supports that uptake of the tools could be increased through better coordination with the Drought Resilience Adoption and Innovation Hubs, Farm Business Resilience and Regional Drought Resilience Planning programs. Better coordination and integration across the suite of FDF programs more broadly would be logical and beneficial for industry.

Interim finding 7. The Farm Business Resilience program has untapped potential for delivering public benefits

Feedback on the Farm Business Resilience program has been positive. But the public benefits from the program are likely marginal compared to private benefits. Natural resource management is already a component of the program; however greater public benefits are likely if the program provides more support for on-farm environmental initiatives.

The NFF supports providing more support for on-farm environmental initiatives, through the Farm Business Resilience program or otherwise. As discussed above, improved NRM improves economic resilience for farmers and contributes to better environmental outcomes, delivering public benefits.

Interim finding 9. There is scope to improve the Drought Resilience Adoption and Innovation Hubs

The Drought Resilience Adoption and Innovation Hubs are in their early stages. It is likely that many Hubs are contributing to drought resilience, but it is too early to assess their effectiveness. There is scope to make improvements to better manage and assess Hub performance and overcome initial implementation issues around stakeholder engagement, integration with other Future Drought Fund programs and better targeting investment.

Interim recommendation 5.

Funding for the Drought Resilience Adoption and Innovation Hubs should be extended in the next Funding Plan. However, the Australian Government should:

- state what its expectations are for the Drought Resilience Adoption and Innovation Hubs program and individual Hubs

- commission a performance review of the Hubs during the next Funding Plan, with future funding contingent on demonstration of adequate performance and governance
- implement a monitoring, evaluation and learning (MEL) plan for the Hubs program as a whole and ensure individual Hub MEL plans align accordingly.

Our sector is firmly invested in ensuring that all FDF programs deliver the best value for money for government and achieves meaningful outcomes for industry. The NFF agrees that there is scope to improve the Drought Resilience Adoption and Innovation Hubs (the Hubs). Feedback as to the utility, effectiveness, awareness and industry integration of the Hubs varies across states and the Northern Territory.

The NFF supports the interim recommendation to commission a performance review of the Hubs during the next Funding Plan, with future funding of any individual Hub contingent on demonstration of adequate performance and governance.

Interim finding 10. The role of Drought Resilience Innovation Grants

The Drought Resilience Innovation Grants support the development of new or improved products, services or processes which build drought resilience. However, many institutions participate in agriculture innovation (including universities, industry-led Research and Development Corporations and Cooperative Research Centres). It is unclear how and where the Future Drought Fund can best add value. There may be opportunities to adjust the program to better target grants toward a small number of pre-identified major resilience challenges.

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 NFF supports reconsidering how the FDF can effectively contribute to agricultural innovation.

Australian agriculture has strong, well-established players who contribute to innovation, including universities, research and development corporations, cooperative research centres, farming systems groups, in addition to access to commercially driven innovation such as precision agriculture technology, machinery advancements, etc.

The NFF supports a more localised approach to the Innovation Grants program, with a focus on addressing specific, identified drought or climate challenges. However, if this program continues there must be a more concerted effort to avoid duplication with other FDF programs and existing innovation, research and development initiatives.

Interim finding 11. There are issues with relevance, overlap and measurement of the Better Prepared Communities programs.

While social resilience is important, the Future Drought Fund (FDF) may not be best placed to support all community resilience activities. While program delivery partners have given positive feedback, the Better Prepared Communities theme has several challenges.

- The programs focusing on professional networking and information sharing may overlap with work being done (or that could be done) by Drought Resilience Adoption and Innovation Hubs or through implementation of regional development plans.
- While there has been some evidence of better integration and communication between the Helping Regional Communities Prepare for Drought program and other areas of the FDF, this may be insufficient to ensure activities targeting social resilience and community needs are efficiently implemented.
- There is no focus on longer-term outcomes for social resilience. The current emphasis on delivering activities and improving the quantum of social networks creates challenges in understanding the effectiveness of these programs.

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.

Building social resilience to rely on in times of drought or crisis is an important and relevant objective for agriculture and regional communities. However, the NFF agrees that the Better Prepared Communities programs had numerous implementation issues which made them fall short of contributing to social resilience in a long-term, measurable way.

Economic, environmental and social outcomes are all inherently linked for people living and working in regional areas, and particularly farmers. The NFF supports that the FDF focus on economic and environmental programs which residually support social capital. The Commission should recognise that social capital improvements are a natural, consequential outcome of many FDF existing programs.

The NFF encourages the Commission to consider how the FDF can support the extension and advancement of existing, industry specific social resilience initiatives which build long-term health and wellbeing in regional communities. ifarmwell.com.au is an example of an industry-specific, accessible, evidence-based program which proactively enables farmers to grow their wellbeing and social resilience.

The NFF thanks the Productivity Commission for the opportunity to provide further input to review of the Future Drought Fund. The policy contact for this matter is Miss. Charlotte Wundersitz, Senior Policy Officer (Trade & Economics)

Yours sincerely,

CHARLES THOMAS
A/CEO