



Review of Part 3 of the Future Drought Fund Act

Interim report

Executive summary

This is an interim report prepared for further public consultation and input. The Commission will finalise its report after these processes have taken place.

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.

The Productivity Commission

The Productivity Commission 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 Commission'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.

Further information on the Productivity Commission can be obtained from the Commission's website (www.pc.gov.au).

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Opportunity for comment

The Commission thanks all participants for their contribution to the review and now seeks additional input for the final report.

You are invited to examine this interim report and comment on it by written submission to the Productivity Commission, preferably in electronic format, by 11 July.

Further information on how to provide a submission is included on the inquiry website:

www.pc.gov.au/inquiries/current/future-drought-fund

The Commission will hold further discussions with participants and prepare a final report after further submissions have been received. The Commission will forward the final report to Government in September 2023.

Commissioners

For the purposes of this inquiry and interim report, in accordance with section 40 of the *Productivity Commission Act 1998* the powers of the Productivity Commission have been exercised by:

Joanne Chong Commissioner

Malcolm Roberts Commissioner

Contents

Opportunity for comment	iii
Executive summary	1
Background	3
Introduction	3
Drought resilience and the Future Drought Fund	3
How has the FDF performed?	7
Next steps for the Future Drought Fund	10
Governance	13
Monitoring, evaluation and learning	14
Improving outcomes for Aboriginal and Torres Strait Islander people	14
Interim findings on key programs	15
Interim findings, recommendations and information requests	19
Future Drought Fund outcomes	19
Next steps for the Future Drought Fund	20
Governance	22
Monitoring, evaluation and learning	23
Improving outcomes for Aboriginal and Torres Strait Islander people	24
Future Drought Fund programs	25

Executive summary

Key points

- * **The Future Drought Fund (FDF) continues the policy shift, from in-drought assistance to building resilience to drought before drought occurs. The FDF can play an important role in protecting Australian agriculture and regional communities from the effects of a changing climate.**
- * **While it is too early to assess the FDF's impact on drought resilience, significant change is unlikely given the Fund's initial focus on short-term programs. However, early lessons are being learnt.**
- * **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.
- * **Drought is just one of the risks from climate change that farmers and agricultural communities face. The FDF should more explicitly recognise the need for resilience to climate change, not just resilience to drought.**
- * **The FDF should have fewer, better integrated programs. Key program considerations include:**
 - the *Drought Resilience Adoption and Innovation Hubs* need defined goals and time to demonstrate their value. There should be a review during the next Drought Resilience Funding Plan to decide whether funding should continue
 - improvements are needed to boost uptake of the climate information tools. The Commission is considering whether funding should continue for both climate tools, or if they should be integrated
 - there may be scope for the *Farm Business Resilience* program to deliver more public benefits, particularly by promoting measurable improvements in natural resource management
 - many institutions undertake agricultural innovation. It is unclear how the FDF should complement this. If there is a role for the FDF, *Drought Resilience Innovation Grants* could be targeted to identified challenges.
 - the value of some Regional Drought Resilience Plans is doubtful. Changes are needed to ensure that plans are effective and implemented
 - more work is required to identify if and how the FDF should best contribute to building social resilience through its community grant programs.
- * **The governance arrangements for the FDF are appropriate. However, processes can be simplified, while strengthening oversight of delivery outcomes.**
- * **There has been little engagement with Aboriginal and Torres Strait Islander people to date. Changes across Fund objectives, design, development, delivery, partnerships and decision making would be required to improve outcomes for Aboriginal and Torres Strait Islander people, and the wider agricultural sector.**

Background

Announced in 2018, the Future Drought Fund (FDF) provides \$100 million each year from 2020 to ‘enhance the public good by building drought resilience’ in the agricultural sector, the agricultural landscape and communities.

The Productivity Commission is tasked with assessing the effectiveness of Part 3 of the *Future Drought Fund Act 2019* (the Act). This interim report shares our initial findings and recommendations for participant comment. The final report will provide advice to the Australian Government on the development of a new Drought Resilience Funding Plan, future programs, arrangements and grants, and the administration of the Fund. The Commission is seeking additional input for the final report due in September 2023. You are invited to respond to this interim report by making a written submission or brief comment by 11 July 2023.

Introduction

The FDF continues the policy shift in national drought policy away from in-drought support to promoting preparedness and resilience. The FDF will play an important role in protecting Australian agriculture and regional communities from the effects of a changing climate.

While it is too early to fully evaluate the success of the FDF and its programs, our interim findings highlight that the initial programs were not well coordinated, were rolled out too quickly and were too focused on short-term objectives. It is unlikely that this mix of short-term programs will produce significant long-term change.

To meet its objectives, the FDF needs a clear, detailed strategy that sets out long-term investment priorities and ensures programs reinforce each other. This strategy should reflect the fact that more frequent and severe droughts are just one of the challenges caused by a changing climate. It is also vital that the FDF does more to engage and build partnerships with Aboriginal and Torres Strait Islander people, who should be given the opportunity to define their own goals for participation with the Fund and the outcomes.

A more strategic FDF, based on fewer, better coordinated programs is more likely to achieve the objectives of the Fund.

Drought resilience and the Future Drought Fund

Achieving drought resilience

The concept of drought resilience is broad, complex and means different things to different people. The FDF *Drought Resilience Funding Plan 2020 to 2024* (Funding Plan) defines drought resilience as:

... the ability to adapt, reorganise or transform in response to changing temperature, increasing variability and scarcity of rainfall and changed seasonality of rainfall, for improved economic, environmental and social wellbeing.

Definitions of resilience vary but they generally emphasise the ability to *absorb* adverse shocks or to *adapt* and *transform* in response to adverse events and risks.¹

¹ International bodies, countries, and even agencies within countries often define resilience differently depending on their organisational objectives and contexts. However, they commonly emphasise that resilience is the capacity or ability of an individual, community or system to prepare and plan for, absorb, recover from, and more successfully adapt and transform in response to adverse events.

The Funding Plan adopts a 'triple bottom line' approach of improving the economic, environmental and social dimensions of resilience – all three in combination are intended to deliver a holistic approach to building drought resilience (box below).

Elements of the Drought Resilience Funding Plan 2020 to 2024

Vision

The Fund's vision is 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.

Aim

The Fund aims to enhance the public good by building drought resilience in Australia's agricultural sector, the agricultural landscape, and communities.

Strategic priorities

The Fund has three inter-connected strategic priorities:

- economic resilience for an innovative and profitable agricultural sector
- environmental resilience for sustainable and improved functioning of farming landscapes
- social resilience for resourceful and adaptable communities.

Objectives

The Fund's three objectives to achieve the strategic priorities will enhance the public good by building drought resilience through programs that will:

- grow the self-reliance and performance (productivity and profitability) of the agricultural sector
- improve the natural capital of agricultural landscapes for better environmental outcomes
- strengthen the wellbeing and social capital of rural, regional and remote communities.

Across these three priorities, the FDF funds activities that support research, development, extension, adoption and commercialisation, capacity building and planning. Since the Fund's establishment, 19 programs have been rolled out supporting these objectives and activities. The table below outlines the full list of programs funded over the course of the first Funding Plan. Some programs have been completed and others are commencing. These programs are categorised under four main themes: Better Climate Information; Better Planning; Better Practices; and Better Prepared Communities.

FDf programs and funding allocation, as of 30 June 2022

Theme	Program	Total Allocated (\$m)
Better Climate Information	Climate Services for Agriculture – a tool that makes localised climate information accessible and useful for understanding climate risk and building resilience.	29.0
	Drought Resilience Self-Assessment Tool – a tool that provides farm-scale analysis by enabling farmers to self-assess resilience in personal, financial, and environmental domains.	9.9
Better Planning	Farm Business Resilience – provides subsidised learning to support farmers by improving their strategic decision-making skills.	76.0
	Regional Drought Resilience Planning – develops drought resilience plans across Australian agricultural regions.	40.9
Better Practices	Drought Resilience Adoption and Innovation Hubs – bring together regional stakeholders to develop local solutions to drought issues.	66.0
	Hub Projects – funding to carry out cross-Hub collaboration projects.	4.1
	Adoption Officers – included in Hubs, officers work with farmers to support adoption activities.	9.0
	National Enabling Activities – a range of activities to support knowledge transfer, collaboration and impact assessments.	8.0
	Drought Resilience Innovation Grants – grants for innovation projects at different stages of development, including early-stage proposals, feasibility testing for new products, processes and services and large-scale innovation projects.	34.0
	Natural Resource Management Drought Resilience Program – Grants^a – grants for building the capacity and resilience of soils and agricultural landscapes through innovative NRM practices, systems and approaches.	7.8
	Natural Resource Management Drought Resilience Program – Landscapes^a – grants for NRM bodies to put in place practices or systems that improve natural resource management.	5.6
	Drought Resilience Soils and Landscapes^b – grants to trial and demonstrate scaling-up of natural capital management practices.	23.1
	Adoption of Drought Resilient Practices – grants for adoption activities of proven and existing resilience practices that have potential to be adopted at a large scale.	14.3
	Drought Resilience Long-Term Trials – long-term grants to investigate innovative and transformational cropping, grazing and mixed farming practices.	20.0
	Drought Resilience Commercialisation Initiative – a pilot program that supports the commercialisation of drought resilient practices and technologies.	10.0
Drought Resilience Scholarships – scholarships for farmers to increase knowledge of tools and practices in the context of climate change.	1.6	
Better Prepared Communities	Drought Resilience Leaders^a – provides leadership development, community extension grants and mentoring opportunities for agricultural communities.	7.4
	Networks to Build Drought Resilience^a – funding to support connectedness and collaboration in agricultural communities by providing small-scale grants for activities such as professional, social and community events, training for network members, and investment in infrastructure.	3.8
	Helping Regional Communities Prepare for Drought Initiative^c – grant program: to support community organisations to strengthen community networks, capabilities and facilities; to improve their leadership skills; and to support individuals and organisations to be connected and support each other to build drought resilience. Extension of Drought Resilience Leaders and Networks to Build Drought Resilience programs.	29.6
Total		400.0

a. Funding ended by 30 June 2022. b. Commenced after the two Natural Resource Management grant programs. c. Commenced after the Drought Resilience Leaders program and Networks to Build Drought Resilience program.

The Funding Plan also recognises that building drought resilience may require farmers and communities to make incremental, transitional and transformational changes.

- **Incremental change:** the ability to preserve or restore a system (including its basic structures and functions) by preventing, preparing for or mitigating the impacts of an event or risk. The key objective is to maintain the system in its current state. For agricultural systems, incremental change could mean taking actions that maintain the current methods of production by farm businesses in a region, such as diversifying income with off-farm employment or using farm management deposits to make tax deductible deposits during good periods and withdraw them during bad periods.
- **Transitional change:** the ability to maintain the essential functions and structures of a system by modifying or changing some of its characteristics in response to future adverse events or risks. Unlike incremental change, transitional change alters aspects of a system to maintain its core functions. For agricultural systems, transitional change could mean changing aspects of a production system (such as seed varieties or agronomic practices) to continue the production of certain commodities in a region.
- **Transformational change:** the ability to undertake wholesale change of a system when adverse events or risks make the current system untenable. Transformational change does not seek to maintain current systems in any way but rather looks to establish new systems more appropriate to the changed risk landscape. For agricultural systems, transformation could involve farms in a region shifting out of certain production systems such as particular grains or oilseeds, or adopting new production systems such as grazing or carbon farming.

Why is a Future Drought Fund needed to build drought resilience?

Farmers may underinvest in drought resilience

The Fund aims to 'enhance the public good by building drought resilience in Australia's agricultural sector, the agricultural landscape and communities'. There is a role for government to support farmers and communities build drought resilience where it addresses genuine risks of underinvestment and makes the community better off. The strongest case for taxpayer support for drought resilience arises when it provides additional public benefits such as economic and social stability or environmental protection.

Farmers and communities may underinvest in building drought resilience because they do not have the resources or information needed, or if the benefits are widely dispersed and are unable to be captured by the individual or community to justify the cost of investment. For example, there may be barriers preventing farmers accessing accurate and timely weather and climate data or obtaining knowledge of best practices. Or farmers may have poor incentives to undertake more sustainable farming practices despite wider spillover benefits.

There may also be a case for governments to support some programs that primarily benefit private parties, for example agricultural extension schemes. However, the hurdle for justifying support primarily benefitting private parties is high given the risk that funds are invested in activities that producers would have undertaken anyway. Importantly, programs should only be funded where the overall benefits to the community outweigh the costs.

Another potential benefit is a reduced need for in-drought support from governments in the future. While better preparedness and drought resilience should reduce the need for in-drought support, these assumed future savings cannot be guaranteed. On this basis, the expectation of future savings may be a weaker economic justification for public investment in drought resilience, compared to instances when investment addresses genuine risks of underinvestment and generates spillover benefits to the community that otherwise would not have occurred.

Finally, the extent of change needed (incremental, transitional or transformational) to build resilience is also an important consideration for determining the degree of government support. While there may be a role for government support in all three forms of change, the case is likely to be greater for transformational change. This is because the barriers that farmers and communities face to undergo transformational change are significantly larger and more complex than incremental change. The size and complexity of the task to transform practices could mean individuals and communities may be unable to act without support, even if there are overall benefits for doing so.

The need for drought resilience is even greater given climate change

Farmers and agricultural communities have always faced challenges with climate extremes, from drought and floods to bushfires and heatwaves. Managing these risks is a fundamental part of farming in Australia.

Australian farmers and regional communities have demonstrated their ability to absorb and adapt to change, whether technological, social or environmental. However, the risks associated with climate change likely demand, over time, transitional and transformational change to maintain the wellbeing of regional economies and communities.

Climate change will continue to increase the frequency and severity of drought as well as other extreme climate conditions (for example, more frequent extreme heat waves and more severe flooding). Over time, the effects of drought and climate change are likely to challenge even the most prepared farmers and communities.

How has the FDF performed?

The FDF is a positive step in the evolution of Australia's drought policy. It continues the policy transition from in-drought support to investing in activities that enhance long-term preparedness, sustainability, resilience and risk management.

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.

It is too early for a comprehensive assessment of the Fund's effectiveness. Funding only commenced in July 2020 and many programs are still in their infancy or still to be rolled out. Formal evaluations of foundational programs have not been completed. That said, the first years of the FDF have produced important lessons for the design and delivery of the Fund and its programs, which should be considered as part of the next funding cycle. Key lessons include:

- short-term programs have high transaction costs, weaker public benefits and are unlikely to deliver long-term gains
- the high number of programs have confused stakeholders, increased risks of duplication and added administrative costs
- an overarching strategy guiding integration and sequencing of programs can maximise outcomes
- inconsistent application of the funding principles diminishes their value as a guide for the design and delivery of programs
- learning opportunities have been constrained by limited mechanisms for knowledge sharing.

FDf programs are broadly appropriate

The government's role in supporting farmers and communities to build drought resilience through the FDF is to support activities and make the community better off overall. To assess whether the suite of FDF programs were appropriate the Commission considered the rationale for Australian Government intervention, whether the programs align with the objectives of the FDF and whether the programs are appropriate given other related policies and programs.

The Commission has found that the FDF mostly supports activities that address genuine risks of underinvestment in resilience. However, there is scope to improve the design of some programs to realise greater net public benefits. For example, there may be scope within *the Drought Resilience Adoption and Innovation Hubs* and the *Farm Business Resilience* (FBR) program to provide a greater emphasis on improved natural resource management of farming landscapes, particularly where it will have positive environmental spillover benefits.

The Commission has also found that while the programs align with FDF objectives, as these objectives are very broad, it is unlikely the mix of programs were optimal to maximise the benefits to the community. The initial suite of programs and activities were focused on short-term initiatives typically delivering incremental changes where the chances of lasting impact are likely to be lower. For example, the foundational natural resource management programs provided one-year grants, which was inadequate time to implement real and measurable change.

Finally, although programs generally complement other Australian, state and territory initiatives, there are instances of overlap and confusion. The Commission has heard, for example, that Regional Drought Resilience Plans fill important gaps in some regions but in others they add a layer of complexity to existing plans and arrangements. Some states and territories have successful climate information tools that perform similar functions to *Climate Services for Agriculture* (CSA) and the *Drought Resilience Self-Assessment Tool* (DR.SAT).

Success of the Fund is undermined by a number of issues

Although the FDF programs will likely contribute positively to resilience, several interrelated issues with the design and implementation of the programs are likely to limit the success of the Fund, including:

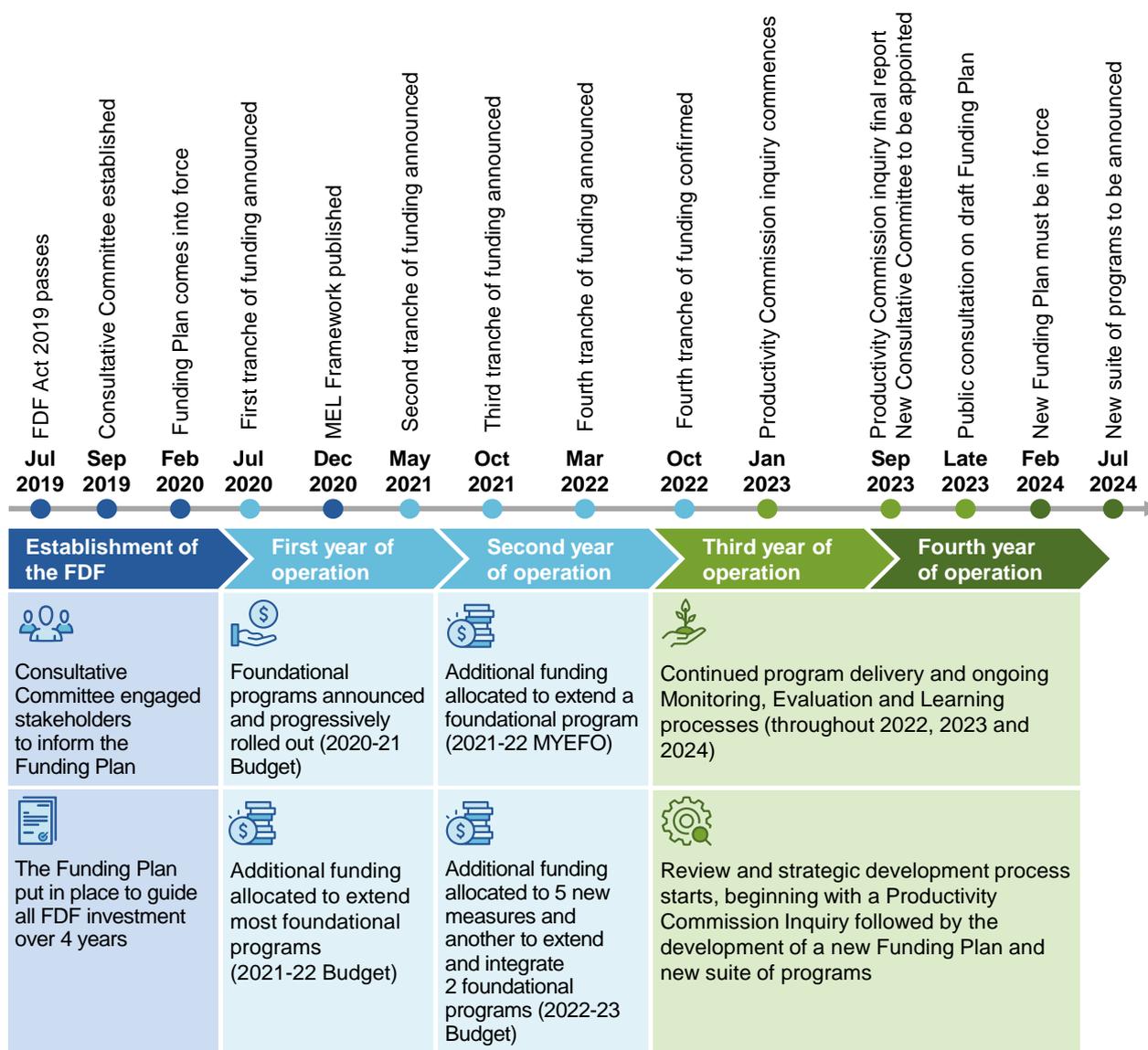
- the Funding Plan lacks a strategy to inform program design, selection, integration and sequencing
- short-term programs and too many programs created inefficiencies
- a lack of deliberate, timely mechanisms for participants across the FDF to share knowledge and learnings more regularly and directly.

Lack of a plan to integrate and sequence programs

The initial FDF programs were developed and implemented without a clear Fund-wide investment strategy. While the Funding Plan and its principles provide a guide for the activities eligible for investment, they do not set out an investment plan for the four-year cycle. Rather multiple programs were stood up – simultaneously – with only one year of funding allocated (figure below).

This fast roll out of programs meant the FDF initially could only support small scale, 12-month projects. As a result, projects did not reflect farming conditions (such as seasonal windows) or have the scale and duration to achieve meaningful and long-lasting change.

FDf timeline



Though programs were later extended, this approach contributed to significant inefficiencies with higher transaction costs for the Department, program partners and participants, and other stakeholders; and missed opportunities for better synergy, sequencing and coordination of programs.

For example, participants have pointed to a missed opportunity to integrate the climate information tools (DR.SAT and CSA) into the initial rollout of two key planning programs (FBR program and *Regional Drought Resilience Planning* (RDRP) program). This occurred because the three programs were rolled out at the same time. However, the Commission has heard some jurisdictions are now making efforts to integrate the tools.

Moreover, having multiple programs, particularly for a fund of the FDF's size, created confusion amongst FDF participants and contributed to efficiency and integration issues. The number of programs funded through the FDF has added complexity and confused participants. The Commission has heard that participants struggle to navigate the FDF, an issue compounded by a lack of accessible information on what activities are being (or will be) funded in specific locations.

This quick rollout of initial programs – and then the subsequent launch of new programs – worked against developing an effective monitoring, evaluation and learning (MEL) system and undermined the ability to design and deliver timely and effective MEL plans to track progress. Several MEL plans for individual programs do not provide a clear ‘line of sight’ between the activities being funded, the outputs that these activities deliver, the expected outcomes and the desired long-term drought resilience outcomes.

Limited sharing of knowledge across the FDF

Knowledge sharing is an important part of building drought resilience and a key rationale justifying public investment in a range of activities. Facilitating knowledge sharing across the FDF supports the diffusion of drought resilience knowledge among primary producers and communities and the application of this knowledge to build drought resilience.

However, the lack of formal mechanisms and difficulties in accessing and interpreting information on FDF outputs has constrained knowledge sharing between FDF participants within and between programs. Learning activities across the FDF appear to be mostly ad-hoc.

Improvements are being made

Despite these limitations there are promising signs that early lessons are being heeded. More recent programs (some still to be rolled out) are providing longer-term funding (for example, the *Drought Resilience Long-term Trials* program provides funding for up to six years) and brokering better connections across the FDF (for example, the *Helping Regional Communities Prepare for Drought Initiative* attempts to build off and leverage Regional Drought Resilience Plans).

Next steps for the Future Drought Fund

The next Funding Plan is required to be in place by February 2024. The next Funding Plan is an opportunity to build on the foundations laid by the first Funding Plan, taking account of the lessons already noted. The Commission is considering several options for the next Funding Plan including:

- more explicit recognition of resilience and adaptation to climate change
- prioritising the objectives and outlining how the FDF will achieve them
- renewing the program theory
- providing an investment plan to guide selection of programs and activities
- clarifying the purpose and application of the funding principles.

More explicit recognition of climate change

The Commission was asked to assess the merits of consider broadening the scope of the Fund to support resilience to climate change. In practice, the FDF does fund activities that aim to build resilience to the changing climate. Indeed, the 2020 to 2024 Funding Plan refers to climate change in its vision.

Nevertheless, the Commission has heard there is merit in more explicitly acknowledging that the Fund should support farmers and communities build resilience to climate change. The Commission is inclined to agree with this view, noting that:

- the FDF already recognises a broader range of climate pressures than just drought, but in a way that is open to interpretation. More explicit recognition of climate change would clarify the scope of activities supported, and not supported, by the Fund

- some participants advise that, in their regions, drought is not a term that resonates (for example, the local concern is changing wet/dry seasons; or multiple dry years are no longer considered a 'drought' but the 'new normal'). These communities are expected to be more responsive to climate change. Conversely other participants believe that drought is still the risk uppermost in people's minds
- drought is only one climate risk that farmers and rural communities must manage. By encouraging participants to focus on drought (over other risks), the Fund could inadvertently undermine, or at least shift efforts away from, building resilience to other climate risks
- preparing for an event (such as the next drought) may promote a different outlook – and different responses – than adjusting to long-term trends that include increased variability and heightened climate extremes. This focus on planning for an event may diminish the prospects of the Fund stimulating essential, transformational change.

The Commission understands the concerns of some participants that more emphasis on climate change could lead to uncertainty about Fund priorities (for example, would it include mitigation initiatives) and decrease support for existing FDF activities. Many participants have suggested that drought requires a dedicated fund because it is different to other climate change risks such as flooding or increased storm activity – given its slower onset and uncertain duration. Moreover, given there are other policies that deal with emergency management there is a risk of overlap with disaster preparation, response and management activities that will need to be managed.

On balance, the Commission considers that the Fund should be focused on supporting farmers and communities *build drought and climate change resilience*. To address the concerns about a loss of funding for drought-related activities, the Commission will investigate options to tighten FDF objectives and priorities through an updated theory of change and a more detailed Funding Plan, with clearer funding principles.

Prioritising objectives to maximise public benefits

As mentioned, the FDF has ambitious economic, environmental and social objectives. With finite funding available on an annual basis, greater prioritisation is needed around the Fund's objectives to maximise outcomes.

Recognising that over the long term, agricultural landscapes with healthy natural capital are most productive, sustainable and resilient to shocks, one option raised by some inquiry participants is to give greater priority to activities that enhance environmental resilience, particularly where they result in flow on economic benefits.

The FDF already funds some activities that, to varying degrees, support natural resource management. However, the Commission considers support for improved natural resource management should be a greater priority in the next funding cycle. As far as possible, programs should support initiatives which generate more than just benefits for an individual landowner. For example, collaborative projects involving a critical mass of landowners in a catchment or other discrete area can create positive spillover benefits to the community. The Commission is considering this change for the following key reasons.

- Activities that improve the environment's capacity to cope with climate extremes are more likely to lead to long-term sustainability.
- Economic and social investments alone will not provide sustained resilience for farmers and communities if landscapes are not well-positioned to cope with a changing climate.
- The FDF is well-placed to invest in these activities given it can fund ongoing long-term landscape-scale projects.
- Economic resilience will still be supported by targeting activities which leverage the strong causal links between better natural resource management and supporting improved productivity and economic outcomes for farmers.

A greater share of FDF funding for natural resource management should also be accompanied by an updated theory of change, program logic and MEL framework, which demonstrate how the link between environmental and economic objectives will be achieved and measured.

Identifying the FDF's role in fostering social resilience

Social resilience is an important objective for building drought resilient communities. Improving social capital and connectivity can help communities withstand the negative impacts of drought.

To date, the FDF has funded activities focused on building local networks, enhancing leadership and funding small-scale community infrastructure like town halls and meeting places. However, there is a very broad range of activities that can contribute to social resilience, with little empirical evidence on what national government programs targeting social capital can translate into meaningful resilience for local communities. This is further complicated by the fact that social resilience is a complex, multi-faceted and subjective phenomenon that makes it difficult to determine precisely what factors impact social resilience for different communities at different points in time.

It is questionable whether the FDF, as a national initiative, is the best placed to support social resilience through all of these types of activities, given the broad range of actions needed to build social resilience and the inherent overlap with the responsibilities of state, territory and local governments, which are better placed to enact local place-based programs. In addition, many Australian, state, territory and local government policies and programs already contribute to building social resilience, making it unclear what gaps the FDF is addressing.

The Commission is considering whether the FDF, in the next Funding Plan, is best placed to contribute to the resilience of the agriculture sector and communities through prioritising funding towards economic and environmental resilience, and less on its suite of social resilience activities. This would not necessarily preclude programs such as leadership and professional networking activities to be considered in the future, but would ensure that any such projects are only funded if they demonstrate strong and enduring value from a *national* delivery model, and be integrated with programs that target economic and environmental resilience.

Prioritising levers for change, through a tighter program logic

The FDF's theory of change sets out a hypothesis of how economic, environmental and social resilience each contribute to realising the vision of the FDF. However, it could better describe how the strategic priorities of economic, environmental and social resilience are mutually reinforcing, and explicitly how the FDF's activities aim to achieve these priorities in an integrated way. There is little doubt that improving one form of resilience may have positive effects on one or both other forms. But being more targeted about the linkages would help policy makers and program developers to decide where the best (direct and indirect) results can be achieved. The FDF's theory of change could better:

- describe how FDF programs should work together within a broader agriculture system to drive incremental, transitional and transformational change
- consider the need to change systems to support transformational change, and articulate the rationale for prioritising key leverage points that would create maximum change
- articulate roles of key participants and their networks (for example, natural resource management groups, grower groups, RDCs and innovation institutions)
- be used to guide what the Fund should strategically invest in, and in what sequence, in the short, medium and longer term.

Providing a detailed investment plan

As outlined, establishing programs that are better planned, sequenced and coordinated, and provide funding for longer periods could better achieve long-term transformational change. The next Funding Plan should be accompanied by a more-detailed investment plan.

This investment plan should provide information on:

- the FDF's investment priorities
- the funding process, including how funding is to be delivered (for example, through a grant round or via a delivery partner)
- how funding is monitored and reported on
- the sequence and scale of FDF funding activities over the Funding Plan period
- the outcomes the funded activities are expected to achieve and how they contribute towards the FDF's objectives
- how the funded activities work together.

The investment plan should be contained in a separate document rather than as part of the Funding Plan. This will allow for flexibility in the timing of the investment plan development and for the investment plan to be adjusted if needed.

Improving the funding principles

The Funding Plan has 17 'funding principles' to provide direction and set rules for programs and grants. However, the purpose and audience of the principles are not consistent or clear.

While the wording in the Funding Plan implies the principles should apply to individual programs and grants, some are more applicable to the Fund as a whole (for example, 'support a range of activities or projects at a mixture of levels, such as the farm, regional or national level'). Some principles are ambiguous; for example, it is unclear what grant applicants would be expected to do to 'recognise the diversity of people, businesses and landscapes involved in agricultural production, including Indigenous landholders'. In the case of the public good requirement, this principle appears to be interpreted generously.

The next Funding Plan should define which principles should be met collectively by the suite of FDF programs and which principles should apply to each arrangement and grant. The principles should also be streamlined, and unnecessary principles removed.

Governance

The governance arrangements for the FDF are appropriate, given the size of the Fund and likely program risks, but there are concerns about how some arrangements are working in practice.

There are doubts about the value of the Regional Investment Corporation (RIC) Board's advisory role. There is limited evidence that the RIC's Board's advice has led to better outcomes, in part because the Board only advises at the end of program design. Concerns have also been raised about the costs and delays to programs due to seeking advice. The Commission believes the RIC Board's role should be removed.

Separately, the legislated timing of the Productivity Commission inquiry may not allow sufficient time for the Department of Agriculture, Fisheries and Forestry to develop and finalise a new Funding Plan. The Australian Government must request the review to begin before the end of the third year of the Funding Plan and the final report must be provided to Government at least five months before the end of the Funding Plan.

The Department has indicated the five-month window leaves little time to appoint a new FDF Consultative Committee (due to occur in September), undertake engagement on a draft plan and finalise the Final Plan. The Minister is also required to publish the Productivity Commission review final report before determining a Funding Plan. The required time when the final report is to be provided to Government should be brought forward to at least eight months before the end of the four-year Funding Plan, to allow for sufficient time for Funding Plan development and finalisation and ample opportunity for public consideration of the Commission's final report.

Monitoring, evaluation and learning

Monitoring, evaluating, learning (MEL) and reporting on the performance of the FDF is essential to ensuring its success. MEL activities are needed to demonstrate progress towards drought resilience, support knowledge transfer, improve programs during implementation, and inform the development of new programs.

The FDF's MEL Framework outlines the rationale, scope and approach of monitoring and evaluating the FDF, its programs and its activities. Whilst some program MEL plans have been developed and MEL activities undertaken, the MEL system is not adequate to track overall Fund progress.

The development and implementation of a comprehensive MEL system was hampered by the quick roll-out of programs, and a lack of dedicated resource capability. MEL activities have focused largely on individual programs rather than the overall Fund. Further, the success measures and indicators for several programs focus on inputs or outputs, rather than outcomes, and as a result, assessments have provided limited understanding of how the program has contributed to drought resilience. The program theory has also had limited use in guiding what performance outcomes should be monitored.

The Commission is seeking views on how to improve the underlying program theory and MEL activities of the Fund.

Improving outcomes for Aboriginal and Torres Strait Islander people

Aboriginal and Torres Strait Islander people have been caring for lands, waters and seas for tens of thousands of years, as an integral part of culture and identity. Many Aboriginal and Torres Strait Islander people are directly or indirectly involved in agriculture, across locations, sectors, roles, and applying a diverse mix of Traditional, Western, and mixed agricultural practices. However, they remain underrepresented in the sector.

Many inquiry participants expressed interest in increasing participation of Aboriginal and Torres Strait Islander people in the Fund, including through applying Indigenous knowledges to build resilience. However, Aboriginal and Torres Strait Islander people have had limited roles in the FDF. Aboriginal and Torres Strait Islander participation was not prioritised during the setting of the objectives of the Fund, nor in its design, implementation, governance or decision-making mechanisms. The short-term nature of funding and narrow or strict grant requirements have posed additional barriers. Broader structural barriers such as the lack of clear protections for Indigenous Cultural and Intellectual Property, and mechanisms to ensure that Aboriginal and Torres Strait Islander people will benefit from sharing their traditional knowledges, have also impeded participation.

The next Funding Plan period represents an important opportunity to help foster strong, reciprocal and respectful partnerships with Aboriginal and Torres Strait Islander people, in ways that strengthen their

participation in decision making about the Fund. There is potential for the FDF to benefit Aboriginal and Torres Strait Islander people and the wider sector.

For the next Funding Plan, it will be important that Aboriginal and Torres Strait Islander people define their goals for participation in the Fund. The Department could consider establishing an appropriately resourced Aboriginal and Torres Strait Islander working group to work with the Department to improve the design and implementation of the Fund and several other actions relating to governance, MEL and funding streams.

Interim findings on key programs

The Commission has identified a number of interim findings and recommendations across all programs under the FDF. Outlined below are the findings and recommendations associated with the key programs.

Climate information tools – Climate Services for Agriculture and Drought Resilience Self Assessment Tool

CSA and DR.SAT are tools to provide better information to farmers about their climate risks. CSA is a digital platform providing historical, seasonal and future climate information enabling users to anticipate future climate conditions, draw comparisons with recent weather and consider what it could mean for the commodities they produce. DR.SAT is a resilience self-assessment tool designed to offer farm-scale information to assist farmers. It is intended to complement existing climate information tools and relies on data from the CSA platform.

Uptake of these tools has been modest given lack of awareness and limitations around user design and targeting. Moreover, it is unlikely that the tools have spurred significant on-farm change. There are also other climate information tools available to farmers, including tools tailored for specific sectors/commodities. There does not appear to be a compelling reason to have two separate, interdependent and at times overlapping tools. Based on participant feedback, the Commission is considering whether the FDF should continue funding for both CSA and DR.SAT or whether DR.SAT should be integrated into CSA.

Farm Business Resilience

The FBR program helps farmers develop their management skills and funds tailored Farm Business Plans. It subsidises learning and development opportunities in strategic business management, farm risk management and decision-making, natural resource management, and personal and social resilience. While it is too early to tell whether actions identified in plans are being implemented, participant feedback is positive. The program appears to be delivering largely private benefits but has the potential to generate returns for the wider community, especially if a greater priority is given to improved natural resource management.

Regional Drought Resilience Planning

The FDF funds Regional Drought Resilience Plans in partnership with the states and territories. Implementation has been affected by poor integration and sequencing, a lack of clear ownership and limited funding. In some cases, there are already existing/overlapping plans. Consequently, there is a high risk that the plans will not lead to tangible outcomes and could contribute to further confusion around regional priorities. We are considering how to improve the RDRP program through better integration with other FDF programs, stronger governance and public reporting.

Drought Resilience Adoption and Innovation Hubs

The eight drought Hubs are intended to bring together regional stakeholders to develop local solutions to drought issues. Besides this coordination role, Hubs receive FDF funding and funding from other sources to develop, extend, adopt and commercialise drought resilient practices and technologies.

While the Hubs are only newly established, stakeholders are sometimes uncertain about the role of their local Hub, partly because of limited public reporting on their activities. There are concerns that Hubs are duplicating or competing with established services and networks. Despite these concerns, Hubs are a valuable regional presence for the FDF.

Funding for Hubs should be extended beyond the end of this Funding Plan, however, continued funding for any individual Hub should be contingent on demonstrating adequate performance and governance in a review mid-way through the next funding cycle. Improvements are needed to ensure adequate accountability and clarity around the role of Hubs. The Department should provide a statement of expectations for each Hub. Each Hub could be required to publish a rolling forward work program identifying its priorities and performance benchmarks. A MEL plan for the Hubs program as a whole should be implemented. The Commission is also considering how to better integrate Hub priorities with the Regional Drought Resilience Plans.

Drought Resilience Innovation grants

The *Drought Resilience Innovation Grants* program supports the development and adoption of new and innovative technologies and practices to improve the drought resilience of farmers and communities. A variety of projects are being supported at different stages of development, including early-stage proposals, feasibility testing for new products, processes and services and large-scale innovation projects.

The Commission recognises there are a range of institutions undertaking agriculture innovation (such as universities, industry-led Research and Development Corporations and Cooperative Research Centres) and it is unclear where and how the FDF can and should complement this. The Commission is requesting further information on how the FDF can best add value in the existing innovation system.

To the extent there is a role for the FDF to support innovation, the Commission is considering the merits of rescoping the program so that it better targets grants toward identified challenges.

Natural resource management grant programs

The FDF has run three separate grant programs to improve natural resources management. The grant programs evolved from funding small-scale projects over one year to longer-term demonstration programs over three years. This evolution is more likely to deliver more enduring, transformative outcomes that deliver net benefits to the community. The Commission is considering recommending that the next Funding Plan include a natural resource management grant program.

Better Prepared Communities programs

The FDF has run three separate grant programs to improve the social resilience of communities. While there has been some positive feedback on these programs, it is inherently difficult to assess the lasting value of activities supported by these programs. It is also difficult to identify the exact gap in existing programs (Australian, state and territory) which the FDF can and should fill. Some FDF activities, such as Regional Drought Resilience Plans and the Hubs, could (directly or indirectly) support local social resilience.

While the triple bottom line approach is important, the Commission is considering ways to better target the role of the FDF in building social resilience. The Commission is canvassing three options for the community grant programs:

- maintain current arrangements and improve integration with other areas of the Fund
- explicitly tie community grants to regional drought development plans
- focusing the FDF on economic and environmental programs with social capital developed within these programs.

Interim findings, recommendations and information requests

Future Drought Fund outcomes



Interim finding 1

The intent of the Future Drought Fund is sound, but it is too early to assess its impact

The Future Drought Fund (FDF) continues the shift in drought policy in Australia from in-drought assistance to building resilience to drought before drought occurs. It is too early to assess the impact of the Fund and its programs.

Most FDF programs have a sound justification and align with the FDF's objectives. However, some programs appear to be supporting activities which may be better delivered through other avenues.



Interim finding 2

Future Drought Fund design and delivery problems will continue to constrain progress unless addressed

While the suite of Future Drought Fund (FDF) programs will likely improve drought resilience, problems with the design and delivery of the FDF and its programs will continue to constrain progress, including:

- a lack of strategy to integrate and sequence programs
- too many disconnected and relatively small programs creating confusion and administrative costs
- barriers to knowledge sharing across the FDF.



Interim finding 3

The Funding Plan does not provide clear guidance on planning, strategic sequencing and prioritisation of programs

The vision, aim, strategic priorities and objectives of the Drought Resilience Funding Plan 2020 to 2024 are broadly appropriate and consistent with the *Future Drought Fund Act 2019* (Cth) and the National Drought Agreement.

However, the Funding Plan does not identify priorities or guide decisions about the mix of programs. Instead, the Funding Plan includes detailed lists of a wide range of the types of activities that could possibly be funded. The absence of an overall strategy has likely contributed to a lack of appropriate sequencing and integration of programs.

Many of the funding principles are ambiguous, could be strengthened and/or are not being applied in practice. It is also unclear whether they are intended to be applied across the suite of Future Drought Fund programs or apply to each arrangement and grant.

Next steps for the Future Drought Fund



Interim recommendation 1

Building resilience to climate change should be more explicitly recognised as an objective

The scope of the Future Drought Fund should be clarified to explicitly recognise building resilience to climate change.



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.



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.



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.



Interim recommendation 2

Establishing a drought and climate change resilience knowledge management system

The Australian Government should establish a drought and climate change resilience knowledge management system to facilitate sharing of Future Drought Fund and other drought and climate change resilience knowledge.



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.

Governance



Interim recommendation 3

The role of the Regional Investment Corporation Board should be removed

The Australian Government should amend the *Future Drought Fund Act 2019* (Cth) to remove the Regional Investment Corporation Board's legislated advisory role in the Future Drought Fund.



Interim recommendation 4

The timing of Productivity Commission reviews should be changed

The Australian Government should amend section 32A(2) of the *Future Drought Fund Act 2019* (Cth) to require the Productivity Minister to specify that the Productivity Commission must submit its report no later than eight months before the end of the 4-year period that began when the Drought Resilience Funding Plan came into force.

Monitoring, evaluation and learning



Interim finding 4

Monitoring, evaluation and learning activities have not adequately tracked performance

The development and implementation of a comprehensive monitoring, evaluation and learning (MEL) system was hampered by the quick roll-out of programs, and a lack of dedicated resource capability.

Monitoring and evaluation activities have largely focused on individual programs, with little work done to understand the overall progress of the Fund. Program-level indicators tend to focus on inputs and outputs rather than outcomes, and hence provide limited understanding of how programs are contributing to drought resilience.



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.



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.

Improving outcomes for Aboriginal and Torres Strait Islander people



Interim finding 5

Aboriginal and Torres Strait Islander people have had limited participation in the Future Drought Fund

The Department has recognised that there was limited engagement with Aboriginal and Torres Strait Islander people in the development of the Future Drought Fund. The participation of Aboriginal and Torres Strait Islander people in the Fund and its activities has been limited.

The Future Drought Fund has the potential to benefit Aboriginal and Torres Strait Islander people and the wider agricultural sector. For the next Funding Plan, it will be important that Aboriginal and Torres Strait Islander people define their goals for participation in the Fund.

The next Funding Plan period represents an opportunity to help foster strong, reciprocal and respectful partnerships with Aboriginal and Torres Strait Islander people, in ways that strengthen their participation in decision making about the Fund.



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.

Future Drought Fund programs



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?



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.



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.



Interim finding 8 Regional Drought Resilience Plans could be improved

The Regional Drought Resilience Plans can help communities prepare for drought. However, plans are often affected by poor integration and sequencing with other Future Drought Fund programs, lack of ownership over who is responsible for their delivery and minimal funding to implement the identified initiatives. There is a risk that plans will not lead to tangible outcomes and could result in confusion and consultation fatigue.



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.



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 **Improving the Drought Resilience Adoption and Innovation Hubs**

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.



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.



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.