

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

NRM Regions Australia Submission

NRM Regions Australia is the national peak body for Australia's 54 regional NRM organisations. Natural Resource Management (NRM) is the integrated management of the natural resources that make up Australia's natural landscapes - that is, our land, water, soil, plants and animals. Regional NRM organisations work and partner with a remarkable range of people across the country, from the local scale to the national level.

The NRM sector provides interlinked, continent-wide coverage across Australia for delivering integrated programs at a regional level. NRM regions enable planning, delivery, monitoring and evaluation of a wide range of initiatives to manage natural and cultural resources, and embed resilience in our landscapes, freshwater systems, and marine environments.

Regional NRMs are diverse but interconnected across the country; they are place-based, responding to specific needs and priorities in their regions and jurisdictions. At the same time, they are woven together by common principles, shared approaches to planning, partnerships and innovation, and interlinked networks and communities of practice.

For two decades they have continued to protect and restore the natural environment and build and support sustainable agriculture through many iterations of Australian Government programs. All members currently have some contractual arrangements in place with the Australian Government (Regional Landcare Partnerships, part of the National Landcare Program 2018-2023).

We welcome this Productivity Commission Inquiry into Part 3 of the FDF Act 2019 and the opportunity to consider strategic positioning of FDF governance and programs.

Key Points:

1. NRM Regions Australia acknowledges the Australian Government's commitment to the Future Drought Fund (FDF), through the FDF Act and associated plan and funding. Regional NRM organisations' values and aspirations are well aligned with FDF across the three inter-connected strategic priorities - economic, social and environmental resilience.
2. The definition of resilience as used in the DRF Plan as the ability to "adapt, reorganise or transform" is welcomed however we acknowledge that transformation in particular requires time (longer than a short funding cycle) and innovative program design and delivery, which in itself requires change, risk and capacity building within government and stakeholders.
3. Regional NRM organisations have contributed in many ways to the Future Drought Fund programs and have experiences across the scope of programs, and across Australia.

4. There is potential to 'better fit' governance and program delivery across the entire network of Australian Government NRM related programs and initiatives, including the Future Drought Fund. A review of the governance and delivery mechanisms with a view to better identify, align and leverage existing and future work and roles would be beneficial, including within the FDF and the broader networks it builds upon.

We believe there is the potential to build better upon the existing capacity and networks in the NRM regions, including the regional NRM plans and planning process. This has not been optimised in some programs.

5. Regional NRM planning provides a way to provide a landscape-scale approach to help minimise perverse outcomes and maximise benefits; to manage cumulative and cascading effects; to integrate across land-uses; and to integrate between levels of government and community policies and priorities. The regional approach was established because previous ad-hoc or project-based initiatives were not at a level to bring about whole of system and whole of landscape change.
6. The delivery approach for the Drought Resilience Adoption and Innovation Hubs (the Drought Hubs) in some instances has failed to meet expectations and should be subject to a revised approach, including a greater involvement of regional NRM groups where there has been none.
7. The Future Drought Fund could benefit from more explicitly recognising a broader scope that encompasses climate change resilience. This may also help alignment and leveraging with other relevant work such as the national climate adaptation planning, and any programs that flow from that (and other relevant initiatives).
8. A renewed focus on the Environmental Resilience Stream would be beneficial, especially in considering how the FDF will lead to the long-term outcomes:
 - *More primary producers preserve natural capital while also improving productivity and profitability*
 - *More primary producers adopt whole-of-system approaches to NRM to improve the natural resource base, for long-term productivity and landscape health*

A clear line of sight is needed between the FDF investment and the desired (environmental) impact: *Agricultural landscapes are functional and sustainable, with healthy natural capital.* Unfortunately, this is a difficult priority to measure due to complexity, issues of temporal and spatial scales, and challenges of attribution. However, this impact is fundamental to the success of the FDF as the economic and social impacts are highly unlikely to provide resilience for our rural, regional and remote communities if landscapes are not functional.

NRM Regional Organisations and the Future Drought Fund

NRM Regions Australia view our role as:

Natural Resource Management (NRM) is the integrated management of the natural resources that make up Australia's natural landscapes, such as land, water, soil, plants and animals. That is, our land, water and biodiversity assets.

Australia's vastness means that natural resource management policies must be adaptable enough to support diverse and different ecosystems and communities through different partnerships across Australia.

Regional NRM organisations and their diverse partners provide this support.

We share the vision of the Future Drought Fund, namely;

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.

Regional NRM organisations and the FDF share key attributes:

- Both are broadly considering our rural, regional, and remote communities as whole systems supported by productive economies and underpinned by our natural resource base.
- Both deliver outcomes through engaging with diverse partners. We note the FDF and Regional NRM Organisations are aligned in their theory of change, that is by assisting primary producers (and communities) to conserve and restore natural capital we will enhance resilience to drought and climate change. Furthermore, that Regional NRM Organisations successfully work with primary producers and communities through recognising and understanding their economic and social motivations in order to bring about change across multiple outcomes through accelerating sustainable practice change.

The FDF plan is seeking system wide and transformational change. The intent of working at a landscape-scale and in a complex system, as NRM regions do, is to enable meaningful, lasting and positive change.

Research undertaken by the University of Canberra for NRM Regions Australia which analysed the Regional Well-being survey's long-term dataset¹ suggest that targeted investment in NRM can help farmers build resilience to drought. Designing programs that assist farmers to do the following can build drought resilience:

- Forward planning for a range of risks including drought
- Maintaining groundcover
- Feral animal control particularly collaborative control programs
- Increasing water use efficiency
- Increasing feed reserves and financial reserves

Participation and contribution of regional NRM organisations

Participation of regional NRM organisations in Future Drought Fund programs and processes are diverse, and include delivering targeted NRM grants, partnering to develop practical innovative tools, mobilising networks for community resilience, and supporting the start-up of Drought Resilience Hubs. Examples include:

- South Australia Arid Lands Landscape Board's *From the Ground Up* building on the success of the 'Building Pastoral Sustainability Project' to support regenerative grazing practices in South Australia's rangelands and improve drought resilience. It is leveraging relationships developed over the long term for project development and delivery of FDF projects.
- NRM South (Tasmania) *Farming Forecaster* project building upon and delivering the project with CSIRO and partners. Funding included the Drought Resilience Innovation Grants Program.
- Cape York NRM (QLD) and South-West Catchments Council (WA) were involved as delivery partners in the FRRR led program 'Helping Regional Communities Prepare for Drought Initiative'.
- Western Local Land Services (NSW) worked with researchers from NSW Department of Primary Industries to develop a rangeland drought planning tool to estimate and anticipate the grazing pressure from unmanaged herbivores, a major issue for drought resilience of pastoral properties and the environment.
- Supporting the Drought Resilience Adoption and Innovation Hubs
 - In some cases, regional NRM organisations are acting as delivery nodes for a Drought Hub. In SW WA, mid-West node is based with Northern Agricultural Catchments Council (NACC), a regional NRM organisation, and Southern Queensland Landscapes is hosting the Roma node for the Southern Queensland and Northern New South Wales Hub.
 - In Tasmania NRM South employs the Tasmanian Soils Coordinator on behalf of the Hub. An example that would have been sensible replicated elsewhere given regions existing soils projects, engagement activities and networks.
 - For some Hubs, regional NRM staff and sometimes Board members have provided substantial knowledge, skills and capacity to establish Hub organisational and governance processes such as project management and sound grant processes, and also on subject content such as sustainable agriculture, climate change, participatory processes, local priorities, stakeholder networks, communication, and so on. This was generally done without resourcing and often behind the scenes.

Are the funding principles, vision, aim, strategic priorities, and objectives of the Funding Plan (attachment B) appropriate and effective?

The Funding Plan is a well-considered document and the funding principles, vision, aim, strategic priorities, and objectives are appropriate. It is still early days and while there is

evidence that the Funding Plan is creating change, there has been considerable effort and resources in establishing the Fund and foundational systems and processes, and the objectives are long term, and broad in scope.

Attributing change in agricultural sector performance, natural capital, and community wellbeing to the FDF (effectiveness) may prove possible at whole of region scale and in the longer term. In the meantime, the Monitoring Evaluating and Learning (MEL) Framework (2020) will guide collection of relevant data and information and stories of successful projects and changes can be captured.

It is too early to tell whether many aspects of the plan have been effective and for many aspects of the plan there is an opportunity to identify improvements, recognising the role of this review.

The principles are extensive and we consider several are key to identifying opportunities for improvement:

4. not duplicate or replace existing Commonwealth, state, territory or local government funding programs, and will aim to improve the coordination or integration of existing Commonwealth Government policies, frameworks and programs where they meet the Fund's purpose
6. consider the incremental, transitional and transformational opportunities needed to strengthen drought resilience and encourage innovative proposals
8. deliver programs through a user-based lens and, where possible, a community-led, co-design, and/or end-user approach
11. where appropriate, use or collaborate with existing community networks, Indigenous organisations and communities, natural resource management organisations, industry and farmer groups

The four principles are further explored in responses to the questions below.

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?

As this national response incorporates views of regional NRM organisations across the country, we are highly conscious of the need for adaptable, flexible and nuanced delivery suited to the particular conditions, needs and capacities of farmers and communities across varied agricultural systems and landscapes. There is a need to further embrace variability across Australia, across institutions, regional agricultural and social systems, and across whole of landscapes.

The priorities as outlined in the Drought Resilience Funding Plan are appropriate and as such our suggestions for improvements are focussed more on delivery. Some re-consideration of the allocation of funding between program areas, however, may increase the effectiveness of delivery across the three objectives. There appears to be a skew of

programs toward increased profitability and economic resilience with far less focus on social resilience and a sustainable natural environment.

It may be beneficial to revisit priorities and program allocations when Regional Drought Resilience Plans are complete. Alignment of program delivery with (quality) Regional Drought Resilience Plans may identify differentiated opportunities across the country. Note, however, that it is important that Regional Drought Resilience Plans acknowledge and identify synergies with other current plans in the region, such as Disaster Risk Mitigation Plans, Regional NRM Plans, and other social and environmental plans.

The natural resource management landscape stream and grants stream have been well coordinated and projects are underway, promising strong delivery in the coming period. Increasing emphasis on this area of the program will achieve the longer-term outcomes of food security and landscape protection. Further efforts and time to explain and encourage transformative projects would be appreciated. We have included two successful examples below.

Northern and Yorke Landscape Board (SA) delivered significant outcomes for drought resilience as well as land and water management. *The Goyder Line: building drought resilience into transitional country* project delivered extension and on-ground activities to the region's most vulnerable farmers to help them adapt to changing climatic conditions. Through one-on-one discussions, extension courses, on-ground works informed by property planning, and other field extension activities, more than 1182 land managers were engaged with 15 developing property management plans catalysing an investment of \$157,500 in fencing, troughs, water tanks and 20km of water pipeline. 52 property maps were created and 41,725ha are now managed to best practice standards. As well as these production benefits, biodiversity was also enhanced through habitat protection and revegetation. This included 3.5ha of shelterbelts, 3,200 plants established and 40ha of remnant vegetation protected. All-in-all, a total of 58,839ha are now protected during times of drought.

Western Local Land Services (NSW) worked with researchers from NSW Department of Primary Industries to develop a prototype tool to help understand kangaroo populations at the local level. Such a tool means a difference in days, or even weeks, of kangaroo grazing pressure, better enabling land managers to maintain groundcover and improve long-term landscape, economic and drought resilience. The *You can't manage what you can't measure: a rangeland drought planning tool to estimate the grazing pressure from unmanaged herbivores* project also delivered case studies, fact sheets, a short film and five podcasts to extend the project.

Should the scope of the Fund be broadened to support resilience to climate change? Why or why not?

There are many areas of Australia where 'drought' is now not how climate change impacts are being experienced and described. For example, in Northern Australia, there is much

discussion about the quality of the 'wet season' as in a drier or less reliable wet season, rather than using the term 'drought'.

Many strategies designed to enhance natural capital and increase farming productivity will also enhance resilience to other effects of climate change e.g., climate variability, movement of species due to drying, warming climate, increased (agricultural and environmental) pests and diseases, and this provides further incentive to map current investments in Climate Change with the FDF and identify a more appropriate boundary for the FDF and to leverage opportunities.

How could the Fund enhance engagement with and benefits for Aboriginal and Torres Strait Islander people?

Expanding the scope of the FDF beyond drought to climate resilience, and beyond conventionally defined agricultural landscapes, may catalyse broader engagement and relevance of the program for Aboriginal and Torres Strait Islander people. There is much to be gained in supporting Indigenous leaders in this area, identifying opportunities for co-design of projects and considering the impacts of drought and climate change on indigenous communities and their wellbeing e.g., access to water, local food security (provision and access to bush foods), and impacts of drought on cultural practices and cultural sites, as well as economic development opportunities.

We believe there are several key requirements for enhancing engagement, however this is best answered by First Nations peoples and organisations -

- Supporting self-determination and Indigenous leadership
- Make more of existing organisations and networks and leverage trusted relationships to engage more effectively.
- The purpose is clear and there is opportunity for co-design.
- Sufficient time and resources are allocated for relationship building, engagement and participation.

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

As the foundational systems, processes and delivery mechanisms are considered by this Inquiry, strategic consideration of opportunities for adjusting delivery mechanisms and partner and network roles is strongly recommended.

We believe there is the potential to build better upon the existing capacity and networks in the NRM regions, including with the regional NRM plans and planning process. This has not been optimised in some programs – such as the Drought Resilience Adoption and Innovation Hubs and the Regional Drought Resilience Planning. Additionally, the contractual arrangements that all regional NRM organisations have with the Australian Government through DCCEEW allow for efficient and timely delivery on the ground through work orders,

as evidenced by the efficient delivery of the Bushfire recovery projects. The NRM landscapes stream utilised this mechanism however has not been continued.

A suggestion for continued improvement would be identifying opportunities for increased efficiency and effectiveness through considering capacity and capability across all organisations in the network, including regional NRM organisations, and differentiating roles more clearly. Program delivery could be adapted to increase opportunities for leverage, effectiveness and stronger engagement, rather than reinventing the wheel or even potentially undermining existing regional capacity.

The Drought Hubs are a major investment with most still in establishment phase and yet to deliver full value. The experience of regional NRM groups with the Drought Hubs in several jurisdictions has been unsatisfactory. The groups support the intent of the Hubs however implementation has not met expectations. This includes issues with real and perceived duplication of services and reliance upon (with insufficient acknowledgement of) regional NRM organisations' networks, capacity, partnerships, organisational systems, events, and sometimes projects. Some NRMs report providing significant self-funded support to their respective Hub in the establishment phase, which has continued into program delivery. Conversely in another jurisdiction, despite offers of access to information and NRM projects to inform the Hub's priority project areas, this was not used to inform planning, thereby adversely affecting the impact and efficacy of the program.

Some shortcomings may be attributed to Hub design and capacity, and it has proven difficult to recruit sufficiently skilled and knowledgeable staff in areas. Starting a green fields entity (often within a much larger institution for whom it is not a natural fit) provides a unique set of challenges, sometimes resulting in inadequacies in governance arrangements. Or the institutional locations and their culture have impacted on the culture of a Hub and the ability to deliver programs. The role of the Hubs has also grown beyond the original intent for which they were designed, while they were still starting up. This created confusion in stakeholders and challenges for the Hubs.

Programs targeting farmers need to be communicated more clearly. The risk is that farmers are inundated and need to work hard to understand what is on offer, what the requirements are, and if they are applicable (i.e., there are a lot of information and programs out there, and many government initiatives and market-based opportunities that can be confusing). Research has repeatedly shown that regional NRM organisations are a trusted source of information by farmers¹ (preferred source of information over government or universities). The trusted independent advice provided by NRM regions is important to potential investors and farmers to support the understanding of sustainability, carbon and biodiversity components within a local and regional context.

Regional NRM organisations have successful experience with many practice change and capacity building processes such as group peer-to-peer supported learning. This requires facilitation and operational funds to support trialling and demonstration projects. The intent for this work is in the DRF plan, in the pathways to impact, but is yet to be realised in program delivery. We need to ensure investment and projects are designed around effective and on-going support for farmers and other stakeholders, and those who work with them (both next and end-users).

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?

At the time of this inquiry, there are many pressing matters related to NRM that require attention from the Australian Government and which may well enable greater efficiencies and outcomes for the Future Drought Fund.

- One high priority is the role of regional NRM organisations and regional NRM planning in the environmental markets, including the ERF and carbon market, and the emerging biodiversity market particularly the Australian Government's Nature Repair Market.
- A high priority for regional NRM organisations is the current design and commissioning of projects for the next iteration of the Natural Heritage Trust Program (previously the Natural Landcare Program Regional Land Partnerships Program.)
- Regional NRM organisations continue to be charged with delivering biodiversity outcomes and it is important that regional NRM planning be embedded in the changes to the EPBC Act and establishment of environmental standards.
- A next step in the ongoing reform of the way that water is managed in Australia via further National Water Reform and potential roles of regional NRM planning in informing water management.
- There is a pressing need to address biosecurity issues and particularly the environmental impacts of pests and diseases in an integrated way.
- NRM Regions Australia is engaging with agricultural industries to support design and implementation of Sustainable Agriculture Frameworks and supply chain requirements. Improved natural capital can support these requirements and drought resilience.

We suggest establishing mechanisms to work across whole-of-government including a platform to involve all relevant Ministers - Agriculture, Climate Change, Water, Environment, Indigenous Affairs. The current arrangements may potentially miss synergistic interactions across a range of Australian and State Government policies, programs and initiatives that address climate change, biosecurity, environment, water, and agriculture. (NRM Regions Australia have previously identified principles for successful NRM Governance².)

In closing this submission, I reiterate that NRM Regions Australia is appreciative and supportive of the Future Drought Fund and the Drought Resilience Funding Plan. We believe that while it is quite early in the implementation, adjustments in line with the areas identified in this submission will increase the effectiveness of Part 3 of the Future Drought Fund.

Thank you for the opportunity to contribute to the Inquiry and we would welcome the opportunity to discuss this further.

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Chair, NRM Regions Australia

References

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