

Queensland Government submission to the Interim Report: Review of Part 3 of the Future Drought Fund Act of the Productivity Commission

Dear Sir/Madam

The Department of Agriculture and Fisheries of the Queensland Government provided a submission to inform the Interim Report of the Productivity Commission. As noted in this submission, the Department of Agriculture and Fisheries (DAF) administers two programs of the Future Drought Fund (FDF), the Farm Business Resilience Program (FBRP) and the Regional Drought Resilience Planning (RDRP) of the FDF.

In its Interim Report the Productivity Commission makes a number of information requests to inform its final report to be provided the Australian Government by the end of the year. Some of these questions fall outside the scope of DAF to provide insight on, however some questions are program specific and as program administrator in Queensland, DAF may be able to assist the Productivity Commission.

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.

In principle, Queensland is supportive of recognising climate change resilience as a priority. As will be noted elsewhere, states and territories may already have existing programs that are closely aligned to or similar to that of the FDF. For example, in the context of climate change, Queensland has developed the Queensland Climate Action Plan: www.des.qld.gov.au/climateaction. Queensland is also delivering a nation leading Queensland Climate Adaptation Program. Should the FDF programs be expanded to include climate change, in the program development phase greater consultation beyond traditional agricultural stakeholders may be required.

The Drought and Climate Adaptation Program (DCAP) administered by DAF delivers a range of research, development and extension measures to improve primary producers' ability to manage and respond to droughts and other risks associated with climate change and it is contemplated that DCAP's scope going forward will include issues such as emissions reduction at the property level.

DAF would note that both FBRP and RDRP are co-funded by the Queensland Government. Considerable time and consultation is required to secure this co-funding through Budgetary processes. Therefore, any expansion or changes to programs to take into account climate change which would require higher levels of co-contribution or administrative changes should allow for ample time for Government consideration.

Information request 2 The Commission is seeking views on whether and how the Future Drought Fund can achieve greater environmental and economic resilience through more investment in natural resource management activities. The Commission is also seeking views on: • how existing programs could be adjusted, and what activities should be funded, to achieve mutually reinforcing environmental and economic benefits • how these outcomes – and the causal links between actions and improved resilience – could be best measured • how Future Drought Fund activities should interact with the National Landcare Program and other natural resource management programs.

As was noted in the Interim Report there is an overlap between FDF objectives and natural resource management activities. It should be noted that within the Queensland FBRP grazing futures project there are already links to NRM groups and FDF hubs.

Going forward, an expansion of the FDF to include natural resource management activities may warrant the inclusion of other Queensland Government departments such as the Department of Environment and Science, Department of Resources and Department of Regional Development, Manufacturing and Water in future program negotiations.

Queensland is supportive of the concept that delivery and payment for ecosystem services such as carbon, biodiversity and reef credits improves both environmental and economic outcomes for primary producers and improves resilience.

As administrator and co-funder of the FBRP, DAF would note the implications of making changes to these programs which would lead to changes in service delivery or an expectation of higher levels of co-funding. Any changes should provide sufficient time for consultation and funding implications to be appropriately considered by government.

Information request 3 The Commission is seeking views on how the Future Drought Fund can best support social resilience, considering the roles that state, territory and local governments play. The Commission is also seeking views on: • whether existing programs (outside the Better Prepared Communities theme) could be adjusted to better achieve flow on benefits for social resilience, and if so how • how social resilience outcomes can be best measured. Information request 4 The Commission is seeking views on: • the extent to which the suite of programs, as well as individual program design and program monitoring, evaluation and learning plans, align with the theory of change and program logic • how the program theory, and its use, can be improved to better guide investment, prioritisation, program design and monitoring, evaluation and learning in the next Funding Plan period

Queensland recommends better alignment to existing initiatives across regional locations. The Future Drought Fund initiatives were designed with no visibility or consultation with the States and Territories programs. Queensland has also experienced a lack of clarity between programs such as the RDRP and Helping Rural Communities Prepare for Drought Initiative.

With regards to the question concerning program theory, advice on this issue was sought from Coutts J&R who provide monitoring and evaluation services for DAF for the FDF. They advised:

“The Program Logic shown on pages 14-15 in the latest Monitoring, Evaluation and Reporting Plan (MERP - as designed by the FDF) is premised on the program being the rolling out of training ‘courses’:

- “States undertake a robust process to engage appropriately skilled and qualified trainers, coaches, and assessors of Farm Business Plans
- Program embeds resilience principles in its curriculum, and these translate into business planning and concrete actions that are credibly likely to improve resilience (i.e., the training works)

The implications are that the program is like TAFE in that it runs courses, uses coaches with the Drought Plan an evidence of a successful participation in the course. Queensland has – by necessity and for effectiveness – used a more diverse and extension-based approach to best work in with current industry programs and needs. This will be particularly important when going beyond those

producers who are more open to attend workshops or training events and a more diverse approach will be needed (as is happening in Queensland) and recognised.

There is a strong emphasis by the Government and by most RDCs on the need for 'co-design' with potential users and stakeholders when developing a program and priorities to be addressed. This will assist in planning and rolling out the next phase of the FBRP in a manner that will achieve greater participation and uptake. The central question would be 'how do we increase the number of producers who are better able to plan and deal with climate challenges such as drought – what approaches will work best for each industry (and or industry segment)'. The focus of such a national program should be on developing program logic which still focuses on the end goals - RM1: There's an increase in the business management skills and confidence of farmers to manage risk; RM3: More farmers are taking actions to manage risk, including drought - but there is more flexibility in the pathways and processes needed to achieve this in any given state/industry context.

What is clear is that there is a distinction between participants having greater capacity, skills and motivation to improve their drought readiness and the interim firm goal of having written plans following a certain format. While understanding that such written plans might be a requirement to access funding (and can be helpful in implementation), not all participants can or want to access this funding and so having gone through a checklist may be all that is needed to motivate action – as is shown in the diagram at the end of this short paper (this type of flow diagram is much better than more static diagrams). The issue is whether formal training is seen as the only model – and whether the emphasis on completed formal plans (although a concrete bit of 'evidence') is needed, rather than evidence of impact of changes in understanding, skills, motivation and action.

The 'Outcome Monitoring' table on pp 17-24 in the MERP shows some good detail of logic – especially with the Queensland specific information included. Note that Column 2 is a more detailed version of the program logic diagram earlier in the MERP. This provides some good logic in terms of outcomes (1-4 years) – from awareness to gains in knowledge and understanding; to skills and capacity; to confidence; to taking actions; and leading to benefits. What is unclear - and what makes it difficult to capture and report benefits across states and industries – is the reporting of specific actions taken (apart from having Plans in place – which was also a bit unclear initially) and benefits. These are generic as they stand, but there is no reason that a list of the type of actions and potential benefits couldn't be developed across industries in a common framework and reported against.

Importantly, the FDF needs to be clear about what they want reported but not dictate on the actual detail of the instruments used to capture the information. The program logic going forward needs to include outcomes across all climate challenges all of which impact on 'business reliance'. Undertaking a Bayesian Analysis of the factors impacting on participation, practice change and improvements to farm business resilience should be undertaken for a more analytical approach to priorities. It best involves potential users and stakeholders and draws from past experience and research. The Bayesian modelling is a very useful program logic which allows testing to see where the best actions can be taken to improve the end result. An example in diagrammatic form is at the end of this document.

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.

Given the National Drought Agreement will be going into a new version in 2024, a review of how FDF policy and programs align with the NDA is timely. Under NDA, some of the roles and responsibilities belong to the States/territories or are shared obligations with the Australian Government. Accordingly, an articulation in the FDF as to which programs align to which role and responsibility in the NDA would be helpful. DAF would make the general observation that Queensland has attempted to ensure its drought policy and programs align with the policy principles of the NDA and its participation in the FBRP is an important part in this process given access to new drought preparedness measures is contingent on the process having developed a farm business resilience plan.

Information request 6 The Commission has identified challenges with the implementation of Fund and program monitoring, evaluation and learning (MEL). We are seeking further views on: • the clarity of MEL requirements for, and guidance provided to, program implementers • what mechanisms might better integrate monitoring, evaluation and reporting with learning • any other specific, practical changes that would improve how MEL is conducted across the Fund.

Queensland delivers FBRP and RDRP in accordance with the policy frameworks established by the Australian Government including the requirements for monitoring and evaluation. The MEL was poorly established in each program with long delays between program establishment and MEL plans. MEL plans were not always cohesive to the program and lacked in some cases a clear program logic.

Monitoring and evaluation for the FDF programs managed by DAF is delivered by Coutts J&R whose advice on the questions asked in Information request 6 is below:

“This is a comment made about challenges across a lot of the FDF programs and mainly relates to the difficulty at a national level to be able to collate impacts across the different regions/states. The main issue is how such a program can be effectively collated to show/demonstrate the full impact of the program.

Without clearer specific practices or even ‘type’ of practices implemented (beyond having a Plan) which can be reported against, national collation is difficult. It comes down at the moment to cherry picking more descriptive impacts across states for national reporting. Not that descriptive impacts/case studies are not important to illustrate and demonstrate the program logic in action but the collation of impacts across industries and states is an issue. A simple solution would be to have a more comprehensive list of ‘types of actions’ and ‘types of benefits’ relevant to different industries to report against would be ideal. For example: Number of grazing business x ha/stock number who have improved fencing to allow restricting grazing (drought lots) during droughts. For many of these types of approaches, there have been some estimates of benefits arising (pasture cover and profitability) which could then be used. Being able to input these types of indicators in a common format across states would do a lot to help capture and demonstrate impact.”

Note that a key problem with FBRP is capturing actions and benefits post activity. This follow-up need should be explicit in contracts/sub-contracts and participants advised that such follow-up would occur and ask for their cooperation.

What has been really good is that the FDF team have listened and have made changes in MEL reporting requirements for this year more in line with what makes sense and will work across the Hubs.

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.

In Queensland Coutts J&R were engaged to monitor from the beginning of the RDRP and FBRP programs and DAF. Initial MEL activities were repetitive and not clearly aligned with program logics for the programs. The MEL reporting and engagements need to be fit for purpose across the programs and provide meaningful monitoring of outcomes, a general observation is that better engagement with program deliverers is needed across each program.

Information request 8 The Commission is seeking views about its suggested options to improve engagement with, and benefits for, Aboriginal and Torres Strait Islander people. We are interested in whether these options should be implemented, and if so, what would be needed to ensure their success in practice. Other suggested options are also welcome. The options, which are not mutually exclusive, include:

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

Queensland recommends a regionally led approach. Experiences with engagement in programs such as the RDRP have identified different communities experience and view drought preparedness in different ways. Queensland suggests that it is important that what is implemented is done in a meaningful way at a local level.

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?

As was noted by Queensland in its original submission there is potential overlap between DR.SAT and existing platforms for climate information such as information available on the Queensland Government's www.longpaddock.qld.gov.au website. Should DR.SAT and CSA be continued program developers should take into account existing platforms.

As a general observation CSA is a useful platform for gaining an understanding of potential climate change impacts at the regional level and across agricultural commodities however the seasonal forecast of CSA is inconsistent with the Bureau of Meteorology seasonal forecast. Potentially BoM products could be integrated within the CSA.

Information request 10 Healthy landscapes support productive farms and contribute to greater drought resilience. The Commission is considering options to enhance the Farm Business Resilience (FBR) program to better support farmers' natural resource management. We are seeking further information on: • the extent to which the FBR program already supports natural resource management on individual farms, and how the program can be amended to also support landscape-scale environmental initiatives • how the FBR program can be better used to improve environmental resilience, in tandem with economic resilience • whether and how the FBR program can be better coordinated with other Future Drought Fund programs

Queensland is currently considering options to improve the FBR program to support a module of work to improve on farm understanding of carbon emissions on their farm and how to adopt potential emission reduction technologies to improve productivity and profitability. As noted above Queensland's FBRP grazing futures project already has strong linkages with NRM groups and any expansion of FBRP scope may warrant the further inclusion of other Queensland Government agencies involved in natural resource management in program deliberations.

Information request 11 The Commission is seeking views on how the Regional Drought Resilience Planning program can be improved, including through better integration with other Future Drought Fund (FDF) programs, stronger governance and public reporting. The Commission is also seeking views on whether the Australian Government should reassess the value of the program and consider options for reallocating funds to other FDF activities

Queensland has already completed five plans across Queensland with the remaining nine underway and likely to be completed prior to the expiry of the current funding plan. Current FDF guidelines for the RDRP include the potential for implementation grants. These implementation grants have not yet been offered in Queensland. Queensland would seek clarity as to whether these implementation grants will continue to be made available beyond the current funding plan given Queensland is further advanced in its implementation of this program than many other states. As noted earlier, Queensland provides a co-contribution to this program and any changes contemplated by the FDF to this program should provide extensive consultation with program deliverers.

A number of activities under RDRP also align with natural disaster resilience programs. These should be considered to avoid duplication across key program expenditures.

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

As noted for other programs there already exist programs of research, development and extension and overlap with these programs should be avoided. Universities are not necessarily the best mechanism in order to deliver these types of grants. There is a disconnect between the Drought Hub activities and the communities in which they may be trying to deliver within.

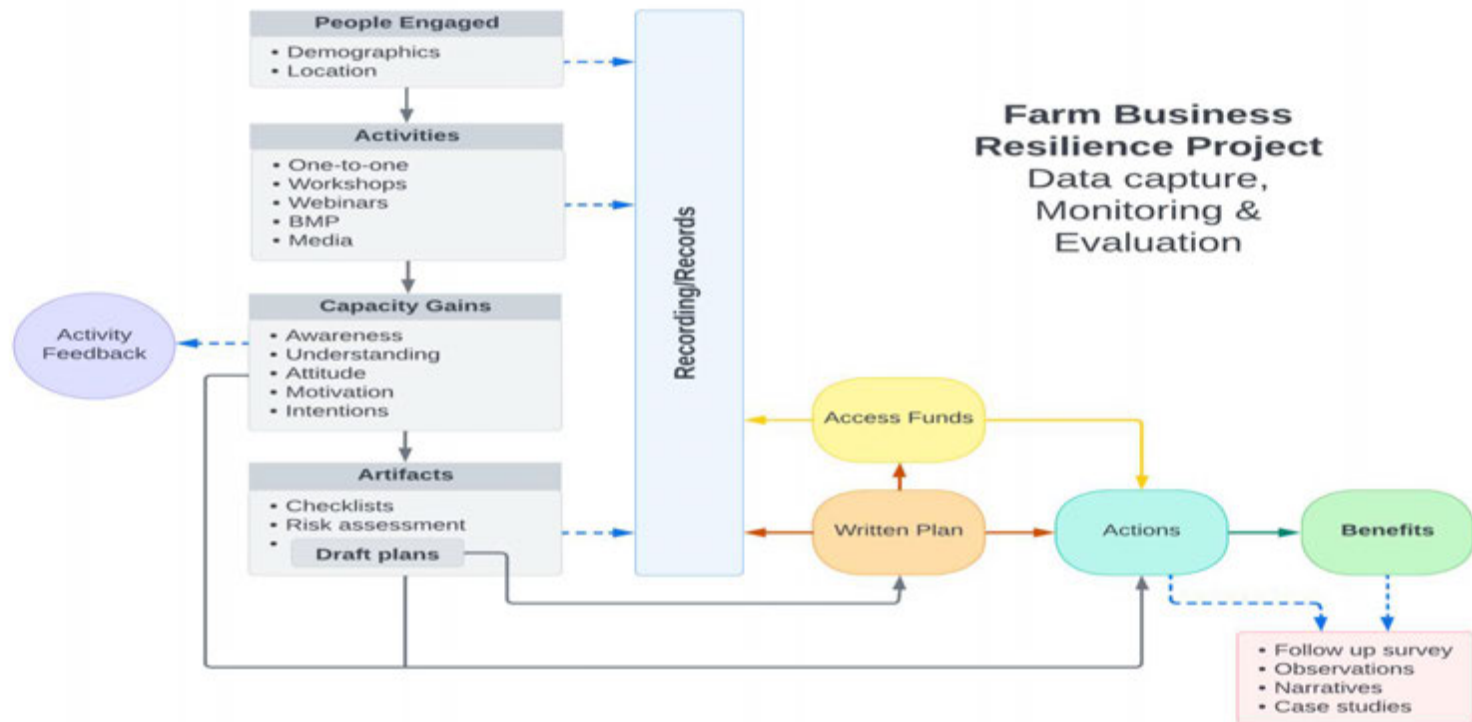
Information request 13 The Commission is seeking views on the appropriateness of programs delivered under the Better Prepared Communities programs (Networks to Build Drought Resilience, Drought Resilience Leaders and Helping Regional Communities Prepare for Drought). The Commission is considering ways 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

With regards to the proposal to integrate community grants with regional drought development plans DAF would note that five of these plans have already been completed and the remaining nine will be by June 2024.

Queensland would support tying community grants to RDRPs.

Attachment (provided by Coutts J and R)

Program Logic based on a more useful Impact Pathway for FBRP



Example of a Bayesian Analysis

