



7<sup>th</sup> February 2023

To: The Productivity Commission

Re: Productivity Commission Act 1998, and section 32A of the Future Drought Fund Act 2019

Via: future.drought.fund@pc.gov.au

To whom it may concern,

We have been actively involved with the Future Drought Fund (FDF) since inception and have been involved in drought and climate risk management for over 25 years. We have a commercial background and a demonstrated track record of risk management and tech innovation adoption and commercialisation, as described in the appendix of this letter. As the FDF was being announced in early 2020, we (AgRee) were leading a team of specialists in a drought related project for the Queensland Department of Agriculture – Individual Business Risk Management Plans (BRMP). We have keenly supported and followed the FDF and Hubs for over two years.

We offer the following points to improve the effectiveness of this important initiative:

- The spend on the FDF seems to have largely been on set-up, admin, research; although now there are some targeted grants that may have an on-the-ground impact. We encourage inclusion of commercial knowhow within the operation of the FDF and its projects that can lead to **commercial/industry pull through**
- The FDF should better **foster a linkage to global markets** - financial markets, physical commodity markets, developing environmental commodity markets and related work on farm level enterprise value
- The FDF and Hubs could gain a **better perspective of the experience and drivers of the private support they enjoy** from the likes of our firm/consortium. If the experience for us is not mutually beneficial, this private commercial support will fall away
- We have actively communicated our experience and ideas ministers and FDF governance leadership. There needs to be a more ‘Commercial Dimension’ to the FDF, the \$10m **Commercialisation Facilitation initiative should be expedited**
- Our view is that there should only be **two major Hubs - tropical and temperate**. This would reduce admin burden on the fund and would allow scarce FDF resources to be allocated more effectively
- We would encourage at least one **routine check-ins by Hubs** to private FDF projects, such as our recent Contingency Interest Loans project (Ideas grant). We have submitted this project some weeks ago ahead of time but are not sure who our current contact point is / what are the next steps from FDF standpoint – FDF should be an attentive and outcomes focused platform
- The FDF’s effectiveness could be improved through following the money trail to ensure a **reasonable ratio of resources are reaching genuine purpose** - extension, adoption and commercialisation

As is widely reported, climate change is an existential threat to humanity. On this basis, the FDF is a noble initiative but it now needs to prioritise stakeholder engagement with a track record of impact and execution. As a matter of obligation and motivation, we suggest there should also be some communication of relevant projects/findings to international settings - where there are similar landscapes and climates.

We support the intentions of the FDF and look forward to contributing further on a mutually beneficial basis.

Sincerely yours,

John Reeve

Managing Director | AgRee Commodities Pty Ltd | +61452512903 | [www.agreecommodities.com](http://www.agreecommodities.com)

<b>AgRee Commodities Pty Ltd, Brisbane, Queensland, Australia</b>
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Origins in farming and agribusiness - grain, milling, cattle, feedlots and branded beef exports – Queensland, Australia Advisor & execution as employee – agri risk - lending & commodities – <b>NAB, Rabobank, CBA, UBS, StanChart, Goldman</b> Commodity, innovation & risk – <b>ED&amp;F Man, DFAT/Palladium, AMPC, MLA, QDAF, NFF, Artesian, AgDNA, Jacobs, KBR</b>
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**AgRee demonstrated track-record in agri food innovation, risk and emerging markets**

<b>Client</b>	<b>Project Description</b>
<b>Artesian Venture Partners</b>	Successful capital raising in Queensland and Singapore for Artesian Fund of Funds (AgRee is investor) – co-invests in innovation via Early-Stage Venture Capital Limited Partnerships (ESVCLPs).
<b>AgDNA Technologies</b>	Private Series A capital raise and origination of new Director for AgDNA (2016); in 2019 AgDNA exited to CNH Industrial – one of Australia's best agtech exits.
<b>Australian Government – DFAT (AusAID / Palladium)</b>	Agri trade expert - Market Development Facility/AusAID (Palladium) in Timor Leste - route to market for climate resilient crops. Re-contracted to advise on SunRice country entry - this remains one of the best opportunities to diversify the Timor economy from its dependence on the oil and gas sector.
<b>Queensland Government - QDAF</b>	Individual Business Risk Management Plans (BRMP) based on ISO31000 - for the Department of Agriculture (DAF). AgRee won the project in a competitive bid over a global professional services firm.
<b>Meat and Livestock Australia (MLA)</b>	Round table series and White Paper assessment of cattle price benchmarks & risk transfer.
<b>National Farmers Federation (NFF)</b>	On-Farm Risk Project - Forward contracts, futures, options and swaps sub-project - Lead advisor.
<b>Aust Meat Processing Corp (AMPC)</b>	Industry wide financial risk assessment – AgRee was a subcontractor to Jacaranda Capital.
<b>Packhorse Investments</b>	ESG focused fund – regen ag / backward integration for processor – adviser on IM and DFI.
<b>Australian Government - Future Drought Fund</b>	AgRee is a Member of several of the Innovation Hubs (Aust Govt funded). Successful grant application for Contingency Interest Loan product – a cashflow hedge overlay for grazier term loans.
<b>ED&amp;F Man – Largest refined sugar trader globally</b>	240-year-old British trade house - Exclusive Agent for Container trade in Aus/NZ (refined sugar).
<b>KBR Engineering – NYSE listed engineer for NASA and US Army</b>	Coalstoun Lakes Water Project – sub-contractor – demand assessment. Proposed AUD250m build cost water pipeline and distribution system from Paradise Dam to two new irrigation areas with highly fertile soils. AgRee is responsible for ~50% of demand (all outside professional investors). We have recently been Access to Finance Lead on the HIPCo project working under KBR, with direct responsibility for finance and relationships of the ~50+ interested investors.
<b>Jacobs Engineering – Largest engineering firm globally</b>	Hughenden Irrigation (HIPCO) – Subcontractor on demand assessment, supply chain, commodity, risk, finance/structuring and enterprise value model/implied water pricing model. This project is a 'nation building' 180k ML dam with an estimated P90 build cost of AUD800m. NB. AgRee also contracted directly by HIPCo to commercialise opportunities in Sustainability Chapter of the DBC.
<b>Green Streaming Pty Ltd</b>	Green Streaming is a natural capital stream finance company. It also acts as a risk manager and merchandiser/monetiser for high quality enviro project credits.