



Australian Government
Department of Agriculture,
Fisheries and Forestry



Future
Drought
Fund

Consultation draft: Future Drought Fund Investment Strategy 2024 to 2028



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Department of Agriculture, Fisheries and Forestry

GPO Box 858 Canberra ACT 2601

Telephone 1800 900 090

Web [agriculture.gov.au](https://www.agriculture.gov.au)

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Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment, and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

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Introduction

This draft Future Drought Fund Investment Strategy 2024 to 2028 is being released alongside the draft Future Drought Fund Drought Resilience Funding Plan 2024 to 2028 for public comment between 20 October 2023 and 6 December 2023.

The funding plan is a legislative instrument that outlines the high-level vision, aim and strategic objectives of the Future Drought Fund (FDF). It also sets out enduring funding principles that apply to the design of FDF program at a whole-of-fund level and, separately, principles that apply to each arrangement and grant made under the *Future Drought Fund Act 2019* (the FDF Act).

The draft investment strategy provides detailed information about the operation of the FDF and proposed priority areas of investment over the next 4-year funding cycle (2024 to 2028).

Once completed, the strategy will outline:

- investment priorities for the 2024 to 2028 funding cycle
- the suite of investments to deliver the identified priorities
- the intersection of FDF investments including sequencing and integration of activities
- how the FDF and its investments aligns with the relevant government policies and programs related to drought and climate resilience
- how the department intends to work with stakeholders to design, deliver and evaluate FDF programs.

The investment strategy is intended to assist stakeholders, including FDF delivery partners and beneficiaries, to better understand the nature and timing of investment opportunities over the next funding cycle and plan their engagement accordingly.

Formal consultation

Stakeholders are invited to have their say on this draft investment strategy and associated draft funding plan, via the department's 'Have Your Say' webpage by 6 December 2023. This will help inform the finalisation of these documents in early to mid-2024 and enable new program, to be announced before funding becomes available from 1 July 2024. A full list of the discussion question found in this paper have been extracted at [Appendix A](#).

This consultation process is consistent with the requirements set out in the FDF Act.

Early, informal consultation has informed the drafting of both documents as well as related, formal public consultation processes, including the Productivity Commission Inquiry, the review of the National Drought Agreement, and the review of Australian Government Drought Plan.

1 The Future Drought Fund

The FDF was established by legislation in 2019 to provide secure, continuous funding for investments that support Australian farmers and regional communities to prepare for, and become more resilient to, the impacts of future droughts. Building drought resilience is a complex and long-term endeavour. It requires tailored and practical support reflecting the unique circumstances and diverse needs and aspirations of farmers, their communities, and agricultural industries.

Under the FDF Act, \$100 million is made available each year for drought resilience activities. The design and delivery of FDF programs, and any arrangements and grants made under the programs, is guided by the Funding Plan. Consistent with the FDF Act, the FDF operates under a 4-year funding, review, and renewal cycle. Each new Funding Plan will reflect lessons learnt from the previous 4 years of investment, incorporating stakeholder feedback into the next plan.

1.1 Key achievements

The first 4-year funding cycle (2020 to 2024) provided strong foundational investments under the inaugural Funding Plan. Since 2020, 16 programs were developed and delivered to focus on better climate information, planning activities, farm and land management practices and community preparedness to build drought resilience ([Appendix B](#)).

Key achievements to date include:

- 2 digital tools enabling farmers, business, and communities to better understand the climate risks they face and their resilience to those risks.
- 8 Drought Resilience Adoption Hubs providing regionally focused support, including 125 on-ground projects.
- Over 180 additional projects supporting development, trial, demonstration and extension of drought resilience practices.
- Over 16,000 farmers have been supported to improve a variety of skills, including business management, farm risk management and decision-making, natural resource management, and personal and social resilience.
- 69 regions are taking part in drought resilience planning to identify and begin implementing locally tailored actions to prepare for future droughts.
- 195 organisations and more than 900 people supported to access leadership opportunities and drive locally led action.
- 27 regions have completed co-design of tailored, community drought resilience support packages.

These achievements can be built on in the future. The lessons learnt from the foundational investments have informed the consultation drafts of the funding plan and investment strategy.

2 The Future Drought Fund in context

The FDF is a long-term investment that demonstrates the Australian Government's ongoing commitment to enhance drought preparedness and resilience. The FDF is part of a broader government response to drought, which is currently under review and expected to be finalised in 2024. The Final Investment Strategy will align with the outcomes of these processes.

2.1 National Drought Agreement

In 2018, the Commonwealth of Australia and the state and territory governments agreed and signed a National Drought Agreement (NDA), committing to a consistent and joined up approach to drought policy. The agreement recognises that the agricultural sector and rural communities operate within a multi-hazard environment and government has a role in supporting them to prepare for, manage through, and recover from climate risk events such as droughts. The agreement recognises the unique nature of drought, as distinct from natural disasters, and sets a focus on bolstering risk management practices and enhancing long-term preparedness and resilience.

The establishment and operation of the FDF meets a key obligation for the Australian Government under the NDA, to enhance drought preparedness and resilience. The current NDA is under review, due to be finalised in 2024.

2.2 The Australian Government Drought Plan

A new Australian Government Drought Plan is being developed, following the 2023 review of the current plan. The new drought plan is intended to outline the government's drought policy, set out the key drought-related programs that support farming businesses and communities, provide greater transparency about how the government will make decisions about drought and show how governments and stakeholders work together on drought.

2.3 The Future Drought Fund Act 2019

The FDF Act sets out the purpose of the FDF, which is to enhance the public good by building drought resilience. It provides for \$100 million to be made available each year to support drought resilience investments. The FDF Act also sets out a role for a FDF consultative committee, the Productivity Commission and the Regional Investment Corporation in governing FDF investments. It also stipulates that funding plans must be developed in consultation with stakeholders to guide funding decisions.

3 Core concepts

3.1 Drought cycle

Drought occurs in a cycle with 3 stages of preparing, responding and recovering from drought. Drought policy is built around this cycle.

The FDF was established as a source of secure and continuous funding. FDF programs are available throughout the drought cycle, regardless of conditions. However, the FDF has a clear drought preparedness and resilience focus. The resources, tools, practices, and capabilities developed and supported through the FDF can be drawn on across the drought cycle.

FDF programs are designed to be flexible and responsive to on-ground conditions but will not provide in-drought hardship support. The in-drought and recovery phases provide opportunities to test and use the resources, tools, practices, and capabilities developed ahead of drought and also to inform future drought preparedness initiatives.

3.2 Drought resilience

FDF investments are designed to build drought resilience throughout the drought cycle.

Drought resilience is defined in the draft funding plan 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 resilience.’

Climate change is driving an increase in the frequency and severity of climatic events including drought. Building drought resilience supports the broader ambition to build climate resilience. While drought preparedness and resilience remains the key focus of the FDF, programs can consider a broader range of climatic risks where they meet the requirements set out the draft funding plan (see **Error! Reference source not found.**, Recommendation 3.3).

3.3 Economic, environmental and social dimensions to building resilience

The FDF adopts a holistic, systems approach to building drought resilience, through improved economic, environmental, and social resilience for current and future generations. The 3 inter-connected strategic objectives of the fund, outlined in the draft funding plan, seek to:

- grow the productivity and self-reliance of the agricultural sector
- improve the natural capital of agricultural landscape
- strengthen the social capital of rural, regional, and remote agricultural communities.

This approach seeks to maximise the impact of FDF investments by recognising the inherent complexity and delicate balance of the socio-ecological systems that we are part of. Investments that seek to build resilience in multiple ways, and at multiple scales, are mutually reinforcing and create better, more enduring outcomes for farmers, businesses, communities and the land.

3.4 Building resilience capacities and the 5 capitals

FDF programs are designed to strengthen the resilience capacities of individuals and their farm businesses, communities, and regions, to adapt, reorganise or transform to changing conditions. Some examples of this are:

- Increasing knowledge, skills, and capability, leading to increased flexibility and adaptability
- Supporting people to make use of new information about viable options to adapt, reorganise or transform to changing conditions
- Building connections (social networks and relationships) to assist with information sharing, coordination, and collaboration.

Strengthening the resources or ‘capitals’ available to individuals and communities helps them to plan, respond and adapt. The state of the ‘5 capitals’ (financial capital, human capital, physical capital, social capital, and natural capital) underlies the capacity of the system to adapt and manage risks. An individual or a community is likely to have more resilience when they can access larger and more diverse resources (or capitals).

FDF programs help strengthen the 5 capitals both indirectly and directly through funded activities. These capitals underpin, incremental, transitional, and transformational change, with the Fund will seek to support.

3.5 Public good

All FDF investments must deliver public good as a requirement under the FDF Act. The draft funding plan defines this concept as benefits that can be ‘accessed and or shared by many.’ Where private benefits are created, ‘private or industry co-contributions (financial or in kind)’ should be leveraged to offset them.

The benefits achievable from the funding should outweigh the costs. Public good may also be established where there are significant spill over benefits for society and the economy, well beyond those derived by private beneficiaries.

Related to the concept of public good, is the need to achieve value for money and ensure investments are meaningfully disbursed and complementary.

3.5.1 Achieving value for money

All FDF investments are required to comply with the FDF Act, the Commonwealth Procurement Rules, the *Federal Finance Relations Act 2009*, and the Commonwealth Financial Management Framework. Achieving value for money is the core a tenet of all Australian Government investment to ensure public money is administered responsibly and impactful.

3.5.2 Investing for the benefit of everyone

For the FDF to build drought resilience at a national scale there must be a spread of investment both geographically and across a variety of competing priorities. This does not infer an equal financial investment per state and territory, industry or per capita, but does suggests that large scale projects in a single region would be an inequitable use of funds.

4 Productivity Commission inquiry

Section 32A of the FDF Act requires the Productivity Commission to periodically review the FDF. An inquiry commenced on 10 January 2023 to examine the effectiveness, efficiency and appropriateness of the FDF. An interim report was released on 13 June 2023 and 2 public submission processes were held prior the commission finalising its [inquiry report](#) on 8 September 2023. The report has now been tabled in Parliament and a copy is available on the department's website.

4.1 Inquiry report recommendations

The commission made 14 recommendations, which have helped to inform the draft funding plan and investment strategy for 2024 to 2028.

Table 1 outlines an interim response to the recommendations with options for implementation. Stakeholders are invited to provide feedback on the recommendations.

Table 1 Productivity Commission recommendations and interim response

Number	Recommendation	Implementation options
3.1	<p>Opportunities for achieving greater public benefits</p> <p>The Australian Government should enhance the public benefits being delivered by the Future Drought Fund, including:</p> <ul style="list-style-type: none"> making support for transformational actions a higher priority investing more in activities that build natural capital, drawing on support from relevant organisations continuing the shift to place-based planning and actions for supporting social resilience. 	See proposed investment streams (section 6) in this document for public comment.
3.2	<p>Actions that could improve the effectiveness of the fund</p> <p>The Department of Agriculture, Fisheries and Forestry should:</p> <ul style="list-style-type: none"> update the aim in the Drought Resilience Funding Plan to <ul style="list-style-type: none"> The aim of the Future Drought Fund is to build drought and climate change resilience in Australia's agricultural sector, the agricultural landscape, and communities. The Fund will invest in activities with long-lasting benefits, that would not otherwise occur and that will lead to the Australian community being better off overall. map Australian, state and territory government programs for agriculture, land management, drought resilience and climate change resilience, to ensure funding from the Future Drought Fund (FDF) is well targeted and not duplicating other programs refine the FDF's theory of change and develop an investment plan to guide decisions about the mix, funding and delivery of FDF programs clarify the purpose and use of the FDF's funding principles. 	<p>See revised Aim and Funding Principles in draft funding plan for public comment.</p> <p>This document sets out a draft investment plan on the mix of future FDF programs.</p> <p>Consultation and program co-design will assist in making programs well targeted and avoiding duplication. The final investment strategy will provide more details.</p>
3.3	<p>Clarify scope to include climate change resilience</p> <p>While drought resilience should remain the primary goal of the Future Drought Fund (FDF), the Department of Agriculture, Fisheries and Forestry should clarify the scope of the FDF to explicitly recognise building resilience to drought and climate change. To reduce the risk of funding climate change-related activities supported by other government programs, the FDF could include a non-exhaustive list of activities ineligible for FDF funding.</p>	<p>See draft funding plan for public comment.</p> <p>See section 3.2 in this investment strategy, for public comment.</p>

Number	Recommendation	Implementation options
3.4	<p>Developing a knowledge strategy</p> <p>The Department of Agriculture, Fisheries and Forestry should develop a knowledge strategy that:</p> <ul style="list-style-type: none"> identifies measures to improve the generation, dissemination and uptake of knowledge across the Future Drought Fund, tailored to the preferences of end users defines the roles and responsibilities of the many parties across the Fund that create, share and/or use knowledge outlines the best model for implementing a knowledge management system. 	See proposed investment stream (section 6.5), for public comment.
4.1	<p>The role of the Regional Investment Corporation Board should be removed</p> <p>The Australian Government should amend the <i>Future Drought Fund Act 2019</i> (Cth) to remove the Regional Investment Corporation Board's legislated role in the Future Drought Fund.</p>	This recommendation is subject to a future decision of government as it would require amendments to the FDF Act.
4.2	<p>Better timing of key processes</p> <p>The Future Drought Fund Consultative Committee and the Productivity Commission advise on the development of Drought Resilience Funding Plans. To ensure this advice is robust and timely:</p> <ul style="list-style-type: none"> the terms of Future Drought Fund Consultative Committee members should be staggered to provide continuity at critical stages in the development and early implementation of new Funding Plans the <i>Future Drought Fund Act 2019</i> (Cth) should be amended to ensure the Productivity Commission reports no later than 8 months before the end of the Funding Plan. The terms of reference should be provided to the Commission twelve months in advance of the reporting date. 	<p>Government has taken early administrative action to offset the new committee appointments announced on 26 September 2023 from the next Funding Plan development cycle.</p> <p>Amendments to the FDF Act is subject to future decisions of government.</p>
5.1	<p>Strengthening the monitoring, evaluation and learning system</p> <p>The monitoring, evaluation and learning (MEL) system should be strengthened. Additional investment in MEL capabilities and implementation is required. The Australian Government should provide funding from the Future Drought Fund to the Department of Agriculture, Fisheries and Forestry (DAFF) to build capability, including of delivery partners, and implement fit-for-purpose MEL activities. DAFF should work with stakeholders to develop fund-wide performance measures for economic, environmental and social resilience, and ensure collection, reporting and analysis of the data over time. DAFF could improve program MEL activities through:</p> <ul style="list-style-type: none"> developing appropriate program performance indicators – including outcome measures that are linked to the theory of change – to measure progress of programs in supporting drought resilience trialling longer-term monitoring and reporting for priority programs to provide a better understanding of the long-term resilience benefits, including beyond the conclusion of an activity or program streamlining reporting obligations for delivery partners and grant recipients to improve consistency and comparability, reduce duplication and avoid unnecessary reporting. 	<p>Government has taken early action, by allocating additional funding to some critical MEL activities to begin to address this recommendation.</p> <p>See proposed investment stream (section 6.5), for public comment.</p>
6.1	<p>An Aboriginal and Torres Strait Islander working group</p> <p>The Department of Agriculture, Fisheries and Forestry should establish an Aboriginal and Torres Strait Islander working group to partner with the Department to improve the design and implementation of the Future Drought Fund for the benefit of Aboriginal and Torres Strait Islander people.</p>	Government has taken early action, by appointing First Nations representation on the new Future Drought Fund Consultative Committee.

Number	Recommendation	Implementation options
		<p>Government has also allocated new funding to better understand the connections between agriculture, drought and First Nations interests so that FDF investment can be better targeted.</p> <p>See proposed investment streams (section 6), for public comment.</p>
7.1	<p>Improving the better climate information programs</p> <p>The Australian Government should discontinue funding for the Drought Resilience Self-Assessment Tool and integrate those elements of greatest value to end users into the Climate Services for Agriculture tool. The Department of Agriculture, Fisheries and Forestry should monitor use of the new tool to determine if support should continue.</p>	<p>Government has taken early action, by allocating funding to extend CSA until 30 June 2025 to continue to provide free access to this tool before a future funding decision is made. See proposed investment stream (section 6.2), for public comment.</p>
7.2	<p>Improving the public benefit of the Farm Business Resilience program</p> <p>The Department of Agriculture, Fisheries and Forestry, in partnership with state and territory governments, should improve the design and delivery of the Farm Business Resilience program by:</p> <ul style="list-style-type: none"> • tightening eligibility criteria for participants to ensure services are filling genuine gaps in training for farmers • requiring course content to prioritise natural resource management and transformational practices. Business management training that offers largely private benefits should not be the focus • requiring co-contributions from program participants, adjusted according to eligibility criteria and course content • ensuring monitoring and reporting provides sufficient detail to evaluate the program's effectiveness in building drought resilience • considering the appropriate level of funding for the program, taking into account the likely public benefits and the alternative uses of funds. 	<p>Government has taken early action, by allocating funding to specific MEL activities for this program.</p> <p>See proposed investment stream (section 6.2 and 6.5), for public comment.</p>
7.3	<p>Improving the Regional Drought Resilience Planning program</p> <p>The Department of Agriculture, Fisheries and Forestry should work with the state and territory governments to provide guidance to program participants on:</p> <ul style="list-style-type: none"> • implementation pathways for resilience activities identified through the Regional Drought Resilience Planning process • a preferred governance framework for regional drought resilience plans • the sources of funding available from the Australian, state and territory governments, the types of activities that would be eligible for funding from the Future Drought Fund and a timeline for these processes. 	<p>Government has taken early action, by allocating funding to specific MEL activities for this program.</p> <p>See proposed investment stream (section 6.1), for public comment.</p>
7.4	<p>Improving the Drought Resilience Adoption and Innovation Hubs</p> <p>Funding for the Drought Resilience Adoption and Innovation Hubs should be extended for 2 years in under the next funding plan, with continued funding for each Hub depending on a satisfactory mid-term performance review. The Department of Agriculture, Fisheries and Forestry should also:</p>	<p>Government has taken early action, by allocating funding to extend Hub funding until 30 June 2025 to continue on-ground engagement and</p>

Number	Recommendation	Implementation options
	<ul style="list-style-type: none"> release a public statement of expectations for the Drought Resilience Adoption and Innovation Hubs program and individual Hubs align Hub knowledge brokers' activities with the proposed Future Drought Fund knowledge strategy (recommendation 4). 	<p>activities whilst an evaluation into the Hubs takes place.</p> <p>See proposed investment stream (section 6.1), for public comment.</p>
7.5	<p>Piloting a 'challenge-oriented' approach to the Drought Resilience Innovation Grants program</p> <p>The Department of Agriculture, Fisheries and Forestry should pilot a 'challenge-oriented' approach as part of the Drought Resilience Innovation Grants program. The pilot should facilitate tailored, innovative Solutions to a small number of complex and multi-dimensional challenges – in a particular region, industry or at a broader systems level – arising from drought and climate change.</p>	<p>See proposed investment stream (section 6.4), for public comment.</p>
7.6	<p>Better targeting of community programs</p> <p>The Department of Agriculture, Fisheries and Forestry should improve the Better Prepared Communities programs by:</p> <ul style="list-style-type: none"> focusing support on community-wide activities and networks, leaving engagement with agricultural industry networks to other programs ensuring detailed reporting on the types of knowledge and practices being shared, to assist evaluation and build a stronger evidence base on what works reviewing at the end of the next Funding Plan whether the Helping Regional Communities Prepare for Drought initiative is best placed to target social resilience activities or if there should be greater emphasis on delivering social resilience through the Regional Drought Resilience Planning program. 	<p>See proposed investment streams (section 6.1 and 6.2), for public comment.</p>

5 Proposed key features of new programs

In line with recommendations made by the commission and feedback from stakeholders, it is proposed that the next suite of FDF programs is characterised by the following features:

- Fewer and longer-term programs that are better integrated.
- Building momentum and learning from programs with demonstrated impact.
- An enduring commitment to the interconnected objectives of economic, environmental, and social resilience.
- A more explicit focus on climate change within the context of drought resilience, with climate resilience outcomes supported as co-benefits from drought resilience projects (See Table 1, Recommendation 3.3).
- Greater transparency regarding the roles and responsibilities of key service providers (including the Hubs), including in promoting further integration of programs.
- A renewed commitment to transparent, forward-looking communication that captures the full suite of FDF programs and clearly articulates the linkages between programs (See Table 1, Recommendation 3.4).
- Continued focus on assisting with preparation for drought, through the range of tools and resources that can be drawn on by farmers and regional communities now and across the drought cycle.

5.1 Discussion questions

- 1) Does the draft funding plan provide an appropriate framework to guide spending on drought resilience initiatives?
- 2) Which current FDF programs should be retained?
- 3) Which current FDF programs could be integrated with existing programs or built upon to drive efficiency or to maximise impact?

6 Proposed investment streams

Stakeholders are invited to provide feedback on the 5 proposed investment streams. These streams build on lessons learnt from foundational programs, recommendations from the commission and broader stakeholder feedback to date. Once finalised, the strategy will confirm the priority areas for investment (including their interconnections) under the next phase of the FDF.

6.1 Place-based action and partnerships

Place-based action has been a defining feature of FDF programs to date, providing flexibility to meet the on-ground needs of different farmers and regional communities. The ability to tailor programs is made possible by strategic partners who impart their on-ground knowledge, facilitate regional engagement and collaboration and assist in the delivery of FDF programs.

Eight Drought Resilience Adoption and Innovation Hubs have been established and are operating across major climatic and agriculture zones in Australia. Each Hub is different, and many have several nodes, reaching across their region, providing local connection points for farmers. Currently the Hubs and nodes cover over 40 locations and involve over 140 partners. The Hubs connect farmers with regional agricultural experts, innovation, and new practices. They facilitate regional engagement and assist with the identification of regional drought resilience needs. The Commission has recommended the continuation of the Hubs, contingent on a satisfactory mid-term performance review, but called for a public statement regarding their role and responsibilities, including knowledge sharing (see Table 1, Recommendation 7.4).

The Regional Drought Resilience Planning (RDRP) program, delivered in partnership with state and territory governments, supports regions to develop drought resilience plans. The plans include locally tailored actions to prepare for future droughts determined through partnerships of local governments, regional organisations, communities, and industry. By June 2025, it is expected that most agricultural regions will have completed their planning and begun early implementation of actions in their plans. Each plan is 'owned' by their region, with shared and varied responsibility for governance and actions within. The Commission has suggested that guidance be provided about implementation pathways for the actions identified in regional plans and preferred governance mechanisms to oversee progress in delivering these plans (see Table 1, Recommendation 7.3).

Strong local networks also play an important role in building the drought resilience of agriculture-dependent communities. The Helping Regional Communities Prepare for Drought Initiative (HRCPI) is delivered in partnership with the Foundation for Rural and Regional Renewal (FRRR) and the Australian Rural Leadership Foundation (ARLF). The HRCPI's Community Impact Program is driven by co-design to reflect place-based needs, dictated by grassroots community organisations and or local community leaders. The focus on community wide activities and networks was encouraged by the Commission (see Table 1, Recommendation 7.6).

The FDF recognises the experience of First Nations communities and their unique and continuing to connection to land, sea, environment, and water. The HRCPI prioritises investments that demonstrate engagement and or tailoring to better include and accommodate the needs of First Nations people and communities. Looking forward there is opportunity for further engagement to

better target and tailor FDF support to the needs of First Nations communities following consultation.

There is no one size fits all approach to place-based action because all communities and regions are different and in turn the needs of one community or region can vary greatly from its neighbour. Many stakeholders have commended the demonstrated flexibility of the FDF and the extent to which the FDF strives to understand, and invest in the greatest local need, although this can make measurability of national outcomes more difficult. The Commission has recommended that the shift to place-based planning and action is desirable and would enhance the public good (see Table 1, Recommendation 3.1)

6.1.1 Funding options

- Funding could be extended for the Hubs. The expectations of each Hub in undertaking this role could be clarified in a public statement. Milestone payments could be linked more strongly to performance. Discrete funding areas could include
 - Operational funding for regional engagement and communication including adoption/outreach officers and knowledge brokers to connect farmers and communities to relevant science, innovation, networks and government initiatives.
 - Funding to deliver regional priority projects (including potential RDRP projects).
 - Competitively funded opportunities to deliver cross-Hub or cross region projects.
- Pathways to implement RDRP actions could include
 - A discrete program of small implementation grants led by the Commonwealth or jointly with states and territories that focus on particular action types or themes, such as those that could be transformational for a region or industry.
 - Hubs could also be tasked to take forward aspects of regional plans, in partnership with regional stakeholders, that align with their farmer focus and knowledge brokering.
 - Innovation Challenges focused on particular regions or systemic problems faced by many regions.
- Monitoring and communicating progress, outcomes, and learnings from implementation will be important. Longitudinal studies could potentially measure the long-term impact programs including RDRP outcomes.
- Grassroots (community) actions could also implement aspects of RDRPs, as seen already through the HRCPI. If the HRCPI was extended it could also continue local support for projects, including those that reflect the interests of First Nations peoples.

6.1.2 Discussion questions

- 4) How should the Hubs' role be better defined to deliver more impact for their regions? Are the proposed funding options for the Hubs appropriate?
- 5) What implementation pathways and governance options are the most appropriate ways of actioning regional plans?

6.2 Information, skills and capacity building

Many existing FDF programs strive to build the capacity of farmers and regional community members, arming them with the knowledge, tools and support systems needed to rise to the challenges of drought and other climate risks.

The Farm Business Resilience (FBR) program, delivered in partnership with state and territory governments, provides farmers, including farm managers and employees, with access to subsidised learning and development opportunities in strategic business management, farm risk management and decision-making, natural resource management (NRM), and personal and social resilience. It also supports farmers to develop or update farm business plans. Stakeholder feedback suggests a continuation and or extension of this program is valuable. The Commission also suggested the program should continue with some modifications to better offset private benefits of the program. This could be achieved by limiting eligibility criteria, prioritising NRM and transformational change efforts, and requiring participant co-contributions. The importance of monitoring, evaluation and reporting was also highlighted (see Table 1, Recommendation 7.2).

The Climate Services for Agriculture (CSA) program, delivered in partnership with Commonwealth Scientific and Industrial Research Organisation (CSIRO) and Bureau of Meteorology provides free climate information for farmers and farm advisers through tools such as 'My Climate View'. This tool gives historical, seasonal and future climate projections for specific commodities at a local scale across Australia to a 5 square kilometre resolution. The Commission called for improvements to CSA, and recommended that the Drought Resilience Self-Assessment Tool be discontinued and integrated into the CSA to ensure users derive the greatest value from a single platform. Enhanced monitoring, evaluation and learning was also recommended (see Table 1, Recommendation 7.1).

Under the Drought Resilience Scholarships Program, FDF partnered with Nuffield Australia to provide drought resilience scholarships to help farmers increase their knowledge drawing on international comparisons. Scholars are actively encouraged to share this knowledge, to lift capability in others.

The Helping Regional Communities Prepare for Drought Initiative (HRCPI) also includes 3 capacity building elements providing a national mentoring program and leadership training as well as a National Learning Network to further support information sharing. These elements could potentially be aligned better or integrated with the other FDF capacity building programs.

6.2.1 Funding options

- Funding could be extended for the FBR program (with consideration of the commission's recommendations).
 - Continued outreach to new participants with flexibility to adapt delivery methods and learning areas to priority industry and regional needs. Retaining business planning as well as NRM with an increased focus on climate risks, would likely be an important continuing feature.
 - Returning FBR participants could continue to be supported to solidify learnings and encourage longer-term change for example via mentoring, a community of practice, peer networking or referrals to other FDF initiatives or opportunities, such as the Hubs.

- Potential integration with aspects of the HRCPI, specifically the mentoring program, leadership training and the National Learning Network, could increase the scalability of outcomes.
- Social and community resilience could be furthered through mental health first aid training and education, building the capacity of farmers to support one another and recognise the risks in their family, neighbours, and broader community.
- Longitudinal studies could potentially measure the long-term impact of FBR program outcomes.
- Funding could be extended for the CSA program to continue to provide free access to climate information via 'My Climate View'. The scope of further activities to be delivered by CSA in the future requires consideration.
 - Noting the commission recommendation, aspects of the Drought Resilience Self-Assessment Tool may be appropriate to be continue or embedded in the current CSA tool.
 - Greater integration with the Drought Early Warning System (DEWS) Project which translates climate data into specific agricultural impacts (such as crop yields, pasture growth and farm business outcomes).
- Funding could be directed to increase stakeholder climate literacy, including through existing FDF participants (e.g., the National Learning Network and FBR).
- Funding could be extended for the Drought Resilience Scholarships Program, pending initial assessment and evaluation of outcomes.

6.2.2 Discussion Questions

- 6) Should a future iteration of the FBR program be more focussed on specific learning areas or target particular cohorts of farmers (e.g., young farmers, remotely located farmers, smaller landholders and/or those operating on marginal land)?
- 7) How should public and private good be balanced in a future iteration of the FBR program? Should the program require farmer co-contributions?
- 8) Should the FDF provide training on how best to use and interpret information from existing climate tools, including but not limited to 'My Climate View'? If so, who could benefit most from such training?
- 9) Should the long-term goal for CSA be providing adaptation information to better support practice change in response to climate projections?

6.3 Agricultural landscapes management

Climate change is placing pressure on agriculture landscapes and in the absence of intervention, this limits productivity, sustainability and resilience. A variety of FDF grants and programs have targeted the resilience of soils and other natural capital on agricultural landscapes that underpin farm productivity through times of drought. This includes many projects from:

- foundational NRM Drought Resilience (landscapes and grants) programs
- the Drought Resilient Soils and Landscapes program
- the Extension and Adoption of Drought Resilience Farming Practices Grants

- the Long-Term Trials of Drought Resilient Farming Practices Grants
- Drought Resilience Innovation Grants
- Hub's regional and cross-regional projects.

Project activities have supported the extension of tried and tested techniques as well as trialling innovative and transformative NRM practices, systems, and approaches. Programs have worked with Regional NRM organisations and industry groups to deliver appropriate and integrated local action.

The Drought Resilient Soils and Landscapes program incorporated learnings from the foundational NRM programs and leveraged these learning to allow longer timeframes for projects and greater delivery at scale across a broader landscape. The commission has suggested an extension of the Drought Resilient Soils and Landscapes program. Opportunities to learn from the existing offering and programs are ongoing, and additional analysis and dissemination of these learnings will strengthen program outcomes.

The FBR program and the Hubs also support NRM activities through information, training, and grants for on-ground action and/or demonstration. There is an opportunity to maintain or extend these offerings. The commission has suggested that training through the FBR program prioritise NRM and transformative practices (see Table 1, Recommendations 3.1 and 7.2).

Landscape management has also featured heavily in regional drought resilience plans. There are various implementation pathways for these proposed NRM activities, including potential Hub or community level projects.

The FDF recognises the value of First Nations people's connection to the land and the centuries of land management practices that stem from this connection. Future programs will strive to invest in these practices, systems, and approaches to support and cultivate transferable knowledge where appropriate and for the benefit of First Nations people.

6.3.1 Funding options

- Funding could be allocated to maintain or extend the multifaceted approach to NRM that the FDF currently employs, with landscape management featuring strongly through various programs including FBR and the Hubs.
 - The strong emphasis on NRM in the FBR program course content could be further expanded with a more explicit emphasis on climate risks.
 - Referrals to existing or newly funded practical demonstrations could support the implementation of on-ground activities (potentially in collaboration with Hubs, existing state-run research stations, Sustainable Agriculture Facilitators and NRM organisations).
- A new Drought Resilience Soils and Landscapes program could be funded. The timing of the next offering would need to allow for early learnings from the current program to be considered in future program design.
- In recognition of the on-ground knowledge of First Nations communities, a targeted program could be established to map local knowledge, practices, and community connection to the land during drought cycles.

6.3.2 Discussion questions

- 10) Should the FDF prioritise natural capital management projects through discrete programs (such as a new Drought Resilience Soils and Landscapes program) or should NRM continue to be embedded throughout most streams of investment? Or both?
- 11) How can First Nations communities be supported so that their knowledge and practices to care for country can be maintained for the benefit of their communities and land?

6.4 Innovation and transformation

Many Australian farmers preparing for drought want proven practices they can rely on. In recognition of this need and its heightened importance with respect to the changing climate, the FDF stood up the Long-term Trials of Drought Resilient Farming Practices grant program (LTT). The LTT program will trial innovative drought resilient farming practices over at least 5 years. LTT investments focus on grain cropping and livestock sectors, which are prone to productivity losses in drying conditions. Despite its infancy, the Commission saw value in the LTT program. The LTT program is funded until 2027–28 but there are opportunities to run an additional program if there is appetite to do so.

The Drought Resilience Innovation Grants Program has supported a broad range of small to large projects that help Australian farmers, and agriculture-dependent communities and businesses, adopt innovative approaches and technologies to improve drought resilience. The Commission has recommended the FDF to pilot a ‘challenge-oriented’ approach in the next funding cycle, suggesting the pilot should facilitate tailored, innovative and transformational solutions to a small number of complex and multi-dimensional challenges – in a particular region, industry or at a broader systems level – arising from drought and climate change (see Table 1, Recommendation 7.5).

The commission encouraged the FDF to prioritise transformational action across the FDF more broadly (see Table 1, Recommendation 3.1). The Commission recognised transformational change as ‘the ability to undertake wholesale change of a system when adverse events or risks make the current system untenable.’

Current FDF programs target both incremental and transformational change. The design of most programs including the Hubs and RDRP and FBR seek to build the enabling conditions required for transformational change. For example, building knowledge, skills and bringing together stakeholders (social capital) to work together in new ways all increase preparedness and capacity for transformational change. The same applies for programs that support decision making and/or creating a shared vision, which can also provide the preconditions for transformational change and can be transformational in and of itself. Programs that Fund and support safe-fail trialling of transformative land management practices effectively provide options for transformational change.

6.4.1 Funding options

- The FDF could Fund another LTT program, based on additional trials of innovative practices, potentially for specific agricultural industries, where there is a clear need.
- A pilot program could be funded to run a Drought Resilience Innovation Challenge, as recommended by the commission.

- Determining the multi-dimensional challenges for a region, industry or at a broader system would require further consultation.
- This program could leverage themes arising from completed regional drought resilience plans, under the RDRP program.
- Funding could be allocated to a new program, focused on driving regional level transformational change, potentially related to implementing action items from RDRPs.

6.4.2 Discussion questions

12) Should the FDF focus on innovation, or broader extension and adoption of tried and tested practices to enable change at scale in Australia? Or both?

13) Should transformational change, and partnerships that facilitate it, be prioritised by the FDF? What incentives or programs would best support transformational change?

Or should the FDF continue to also build incremental change – that eventually lead to transformation – and focus on the preconditions (knowledge, skills and support etc) that enable individuals and communities to make transformational changes?

14) What Drought Resilience Innovation Challenges could be targeted in the proposed new innovation pilot program?

6.5 Enabling activities

Enabling activities are the backbone of all FDF investments. Communicating what programs are available, sharing the knowledge that is being generated and reporting on the performance of the FDF is essential to its success.

To date, the FDF Monitoring, Evaluation and Learning (MEL) Framework has been mainly focused on implementing MEL activities at the project and program level, rather than whole of fund. Other enabling activities funded by the FDF have focused on advice to assist with First Nations engagement barriers and opportunities and information sharing and collaboration. Additionally, the Science to Practice Forum held annually showcases FDF investments, providing an opportunity to share knowledge, and learnings in the path towards building drought resilience.

It is essential to capture and disseminate the work undertaken by the FDF to ensure farmers and regional communities are aware of and have access to the knowledge that is being generated. It is also essential that MEL activities support this knowledge transfer, as well as report on and improve the effectiveness and impact of the Fund. These activities should also guide future investment and the sequence in which funding is made available. In recognising this, robust monitoring and evaluation, communication and knowledge management could be prioritised as an investment stream. The commission has recommended that the FDF's monitoring, evaluation, and learning (MEL) system be strengthened, and that funding should be allocated to build capability, including of delivery partners, and implement fit-for-purpose MEL activities (see Table 1, Recommendation 5.1).

The Commission has also suggested a knowledge management strategy be developed to improve the generation, dissemination, and uptake of knowledge (see Table 1, Recommendation 3.4).

6.5.1 Funding options

- Funding could be specifically allocated to MEL activities, including increasing capability, developing performance measures, developing measurement approaches, and conducting evaluations.
 - Discrete funding could be directed to whole of Fund activities as well as program level activities.
- Funding could be allocated to support longitudinal studies to measure long term impact of FDF participants and their communities.
- Funding could be allocated to activities that improve data collection and management, information sharing and dissemination, including through effective communications suitable for the audience.

6.5.2 Discussion questions

- 15) What enabling activities are essential to the success of the FDF and should be directly funded to support FDF programs?

7 Implementation

The FDF hosts a diverse portfolio of programs, with many foundational programs continuing to deliver activities throughout 2024-25 ([Appendix B](#)). Under the next phase of the FDF (through to 2027-28), the design and roll out of new suite of FDF programs needs to factor in existing programs and the sequencing and integration of activities over the period. Additional time also needs to be provided to allow a greater focus on co-design of programs and to facilitate locally led projects and ensure alignment with other government and non-government initiatives.

A conscious decision to smooth activity streams and prioritise co-design would likely result in allocation of less than \$100 million in 2024–25 (the first year of the next 4 funding cycle), and larger allocations in years 2 to 4 (2025–26 to 2027–28). It would allow greater analysis of the program outcomes as they conclude and for new programs to be reflective of lessons learnt. Co-design would also assist with mapping and aligning activity around existing and planned state and territory government and non-government initiatives.

Once completed, it is intended that the Final Strategy will provide a 4-year plan for the programs to be delivered by the FDF and their timing. It will provide information on the intersection with other relevant Australian Government initiatives including the National Soils Strategy, the Natural Heritage Trust and Disaster Ready Fund.

Appendix A: List of discussion questions

Table A1 List of discussion questions

Number	Section	Question
1	5.0 Proposed Key Features of New Programs	Does the draft funding plan provide an appropriate framework to guide spending on drought resilience initiatives?
2	5.0 Proposed Key Features of New Programs	Which current FDF programs should be retained?
3	5.0 Proposed Key Features of New Programs	Which current FDF programs could be integrated with existing programs or built upon to drive efficiency or to maximise impact?
4	6.1 Place-based Action and Partnerships	How should the Hubs' role be better defined to deliver more impact for their regions? Are the proposed funding options for the Hubs appropriate?
5	6.1 Place-based Action and Partnerships	What implementation pathways and governance options are the most appropriate ways of actioning regional plans?
6	6.2 Information, Skills, and Capacity Building	Should a future iteration of the FBR program be more focussed on specific learning areas or target particular cohorts of farmers (e.g., young farmers, remotely located farmers, smaller landholders and/or those operating on marginal land)?
7	6.2 Information, Skills, and Capacity Building	How should public and private good be balanced in a future iteration of the FBR program? Should the program require farmer co-contributions?
8	6.2 Information, Skills, and Capacity Building	Should the FDF provide training on how best to use and interpret information from existing climate tools, including but not limited to 'My Climate View'? If so, who could benefit most from such training?
9	6.2 Information, Skills, and Capacity Building	Should the long-term goal for CSA be providing adaptation information to better support practice change in response to climate projections?
10	6.3 Agriculture and Land Management	Should the FDF prioritise natural capital management projects through discrete programs (such as a new Drought Resilience Soils and Landscapes program) or should NRM continue to be embedded throughout most streams of investment? Or both?
11	6.3 Agriculture and Land Management	How can First Nations communities be supported so that their knowledge and practices to care for country can be maintained for the benefit of their communities and land?
12	6.4 Innovation and Transformation	Should the FDF focus on innovation, or broader extension and adoption of tried and tested practices to enable change at scale in Australia? Or both?
13	6.4 Innovation and Transformation	Should transformational change, and partnerships that facilitate it, be prioritised by the FDF? What incentives or programs would best support transformational change? Or should the FDF continue to also build incremental change – that eventually lead to transformation – and focus on the preconditions (knowledge, skills, and support etc) that enable individuals and communities to make transformational changes?
14	6.4 Innovation and Transformation	What Drought Resilience Innovation Challenges could be targeted in the proposed new innovation pilot program?
15	6.5 Enabling Activities	What enabling activities are essential to the success of the FDF and should be directly funded to support FDF programs?

Appendix B: Foundational FDF programs

Table B1 Foundational FDF programs

Program name	Description	Status update
Climate Services for Agriculture	An interactive platform to help farmers and the sector understand the historical, seasonal, and future climate at their location.	Activity until June 2025.
Drought Resilience Self-Assessment Tool	An online tool to support farmers to assess their financial, environmental, and social resilience to drought and other climate risks.	Activity until June 2024.
Farm Business Resilience (FBR) Program	Working with jurisdictions to develop farmer's skills to plan for and manage climate risk including future droughts.	Activity until June 2025.
Regional Drought Resilience Planning (RDRP)	Working with jurisdictions to support regions to develop and begin to action drought resilience plans	Activity until June 2025.
Drought Resilience Adoption & Innovation Hubs	Providing regionally focused support to farmers and communities to adopt drought resilient practices and technologies. Includes collaborative hub projects and adoption officers.	Activity until June 2025.
National Enabling Activities	Activities supporting collaboration and greater information sharing on Drought Resilience.	Activity until June 2025.
Drought Resilience Innovation Grants	Supporting projects that drive the development of new and innovative technologies and practices by farmers.	Activity until June 2024.
NRM Drought Resilience Program (Grants and Landscapes)	To promote and put in place transformational practices, approaches, and systems to improve the management of natural resources and build drought resilience.	Programs winding down to close.
Drought Resilience Soils and Landscapes	Projects focusing on land management practices at a broad scale that will help make our agricultural land more drought resilient.	Activity until June 2024.
Drought Resilience Long Term Trials	Support trials investigating innovative and transformational cropping, grazing and mixed farming practices through the lens of drought resilience and climate change.	Activity until June 2028.
Extension and Adoption of Drought Resilience Farming Practices Grants	Projects to help farmers understand and adopt proven drought resilient farming practices based on Australian and international research and development.	Activity until June 2025.
Drought Resilience Commercialisation Initiative	To provide commercialisation services, including facilitation and allied professional advice and support to innovators to increase the commercial viability of their drought resilience product or service.	Program opens late 2023. Activity until 2025.
Drought Resilience Scholarships	To recognise and reward innovators and leaders in the field of drought resilience.	Activity until June 2025.
Drought Resilient Leaders	Provide leadership development, community extension grants and mentoring opportunities for agricultural communities.	Program closed.
Networks to Build Drought Resilience	Supports community organisations and networks, through projects that encourage connectedness in agricultural communities across Australia.	Program closed.
Helping Regional Communities Prepare for Drought Initiative	Brings together previous communities (leaders and networks) programs to deliver an integrated suite of support to help communities identify and act on their drought preparedness priorities at a grassroots level.	Activity until June 2025.