Australian Government
Productivity Commission

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Future Drought Fund 2027 inquiry

Call for submissions



The PC has released this paper to assist individuals and organisations to prepare submissions. It contains and outlines:

- the scope of the inquiry
- the PC's procedures
- matters about which the PC is seeking comment and information
- how to make a submission.

November 2026

Acknowledgment of Country



The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.

About us

The PC is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long-term interest of the Australian community.

The PC's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

For more information visit our website: www.pc.gov.au.

Call for submissions

The PC has released this paper to assist individuals and organisations to prepare submissions to the inquiry. It contains and outlines:

- the scope of the inquiry
- the PC's procedures
- matters about which the PC is seeking comment and information
- how to make a submission (see attachment B).

Participants should not feel that they are restricted to comment only on matters raised in the paper. The PC wishes to receive information and comment on issues which participants consider relevant to the inquiry's terms of reference (attachment A).

Key dates

Receipt of terms of reference	20 November 2026
Due date for submissions	23 December 2026
Release of interim report	April 2027
Final report to Government	August 2027

Contact details

Phone	(02) 6240 3277
Freecall	1800 020 083
Email	fdf27@pc.gov.au
Website	www.pc.gov.au/inquiries-and-research/future-drought-fund-2027

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Future Drought Fund 2027 inquiry

The Australian Government has asked the Productivity Commission to undertake an inquiry to assess the effectiveness, efficiency and appropriateness of Part 3 of the *Future Drought Fund Act 2019* (the Act). The inquiry will include an assessment of the:

- *Drought Resilience Funding Plan 2024 to 2028*
- programs, arrangements and grants made under Part 3 of the Act
- processes and systems to administer, govern and evaluate the programs, arrangements and grants.

The PC has also been asked to consider opportunities to better coordinate the Future Drought Fund (FDF) with state and territory governments' drought resilience programs, how FDF programs could better complement each other, and the role of the Department of Agriculture, Fisheries and Forestry (DAFF) in administering Part 3 of the Act.

The PC previously reviewed Part 3 of the Act in 2023. As part of this inquiry, we will consider changes to the FDF's design and delivery implemented since 2023, including in response to our 2023 recommendations.

The PC would like to hear your views and perspectives on issues relevant to the inquiry's scope.[1] The remainder of this call for submissions paper outlines some issues and questions that the PC would like to explore through this inquiry.

Submissions and comments may raise other issues relevant to the inquiry's terms of reference (attachment A) that are not covered in this paper, and also do not need to address all the questions in the paper. Submissions and comments focusing on a particular issue are welcome, as are submissions and comments that take a local, regional, state or territory, or national perspective.

Submissions are requested by 23 December 2026 (attachment B).

Program outcomes

The PC would like to understand how the programs funded by the FDF have supported or not supported drought and climate resilience. We would also like to hear your views on whether any changes to FDF programs would improve economic, social, and environmental outcomes. In responding to these questions, the PC would value specific examples and evidence (including outcomes data) on the impacts of FDF programs.

Program design and delivery

FDF programs target 3 strategic objectives, as outlined in the *2024 to 2028 Funding Plan*: economic resilience, environmental resilience, and social resilience. They are currently focused on 5 priority areas, as outlined in the *FDF Investment Strategy*: partnering for local solutions; partnering for First

[1] Note that the operations of the Future Drought Fund investment vehicle, which is managed by the Future Fund Board, are not within the scope of this inquiry.

Nations initiatives; building knowledge, skills and capability; innovation for transformation; measuring progress and knowledge sharing.

- Do the FDF's programs focus on the right priorities to build drought and climate resilience? If not, what priority areas should the FDF focus on and why?
- Are FDF programs designed and delivered in ways that complement each other to build drought and climate resilience? If so, what are examples of complementarities and their benefits? If not, how could programs be improved to better complement each other?
- To what extent, and how, do the FDF's programs enable innovation and long-term, transformational improvements in drought resilience and related adaptation to climate change?
- How consistent are the FDF's priorities and programs with the vision, aim, objectives and funding principles in the *2024 to 2028 Funding Plan*?
- What, if any, overlaps exist between programs within the FDF? What, if any, overlaps exist between FDF programs and other Australian Government policies and programs relating to drought and climate resilience?

Individual program outcomes

The FDF currently includes 12 active programs, with a further 7 now closed. Some of the key initiatives include the Drought Resilience Adoption and Innovation Hubs, Farm Business Resilience, Regional Drought Resilience Planning Program, Long-term Trials of Drought Resilient Farming Practices Grants, Drought Resilience Innovation Challenges Pilot Program, and the Scaling Success Program. New and updated programs are being implemented progressively under the *2024 to 2028 Funding Plan*, including programs funding Aboriginal and Torres Strait Islander communities to strengthen drought resilience on Country and addressing specified innovation challenges.

- How have specific FDF programs supported drought and climate resilience? Are there examples of how the FDF has enabled farmers, land managers and regional communities (including Aboriginal and Torres Strait Islander people and communities) to be better prepared for the current drought and drying conditions in some parts of Australia?
- What has been the public good delivered by individual FDF programs? This means benefits that extend beyond individual businesses, such as generating and sharing knowledge, accelerating adoption of good practice or enhancing natural capital.
- Are programs reaching the organisations and communities that would most generate benefits from FDF support? If not, what could improve these groups' access to, collaboration with and participation in, FDF initiatives?
- What impacts, if any, have changes to the FDF's programs since 2023 had on economic, social and environmental outcomes?

Coordination with states and territories

In the FDF's shared delivery model, state and territory governments partner with the Australian Government to co-design and deliver some programs. For example, the jointly delivered Regional Drought Resilience Planning Program supports regions to develop community-led drought resilience plans, and the jointly delivered Farm Business Resilience Program builds farmers' and land managers' capabilities to manage drought risks. State and territory governments also have additional policies and programs aiming to improve drought and climate resilience, such as information systems, farm advisory services, or drought support grants.

- What lessons can be learned from existing FDF programs that are jointly delivered between the Australian, state and territory governments, to improve the coordination and resource efficiency of future exercises?
- What are examples of coordination and alignment between FDF programs, and state and territory policies and programs targeting drought and climate resilience? What, if any, duplication exists between FDF programs and state and territory policies and programs?
- How could coordination between drought and climate resilience programs at different levels of government be improved?

Broader FDF arrangements

The PC is interested in views on whether governance, departmental and administrative broader arrangements are enabling the FDF to effectively and efficiently deliver its economic, environmental and social objectives. In responding to these questions, we would value specific examples and evidence on how particular aspects of these arrangements have positively or negatively contributed to the FDF's impact.

Governance and administrative arrangements

Strategic direction for the FDF is provided by the *Drought Resilience Funding Plan 2024 to 2028*, which is a legislative instrument made by the Drought Minister that sets out a high-level, principles-based framework for guiding investment. Since 2025, the Funding Plan has been supported by the *FDF Investment Strategy*, which provides more detail on investment priorities and individual program objectives. The FDF's governance includes advisory structures such as the FDF Consultative Committee and the Regional Investment Corporation Board. In 2025, the First Nations Advisory Group was established to advise on how FDF programs can better improve outcomes for Aboriginal and Torres Strait Islander people.

- Are the FDF's administrative arrangements and governance structures fit for purpose? What aspects of these arrangements have enabled effective program selection, design, planning and delivery, and how?
- Which administrative arrangements and governance structures could be improved, and how?
- Are the costs of administrative arrangements and governance structures proportionate to their benefits in leading to better drought and climate resilience outcomes? If not, what arrangements are too costly relative to their benefits?
- What impacts, if any, have changes to administrative arrangements and governance structures since 2023 had on the effectiveness of the FDF's operations?

The department's role

DAFF is the responsible Australian Government department administering the FDF and its programs. Its role includes evaluating and selecting applications for funding under FDF programs, providing the secretariat for the FDF and its committees, and publishing annual reports for the FDF.

- How has DAFF performed in its role administering the FDF?
- What aspects of DAFF's resourcing, capability and systems have supported or hindered its ability to effectively administer the Fund and its programs, including monitoring and evaluation?

Monitoring and evaluation

The *FDF Monitoring, Evaluation and Learning (MEL) Framework* provides an approach for tracking progress, assessing outcomes and sharing knowledge for both individual programs and the Fund overall. The *MEL Framework* was updated in 2025, with the new framework intending to emphasise a 'systems approach' to drought resilience, and monitoring and evaluation activities intending to consider interdependencies between programs and stakeholders. The PC will be drawing on monitoring and evaluation data submitted to date to DAFF as part of this inquiry, along with other data provided by inquiry participants.

- Which elements of the current *MEL Framework* have been effective for monitoring and evaluating outcomes, and why? Which ones could be improved, and how?
- What are examples of how learnings from FDF monitoring and evaluation activities have been applied to improve design and delivery, either at the overall Fund level or for individual programs?
- What impacts, if any, have changes to the *MEL Framework* since 2023 had on the effectiveness of FDF monitoring and evaluation activities?

Outcomes for Aboriginal and Torres Strait Islander people

Aboriginal and Torres Strait Islander people have been caring for Country for tens of thousands of years as an integral part of their culture and identity. The Fund presents opportunities to support Aboriginal and Torres Strait Islander people to care for Country and participate in agriculture; however, barriers to FDF participation exist. Opportunities to enhance engagement with and benefits for Aboriginal and Torres Strait Islander people need to reflect governments' commitments to improve outcomes under the National Agreement on Closing the Gap.

- Since 2023, has the FDF progressed partnerships with Aboriginal and Torres Strait Islander people in ways that strengthen Aboriginal and Torres Strait Islander participation in the Fund and shared decision-making?
- How can the FDF better support Aboriginal and Torres Strait Islander people's involvement in its programs, including through agriculture and caring for Country?

A. Terms of reference

I, the Hon Jim Chalmers MP, Treasurer, pursuant to Parts 2 and 3 of the *Productivity Commission Act 1998,* and section 32A of the *Future Drought Fund Act 2019* (the Act), hereby request that the Productivity Commission (the Commission) undertake an inquiry into the effectiveness of Part 3 of the Act.

Background

The Future Drought Fund (FDF), established by the Act provides secure, continuous funding for programs, grants and arrangements that support Australian farmers and associated communities to prepare for, and become more resilient to, the impacts of future droughts and climate change.

Under the Act, funding is made available each year for drought resilience programs. The design and delivery of such programs is guided by a Drought Resilience Funding Plan and governed by Part 3 of the Act.

On 7 February 2024, the then Minister for Agriculture, Fisheries and Forestry made the *Future Drought Fund (Drought Resilience Funding Plan 2024 to 2028) Determination 2024* (the Funding Plan). This Funding Plan sets out a 4-year framework to guide the design and delivery of programs under the Act. It represents the second cycle of funding for the Future Drought Fund.

On 7 May 2024, the Prime Minister announced a suite of 10 Future Drought Fund programs over 8 years from 2024–25. This suite included a mix of continued, extended and refined existing programs as well as new programs. The design and delivery of these programs have been guided by public consultation and by the recommendations of the 2023 Productivity Commission *Review of Part 3 of the Future Drought Fund Act*.

Under section 32A of the Act, the Commission must periodically undertake an inquiry into the effectiveness of Part 3 of the Act, including the Funding Plan that is in place. A referral for an inquiry must be made by 7 February 2027. Under the Act, this inquiry process is followed by a requirement to establish a new Funding Plan by 7 February 2028.

This inquiry will help ensure that efforts to enhance Australia's drought and climate resilience are responsive to the changes affecting the Agricultural sector, including climate change, technological innovation, global market volatility, and demographic change. By examining the effectiveness of Part 3 of the Act within this context, the inquiry will maximise opportunities for long-term productivity, adaptation and economic wellbeing while recognising emerging risks to agriculture and agriculture-dependent communities.

Scope

In accordance with section 32A of the Act, the Inquiry must undertake an assessment of the effectiveness of Part 3 of the Act, including:

- the *Future Drought Fund (Drought Resilience Funding Plan 2024 to 2028) Determination 2024*
- programs, arrangements and grants made under Part 3 of the Act
- processes and systems to administer, govern and evaluate programs, arrangements and grants made under Part 3 of the Act.

As required by section 32A, the Commission should have regard to the FDF's 3 core strategic objectives of enhancing economic, social, and environmental outcomes in assessing these matters.

In undertaking the Inquiry, the Commission should also:

- Consider the effectiveness and appropriateness of the Funding Plan in guiding progress towards the objective of drought resilience.
- Consider the effectiveness, efficiency and appropriateness of the programs, arrangements, and grants in delivering against the Funding Plan and objective of drought resilience.
- Consider the effectiveness, efficiency, and appropriateness of Part 3 of the Act, including its administration through the systems and processes established to develop, deliver, govern, monitor and evaluate programs, arrangements, and grants.
- Provide specific and practical advice to inform the development of a new Funding Plan; the development, delivery, monitoring and evaluation of future programs, arrangements, and grants; and the processes and systems to administer the Fund.

In addition to these general evaluation questions, the Commission is asked to consider the following:

- the opportunities that exist for the FDF to better coordinate, engage, invest and align with state and territory governments' policies and programs that materially affect drought resilience to support a more coordinated approach, including in the context of a changing climate
- how the FDF programs can be better designed to complement each other to enhance drought resilience and preparedness
- the role of the responsible department in administering Part 3 of the Act and whether the resourcing, capability and systems supporting the FDF are appropriate and fit for purpose.

Process

The Commission is to undertake a public consultation process as part of the Inquiry.

It is also specifically requested that the Commission consults with the Future Drought Fund Consultative Committee, the Future Drought Fund First Nations Advisory Group and the Australian state and territory governments.

At an appropriate time during the Inquiry an interim report is requested to be delivered to Government, alongside further public consultation. The final report must be provided to Government within 9 months of receipt of these Terms of Reference.

The Hon Jim Chalmers MP
Treasurer

[Received 20 November 2026]

B. How to make a submission

How to prepare a submission

Written submissions may range from a short comment outlining your views on a particular topic to a much more substantial document covering a range of issues. Where possible, you should provide evidence, such as relevant data and documentation, to support your views.

Publishing submissions

- Each submission, except for any attachment supplied in confidence, will be published on the PC's website shortly after receipt, and will remain there indefinitely as a public document.
- The PC reserves the right to not publish material on its website that is offensive, potentially defamatory, or clearly out of scope for the inquiry or study in question.

Copyright

- Copyright in submissions sent to the PC resides with the author(s), not with the PC.
- Do not send us material for which you are not the copyright owner – such as pictures, photos and newspaper articles – you should just reference or link to this material in your submission.

In confidence material

- This is a public review and all submissions should be provided as public documents that can be placed on the PC's website for others to read and comment on. However, information which is of a confidential nature or which is submitted in confidence can be treated as such by the PC, provided the cause for such treatment is shown.
- The PC may also request a non-confidential summary of the confidential material it is given, or the reasons why a summary cannot be provided.
- Material supplied in confidence should be clearly marked 'IN CONFIDENCE' and be in a separate attachment to non-confidential material.
- You are encouraged to contact the PC for further information and advice before submitting such material.

Privacy

- For privacy reasons, all **personal** details (e.g. home and email address, signatures and phone numbers) will be removed before they are published on the website.
- You may wish to remain anonymous or use a pseudonym. Please note that, if you choose to remain anonymous or use a pseudonym, the PC may place less weight on your submission.

Technical tips

- The PC prefers to receive submissions as a Microsoft Word (.docx) files. PDF files are acceptable if produced from a Word document or similar text-based software. You may wish to search the

Internet on how to make your documents more accessible or for the more technical, follow advice from Web Content Accessibility Guidelines (WCAG) 2.1: https://www.w3.org/TR/WCAG20/
- Do not send password protected files.
- Track changes, editing marks, hidden text and internal links should be removed from submissions.
- To minimise linking problems, type the full web address (for example, https://www.referred-website.com/folder/file-name.html).

How to lodge a submission

Submissions should be lodged using the online form on the PC's website. Submissions lodged by post should be accompanied by a submission cover sheet, available from the PC's website.

Online*	www.pc.gov.au/inquiries-and-research/future-drought-fund-2027
Post*	Future Drought Fund 2027 Productivity Commission GPO Box 1428 Canberra City ACT 2601
Phone	Please contact Pragya Giri (Inquiry Administrative Officer) on 02 6240 3277

* If you do not receive notification of receipt of your submission to the PC, please contact the Administrative Officer.

Due date for submissions

Please send submissions to the PC by **Wednesday 23 December 2026**.