

## The Hon Tara Moriarty MLC

Minister for Agriculture  
Minister for Regional New South Wales  
Minister for Western New South Wales



Senator the Hon Murray Watt  
Minister for Agriculture, Fisheries and Forestry  
Parliament House  
CANBERRA ACT 2600

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Re: NSW Government submission to the draft Drought Resilience Funding Plan 2024 to 2028 and consultation draft of the Future Drought Fund Investment Strategy 2024 to 2028

Dear Minister Watt,

On behalf of the NSW Government, I would like to take the opportunity to provide feedback on the draft Drought Resilience Funding Plan 2024 to 2028 (the Funding Plan) and the consultation draft of the Future Drought Fund Investment Strategy 2024 to 2028 (the Investment Strategy).

The NSW Government sees drought as one of many risks to farmers, communities, businesses, and our natural environment. The focus of the draft Funding Plan on working with stakeholders to enhance drought resilience is strongly supported, particularly in the context of a changing climate.

The NSW Government broadly supports the focus of the Funding Plan and Investment Strategy. Programs established to date under the Future Drought Fund, such as the Regional Drought Resilience Planning Program, Farm Business Resilience Program, Community Supported Agriculture program and Saving Our Soils During Drought, have been valuable initiatives to improve the resilience of our communities and natural environment as we enter the next drought cycle. Under the new Funding Plan and Investment Strategy, there are opportunities to achieve greater efficiencies and enhance the benefits derived by communities and industries alike. More detailed comments as to how this may be achieved are provided in the attachment.

The NSW Government notes that the focus of the Investment Strategy is largely on knowledge generation, capability and practice development, research, technological innovation, and information sharing. While this is an important addition to drought resilience, the NSW Government would welcome investment in more tangible projects that could improve drought preparedness and response capabilities.

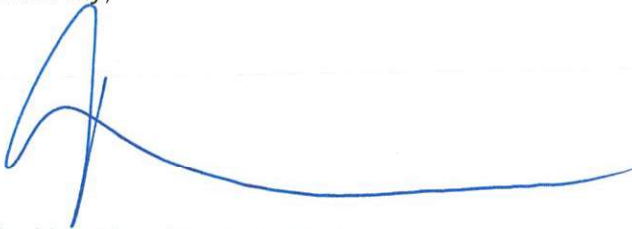
In addition, it is recommended that the strategic objectives of the Funding Plan and proposed investment streams of the Investment Strategy enable cultural inclusivity and provide meaningful opportunities to work with Aboriginal and Torres Strait Islander communities, noting the potential benefits of the application of Aboriginal knowledges and cultural practices to enhance drought resilience and community wellbeing.

Drought preparation, response and recovery requires consistent and effective collaboration across all levels of government. In the past, there have been instances of duplicated efforts and a lack of

coordination across all levels of government. The NSW Government views this review as a valuable opportunity for the Australian Government to work closely with state and territory governments to achieve an effective framework for investment in drought resilience.

The NSW Government looks forward to continuing working closely with the Australian Government to fund our shared objectives in supporting communities to prepare for, and become more resilient to, the impacts of future droughts. Should you wish to discuss the contents of our submission in more detail, [REDACTED]

Sincerely,



**The Hon Tara Moriarty MLC**  
Minister for Agriculture  
Minister for Regional New South Wales  
Minister for Western New South Wales

20 / 12 /2023

# Consultation Draft: Future Drought Fund Investment Strategy 2024 -2028

## Consolidated NSW Government comment

### Discussion Questions: Section 5.0 Proposed Key Features of New Programs

Question	Comment
1. Does the draft funding plan provide an appropriate framework to guide spending on drought resilience initiatives?	<p><u>Definition of drought</u></p> <p>The draft funding plan could provide a clearer definition of drought. For example, the NSW Government uses the Bureau of Meteorology's definition of drought as 'a prolonged, abnormally dry period when the amount of available water is insufficient to meet normal demand'. In addition, given the focus on building resilience, it may be helpful to further elaborate on the relationship between resilience and the preparation, response and recovery phases of the drought cycle.</p> <p><u>Strategic objectives</u></p> <p>The NSW Government supports investing in preparedness and capacity building in the agriculture sector to build self-reliance and adaptability. The objectives should also include natural capital management and capacity building outside of agricultural landscapes as this would further support programs that have wider public benefit.</p> <p>The NSW Government supports the focus on strengthening the social capital, wellbeing and connectedness of rural, regional and remote communities and recommends that the importance of health and social and emotional wellbeing to building drought resilience are reflected in the funding principles and key features of new programs.</p> <p><u>Principles</u></p> <p>The NSW Government recommends that the funding principles directly acknowledge the significant impact of drought on Aboriginal and Torres Strait Islander peoples, including links to poor health outcomes, disruption of connection to Country and compounded existed disadvantages. This could be achieved through a principle requiring that arrangements and grants be culturally inclusive, or one that reflects the Productivity Commission's recommendations regarding the implementation of the National Agreement on Closing the Gap and its principles in any revised program delivery.</p>

	<p>The principles should also avoid requiring programs to achieve outcomes across all three objectives. There are some local government programs that focus on wider community resilience building that should not be excluded or deprioritised because they do not improve agricultural sector self-reliance or improve the management of natural capital.</p> <p><u>Investment Strategy</u></p> <p>The NSW Government supports programs that deliver on knowledge generation, capability and practice development, research, technological innovation and information sharing. What is less clear is whether there is room for investment in more tangible projects such as projects focused on infrastructure resilience (provided that such investment aligned with funding principles and core concepts). For example, this could include supporting local governments to strategically plan for or invest in water recycling infrastructure. The investment plan would benefit from highlighting ways that the FDF program could be utilised to build drought resilience through the recovery phase.</p> <p>The NSW Government would like to see the following areas invested in as part of the Future Drought Fund:</p> <ul style="list-style-type: none"> <li>• Programs that support social resilience, including green or blue infrastructure that supports community amenity and events during drought.</li> <li>• Program design from a local government/organisational perspective, rather than individual-specific solutions. In NSW, Local Water Utilities play a critical role in managing drought risk and responding to drought, and should be able to engage in partnerships in the Future Drought Fund.</li> <li>• Continual funding to educate those who have not experienced severe drought before (such as new entrants to farming and new generations) in addition to support existing farmers to be more resilient.</li> <li>• Additional research and guidance for regional communities on the beneficial use of biosolids and reused water for farms and community spaces. Funding could extend to small scale infrastructure to enable beneficial reuse.</li> </ul> <p><u>Response to Productivity Commission recommendations</u></p> <p>Regarding recommendation 3.2(ii) to 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 is well targeted and not duplicating other programs – the NSW Government's position is that this work should be conducted as part of program co-design to reduce the duplication of drought resilience efforts.</p>
<b>2. Which current FDF programs should be retained?</b>	<p>The NSW Government has partnered with the Australian Government via the Future Drought Fund to deliver a number of programs, which all have merit. The following programs have had positive uptake in NSW and should be continued:</p> <ul style="list-style-type: none"> <li>• Farm Business Resilience Program</li> <li>• Community Supported Agriculture Program</li> <li>• Regional Drought Resilience Planning Program</li> <li>• Drought Resilience Adoption and Innovation Hubs</li> </ul>

	<ul style="list-style-type: none"> <li>• Drought resilience soil and landscape funding.</li> </ul> <p>The NSW Government recognises that these programs have not yet been tested during a drought event but the investment in these programs to date should be seen through to the end and properly evaluated.</p> <p>In relation to the Farm Business Resilience Program (FBRP), the NSW Government has benefited from the flexible nature the Department of Agriculture, Fisheries and Forestry team have provided in designing a fit-for-purpose program to NSW and generally enabling variance in delivery models across Australia. Additionally, changes to the Federation Funding Agreement enabling co-contributions from existing state government investment programs have been beneficial to NSW.</p>
<b>3. Which current FDF programs could be integrated with existing programs or built upon to drive efficiency or to maximise impact?</b>	<p>NSW Government agencies have observed that farming communities and the primary industries sector expect funding to be concentrated on projects with tangible deliverables. There is still a perception within the agriculture community that the Future Drought Fund is money in reserve to provide 'in-drought' assistance. More work needs to be undertaken to promote the work and focus of the fund.</p> <p>During previous responses, there was a perception of duplication across programs, and some communities saw programs, such as leadership programs, coming at them from many directions. The NSW Government agrees with Productivity Commission recommendation that the Drought Resilience Self-Assessment Tool (DRSAT) be discontinued and merged into the Community Supported Agriculture (CSA) program. In addition, consideration should be given to integrating the community programs stream and the 'helping regional communities prepare for drought' program under the Regional Drought Resilience Planning (RDRP) so that community investment helps complement the council planning program.</p> <p>Community based grants (such as the Natural Resource Management Drought Resilience Program) need to be more integrated with the Drought Resilience Adoption and Innovation Hubs (the Hubs) program to improve alignment with community needs. In addition, there are several programs focused on land management and farming practices – some consolidation could be considered here to achieve a broader focus on the development and implementation of resilient agricultural processes.</p> <p>The NSW Government's position is that there should be flexible options to provide drought resilience funding as co-funding for other existing programs where resilience is a project outcome.</p>

## Discussion Questions: Section 6.1 Place-based Action and Partnerships

Question	Comment
<p>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?</p>	<p>The NSW Government supports the ongoing improvement of the Drought Resilience Adoption Hubs and sees a role for the Hubs in enabling, supporting and promoting existing streams to help achieve engagement and impact in their areas.</p> <p>There are a number of issues with the current Hubs model which require improvement. These include:</p> <ul style="list-style-type: none"> <li>• a lack of clarity about the Hubs' performance metrics and their role, responsibilities and functions, particularly during drought response.</li> <li>• duplication between universities and other agencies already working in the drought space due to the lack of clarity about the Hubs' role</li> <li>• the dual responsibility for resilience adoption and innovation, which clouds the Hubs' focus and objectives.</li> </ul> <p>For the Hubs to operate more effectively, greater clarity is needed regarding their role, responsibilities and functions. The Hubs should work with industry and government bodies to ensure research is plugging gaps and avoiding duplication. In addition, the NSW Government sees opportunities to establish and enhance pathways between Hubs and local and regional mental health and suicide prevention and crisis services.</p> <p>The Future Drought Fund outlines a focus for the Hubs around adoption and engagement; however, the Hubs are aligned with the Research portfolios within the University structure, which may not be linked to industry or delivery of outcomes for adoption. The Hubs could support adoption by supporting councils and communities with the implementation of actions within Regional Drought Resilience Plans that are relevant to the Hubs' work program.</p> <p>The NSW Government has capacity and infrastructure that could be better used by the Hubs in future to support delivery, such as the Australian Cotton Research Institute at Narrabri.</p>
<p>5. What implementation pathways and governance options are the most appropriate ways of</p>	<p>The NSW Government's position is that governance and implementation options should be led by local government and key local community interest groups, given their key roles in developing the regional plans. If the Hubs were used to support implementation of regional plans, there would need to be a high level of collaboration and knowledge sharing to ensure that implementation reflects the priorities identified during plan development. It is imperative that local councils retain ownership of the RDRP Program to support the self-sufficiency that is a core objective of the Program.</p>

actioning regional plans?	Support should be provided for working with Aboriginal owned organisations to deliver plan actions that focus on Aboriginal land, sea, and water management. The participation of Aboriginal people and organisations involved in any type of land management could be transformational for an Aboriginal business and the community, the region and or any industry that Aboriginal people are seeking to pursue. Any model would need to be co-designed with Aboriginal communities and respectful of cultural intellectual property.
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### Discussion Questions: Section 6.2 Information, Skills, and Capacity Building

Question	Comment
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)?	<p>The NSW Government's position is that the FBR program should have scope to adapt to meet the needs of its audience (or target cohorts), leaving scope for bespoke delivery models that achieves engagement, learning outcomes and transformational change. States are best placed to determine if target cohorts will be more effective. This should be accommodated for in planning and should also be part of continuous improvement to achieve the best possible outcomes.</p> <p>Future investment in programs that target business planning skills should look at businesses beyond the farm gate, especially those that are enablers of the agricultural sector. Future iterations could also consider supporting Aboriginal controlled organisations and entities, and other town-based businesses.</p> <p>The NSW Government notes that the funding options identified for the FBR program include mental health first aid training and education, which is a relatively long and expensive training course. It is recommended that the reference to mental health first aid training and education is amended to 'mental health and suicide prevention promotion and education activities'.</p>
7. How should public and private good be balanced in a future iteration of the FBR program? Should the program require farmer co-contributions?	<p>The NSW Government recommends avoiding a blanket solution to the Productivity Commission's feedback to increase the focus on broader public benefit, in order to avoid diluting program effectiveness. It is appropriate that some of the FDF programs are designed to influence 'greater good' outcomes for whole regions (public), and others are strategically designed to contribute to 'greater good' at a grass roots level (private) i.e., at the individual business level.</p> <p>The approach should avoid changing the design of a program that specifically targets private enterprise when the desired outcome could be achieved more effectively through programs with broader public reach. For the FBR program,</p>

	<p>the required action should be to improve reporting on outcomes from the program that increase 'public' benefit, such as drought resilience strategies that are identified by farmers and can be applied more broadly.</p> <p>The FBR program already requires farmer co-contribution including cash, time and, in some cases, travel. Any additional requirements for farmer co-contributions may act as a barrier to small business farmers accessing the FBR program and should carefully consider the needs and financial capacity of small business farmers, as well as the nature of the activity.</p> <p>Longitudinal evaluation would enable a better understanding of the public good gained from investing in business planning; for example, whether an investment results in farmers requiring less government intervention in the future. Currently, this intelligence is not captured given the short-term approach to monitoring, evaluation and reporting (MER). Improved MER capacity to invest in longitudinal evaluation, beyond contract periods, will improve the ability to demonstrate the FBR program public good outcomes.</p>
<p><b>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?</b></p>	<p>The NSW Government agrees that training activities and tools would be beneficial – farmers, landholders, local governments and small to medium enterprises alike would benefit. In addition, culturally appropriate tools may assist Aboriginal organisations with lands, and potentially the development and application of practice more broadly (where the community is happy to do so).</p> <p>Training in the use of these tools could also benefit other Government agencies. For example, NSW Transport's Emergency and Crisis Coordination Hub could use these tools for enhanced forecasting and a strengthened common operating picture.</p> <p>The FDF should develop customer-facing learning resources that provide training on how best to use and interpret information from any existing climate tools available to farmers on a national level. Ideally, climate tools shared would not be limited to FDF funded tools and would include state, territory, community and industry tools to achieve wider benefit.</p> <p>These Learning &amp; Development resources such as videos, webinars, and online training modules could then be added to the customer facing portal in every state and territory participating in the program. Undertaking this task on a national level (with a budget allocation) removes the need for states to duplicate this task. This will save money, improve customer experience, and improve program outcomes, as these tools could be promoted by the states to drive program engagement.</p>

	<p>Ideally, training in the use of climate tools should not be limited to FDF-funded tools and would include state, territory, community and industry tools to achieve wider benefit. For example, the NSW Government has partnered with universities to develop tools which allow the likelihood of drought duration and frequency to be better understood.</p> <p>The NSW Government recommends that work to progress providing training on how best to use and interpret information from climate tools be done in consultation with state governments. This would also enable consideration of how to explain to users/customers how on-ground / operational management decisions are made using this same information and how it can impact them.</p>
9. Should the long-term goal for CSA be providing adaptation information to better support practice change in response to climate projections?	Yes. Similar to the comment provided in Q8, culturally appropriate and supportive versions of these tools may assist Aboriginal controlled organisations who manage lands.

### Discussion Questions: Section: 6.3 Agriculture and Land Management

Question	Comment
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	<p>The NSW Government supports a targeted, evidence-based strategy to address the complex challenges of natural capital management. There is a growing field of research and expertise in this area that should be utilised, noting that this can be challenging when operating a multifaceted program.</p> <p>A requirement to prioritise natural capital management and NRM for all FDF programs places limitations on otherwise successful projects. NRM objectives may not neatly apply to social capital programs that invest in capability building and leadership. Conversely, some capability building programs like the FBR program benefit from integrating NRM as an objective.</p> <p>The NSW Government supports natural capital management being embedded as a strategic priority in the drought resilience soil and landscape program (and others where it aligns with program objectives). A discrete NRM program would also be supported as it could improve landholder and local government capacity to protect natural assets.</p>

streams of investment? Or both?	<p>Example priorities include maximising catchment absorbency (recharge and riparian areas), and biodiverse and strategically connected refuges.</p> <p>One priority focus should be sites with high biodiversity value, high susceptibility to climate change impacts, and properties/landholders with existing commitments to sustainable management and biodiversity conservation, such as those with stewardship agreements or conservation covenants in place. This will ensure that historical investment in those biodiversity values and associated natural capital are more likely to be secured into the future.</p>
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?	<p>The NSW Government agrees that First Nations communities should be consulted to inform how maintenance of their knowledge and practices can be supported by this program. A 'First Nations-led' approach aligns with the 'place-based' approach recommended by the Productivity Commission.</p> <p>Co-design with First Nations communities is crucial to share knowledge and practices, and this has to occur at a local scale to correctly identify the appropriate representatives and practices. The NSW Government is establishing Aboriginal Water Committees in each region that could inform place-based projects. Key lessons learnt from the current First Nations Knowledge Brokers in the existing Hubs should be utilised to create a framework that facilitates their participation, which will likely need to be highly flexible adaptable depending on the region and community.</p> <p>There is following initiatives could support First Nations communities to care for Country during a drought:</p> <ul style="list-style-type: none"> <li>• supporting Aboriginal communities to develop and implement localised and tailored programs for care for Country practices that engage a range of age groups and encourage knowledge transfer between elders and youth</li> <li>• recognising and embedding of care for Country knowledge and science within the broader program framework and identifying how this knowledge can inform co-design planning and management between government and Aboriginal communities.</li> </ul> <p>The NSW Government's work under the <u>Aboriginal Cultural Landscapes Management</u> project works with community to provide advice and guidance on governance, program implementation and reporting requirements.</p>

## Discussion Questions: Section: 6.4 Innovation and Transformation

Question	Comment
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?	<p>The NSW Government supports investment in both innovation and adoption of existing practices. Fostering innovation creates or identifies emerging practices while extension breaks down the barriers to adoption.</p> <p>The NSW Government welcomes the opportunity to collaborate with the relevant stakeholders should there be a need for ICT innovation procurement in relation to the Future Drought Fund to leverage the Innovation Procurement Pathways.</p>
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	<p>The NSW Government supports investment in both incremental and transformational changes. To address future climate challenges, program design into the future needs to assume that primary producers, industry and communities will be faced with simultaneous, consecutive and compounding adverse events that will impact the ability to achieve transformational change.</p> <p>The FDF should continue to build incremental change – that will lead to transformation – and focus on the preconditions (such as knowledge, skills, and support) that enable individuals and communities to make transformational changes. Transformational change should be considered at an industry or regional scale over time.</p> <p>A blended approach is appropriate to cater to different risk appetites, with some sectors such as primary producers more comfortable with incremental change over time. Both change processes require longitudinal engagement with landholders and communities, but transformative change needs to bring community along and achieve buy-in.</p> <p>Supporting the implementation of RDRP actions with expanded funding would be a good way to support regional-scale change. In addition, a better understanding of the social impacts of drought should be prioritised along with factors that could mitigate these impacts and build more resilient communities. Additional focus on establishing connections to essential services such as health and education to multi locations is required.</p>

communities to make transformational changes?	
14. What Drought Resilience Innovation Challenges could be targeted in the proposed new innovation pilot program?	<p>The NSW Government welcomes the opportunity to co-design innovation challenges, but notes that care should be taken to ensure programs achieve tangible outcomes and do not replicate mandates that are covered by other funding programs. Target areas should consider all capital areas in an integrated approach, such as farm/catchment plans that incorporate innovative management actions including co-operatives, circular economies, and ESG frameworks/investment.</p> <p>One potential target area for pilot projects could include exploring the benefits of Aboriginal land management practices on drought resilience across different landscapes.</p>

#### Discussion Questions: Section: 6.5 Enabling Activities

Question	Comment
15. What enabling activities are essential to the success of the FDF and should be directly funded to support FDF programs?	<p>Funding support is required to improve data collection and management, information sharing and dissemination, including through effective communications suitable for Aboriginal owned and controlled organisations. Funding for longitudinal MERL would also be beneficial.</p> <p>The NSW Government supports the Productivity Commission's recommendation of a Knowledge Management Strategy to improve the dissemination and uptake of knowledge. Community and industry awareness of where projects are underway and how to participate in these will in itself lead to improved outcomes.</p> <p>The success of innovation and the adoption of new technology relies on good digital connectivity. The lack of these services remains a key barrier, reduces productivity and challenges the ability of systems to develop necessary resilience as outline in the drought resilience funding plan.</p> <p>Greater funding support to implement actions identified in the RDRP program would also facilitate regional-scale change and ensure the benefits of the plans can be measured longer term.</p>

	<p>Funding for additional research and guidance materials could be considered for regional communities in the beneficial use of bio solids and reuse water on farms and community spaces. Funding could extend to small scale infrastructure to enable beneficial reuse for example irrigation systems for reuse water and management plans for biosolids testing and application.</p> <p>Other focus areas should include better transparency of funding streams, coordination of community priorities, collaboration with partners and joint customer-focused communication.</p>
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### Miscellaneous comments

Section	Comment
Overall comment	<p>The Future Drought Fund Investment Strategy and the Drought Resilience Funding Plan documents present a sound approach to designing future grant programs. Efforts to provide funding based on ethical principles and to have streamlined grant management processes are consistent with grant administration practices adopted by the NSW Government.</p> <p>In addition to mapping Australian, state and territory government programs, it is critical for the Australian and NSW Governments to regularly consult each other on drought and disaster programs. This should be done throughout the drought cycle, and especially prior to anticipated drought periods (which may overlap with natural disasters) to ensure that their respective drought recovery and disaster funding programs are complementary and comprehensive.</p> <p>An additional funding principle could be considered to require consideration of the extent to which programs complement states and territories' existing programs to avoid any duplication.</p>
Funding Plan and Investment Strategy – strategic objectives	<p>There is a slight variation in the way that the strategic objectives are defined on page 2 of the Drought Resilience Funding Plan and page 4 of the Future Drought Fund Investment Strategy. For example: the Funding Plan calls out the desire to strengthen “connectedness of rural, regional and remote agricultural communities” whereas the Investment Strategy is less detailed and is silent on the pursuit of connectedness. Suggest that the objectives be described in precisely the same terms across both documents.</p>

Investment Strategy 3.3 and 3.4	Section 3.3 and 3.4 should incorporate health and social and emotional wellbeing. The inclusion of these terms will ensure the individual and community capabilities required to achieved 'drought resilience' are accurately reflected and represented in the investment strategy.
Investment Strategy 7.1	<p>The NSW Government notes the intention to move towards a single digital platform for climate information, the Climate Services for Agriculture tool. The NSW Government strong advises that any digital platform must be designed to be accessible for all users, regardless of their ability, circumstance or background.</p> <p>This means conducting useability research with a broad range of participants with various abilities, backgrounds and circumstances to make sure the platform works for its users. This also means compliance with the international standards for technical accessibility, particularly the latest version of the Web Content Accessibility Guidelines to at least at AA level, and regular and ongoing checking to ensure the platform maintains compliance. Lastly, it means making sure the information is presented in plain English as well as a range of languages.</p> <p>The NSW Government also recommends consideration be given to providing alternative and non-digital information sources, noting that many rural and regional people affected by drought may find it difficult to access digital information or tools especially where there are connectivity issues.</p>