



Australian Government  
Department of Agriculture,  
Fisheries and Forestry



Future  
Drought  
Fund

# Future Drought Fund

## Investment Strategy



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#### **Acknowledgement of Country**

We acknowledge the continuous connection of First Nations Traditional Owners and Custodians to the lands, seas and waters of Australia. We recognise their care for and cultivation of Country. We pay respect to Elders past and present, and recognise their knowledge and contribution to the productivity, innovation and sustainability of Australia's agriculture, fisheries and forestry industries.

# Minister's message



As the Minister for Agriculture, Fisheries and Forestry, I am proud to present the Future Drought Fund Investment Strategy.

Underlining the Australian Government's continued investment in well-planned drought preparedness and resilience, the strategy supports the Drought Resilience Funding Plan 2024–2028.

Where the funding plan outlines the strategic objectives of the Future Drought Fund (FDF), the investment strategy provides a clear and transparent forward plan of investments. Outlining the mix, funding and delivery of FDF programs, it will facilitate better planning, sequencing and coordination of activities with delivery partners.

Farmers and their communities are on the frontline of climate change, with drought and other factors impacting their operations and often adversely affecting their wellbeing. That's why FDF

investments to help farmers and agriculture-dependent communities prepare for inevitable drought are so important.

Since being appointed as the minister for agriculture, I have seen the growing momentum and impact of FDF activities on the ground. They show Australian farmers are among the best in the world at innovating and adapting to improve the way they manage drought, and that no other country has a preparedness mechanism quite like the FDF.

The investment strategy recognises that we can no longer talk about drought resilience in isolation to climate adaptation and mitigation. Accordingly, FDF investments will continue to work hand in hand with the government's suite of climate initiatives, including the Natural Heritage Trust Climate-Smart Agriculture Program, the National Soil Action Plan, the Agriculture and Land Sectoral Plan, and the Nature Repair Market.

In early 2023, the Productivity Commission and stakeholders recognised opportunities for the FDF to have a greater impact following a successful initial phase of funding and programs. I would like to thank those who met with my staff and provided submissions to this process. The strategy reflects stakeholder contributions to build a more streamlined and people-centred FDF.

Also informed by another consultation process in late 2023, the investment strategy focuses on the priority funding areas over the next 4 years: partnering for local solutions, including Aboriginal and Torres Strait Islander initiatives; building knowledge, skills and capability; innovating for transformation; and measuring progress and knowledge sharing.

Recognising the importance of local solutions and co-design, including working in partnership with Aboriginal and Torres Strait Islander people, communities, and businesses, the strategy embeds shared decision-making and self-determination. This inclusive approach will increase Indigenous Australians' participation in FDF drought and climate resilience activities.

As we keep moving closer to Australian agriculture's goal of becoming a \$100 billion industry by 2030, it is imperative our investments proactively address the threat of drought and climate risks, ensuring the industry remains productive and profitable.

For this reason, I am pleased to commend to you the Future Drought Fund Investment Strategy as part of our government's wider efforts to create a more resilient future for farming communities.

A handwritten signature in blue ink that reads "Julie Collins". The signature is fluid and cursive.

**Julie Collins MP**

Minister for Agriculture, Fisheries and Forestry





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# Introduction

The Future Drought Fund (FDF) is the Australian Government's major investment into drought preparedness. The *Future Drought Fund Act 2019* (FDF Act) makes available \$100 million each year to build drought resilience in Australia's agricultural sector, landscapes and communities. All funding must be consistent with the Drought Resilience Funding Plan.

On 9 February 2024, the new [Future Drought Fund \(Drought Resilience Funding Plan 2024 – 2028\) Determination 2024](#) came into effect. This has guided the suite of investments for the current funding period, which was announced by the Prime Minister in the 2024–25 Budget, on 7 May 2024.

The Future Drought Fund Investment Strategy supports the current funding plan and provides detailed information about the delivery of FDF programs and activities.

## Purpose

This investment strategy is intended to assist stakeholders to better understand the FDF and facilitate greater engagement with stakeholders by providing a clear plan of activity.

The document outlines:

- investment priorities for the current funding period
- FDF programs designed to deliver the identified priorities
- how programs will be sequenced and the timing of opportunities
- how the FDF and its programs link with the broader landscape of drought and climate resilience initiatives
- how the department intends to work with stakeholders to design, deliver and monitor FDF programs.

## Investment priorities

This investment strategy focuses on 5 priority funding areas:

1. Partnering for Local Solutions
2. Partnering for First Nations Initiatives
3. Building Knowledge, Skills and Capability
4. Innovating for Transformation
5. Measuring Progress and Knowledge Sharing.

In the 2024–25 Budget, the Australian Government committed \$519.1 million over 8 years from the FDF to address these priorities. The FDF will deliver 10 on-ground programs as well as a national enabling program to better measure progress and share knowledge (see [Figure 1](#)).

## Informing the investment priorities

The second phase of the FDF, including the priority funding areas and programs, has been designed to capitalise on learnings to date. This includes what stakeholders told us they value during community consultation in 2023, as well as the Productivity Commission (PC) review of the FDF also undertaken in 2023. Stakeholders wanted fewer, longer and more high-impact programs, guided by a clear plan for the next phase of investment.

### Learnings from 2020 to 2024

The first 4-year funding cycle of the FDF (2020 to 2024) provided strong initial investments under the inaugural funding plan. During this period, we established the fund. Challenges that impacted the effectiveness of the first funding cycle provide opportunities for the FDF to enhance outcomes over the next 4 years.

For the first 4 years of the FDF, farmers, researchers, government, industry and communities have been partnering and working together to build and strengthen drought preparedness.

The FDF has helped farmers, communities and regions to plan for and identify actions to manage drought preparedness through learning and development activities; better climate information; peer learning opportunities; and new, innovative practices, technologies and systems. The government is committed to delivering even greater impact in the current phase of the FDF, building on successful projects and on-ground networks that are already driving change.

### Productivity Commission 2023 inquiry report

Section 32A of the FDF Act requires the PC 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. The commission finalised its [inquiry report](#) on 8 September 2023, and it has been tabled in parliament.

The inquiry report recommended development of this investment strategy. Key components recommended by the inquiry report are addressed throughout [Chapter 2](#). The following recommendations are not addressed in this report as they are being addressed elsewhere:

- The strategy for achieving FDF objectives in the longer-term (including building climate change resilience). Instead, this has been embedded as a core-focus in the development of FDF programs for the current funding period. Acknowledging its importance, the [Innovating for Transformation](#) programs have also been designed to explicitly address long-term resilience to drought and climate risks.
- Development of a theory of change underpinning the programs and investment priorities for the current funding period. Work is underway to complete this priority, and the theory of change will be published on the department's website in 2025 (see [Evaluation and Support](#)).

### Public consultation 2023

From 20 October to 6 December 2023, the Department of Agriculture, Fisheries and Forestry consulted stakeholders to help inform the 2024 to 2028 phase of FDF investment. Stakeholders were invited to comment on a draft Drought Resilience Funding Plan and a draft Future Drought Fund Investment Strategy. Learn more in the [summary of stakeholder feedback](#).

Figure 1 Priority funding areas for the FDF from 2024-25



## Partnering for Local Solutions

### Drought Resilience Adoption and Innovation Hubs

**\$28 million** over 2 years from 2024–25,  
**\$104 million** over 6 years from 2026–27

Providing regionally focused information and support to develop, extend and encourage the adoption of drought resilient technologies and practices.

### Regional Drought Resilience Planning

**\$67 million** over 4 years from 2025–26

Helping regions prepare for and manage drought and other interconnected risks through locally tailored actions identified in community-owned and led plans.

### Communities

**\$36 million** over 4 years from 2024–25

Strengthening social resilience to drought and other climate impacts by supporting and developing leaders, networks and organisations in agriculture-dependent communities.



## Partnering for First Nations Initiatives

### Strengthening Drought Resilience on Country pilot program

**\$12 million** over 3 years from 2025–26

A new pilot program will be established to facilitate place-based, First Nations-led activities. First Nations delivery partners will be engaged to facilitate co-design and delivery of projects, with First Nations peoples. Projects will support First Nations individuals, businesses and communities to build drought and climate resilience.

### First Nations Supporting Participation Activities

**\$3 million** over 4 years from 2024–25

Funding will be provided to deliver activities which seek to improve the participation of First Nations peoples in the FDF drought and climate resilience activities.

### First Nations Advisory Group

Additional departmental funding to 2027–28

A strategic policy partnership with eminent First Nations peoples to facilitate improved strategic outcomes from the FDF for First Nations peoples within the agriculture sector, landscapes, and communities.



## Building Knowledge, Skills and Capability

### Farm Business Resilience

**\$83.2 million** over 5 years from 2024–25

Helping farmers build skills and capabilities to plan for and manage all kinds of risks, including drought and other climate risks. This program will include and integrate Drought Resilience Scholarships.

### Climate Services for Agriculture

**\$17.2 million** over 4 years from 2024–25

Enabling farmers and farm advisers, rural communities and others to access local, regional and commodity-specific climate information, useful for informing farm business, community and government decision-making to prepare for future drought and climate change.

### Scaling Success

**\$37 million** over 3 years from 2025–26

Extending the reach of previous FDF projects that have proved successful in building drought and climate resilience and contributing to broader change.



## Innovating for Transformation

### Long-term Trials

**\$60.3 million** over 6 years from 2024–25

Investigating innovative farming practices, technologies and approaches through evidence-based trials to inform farmers, drive adoption and foster transformational change to build drought and climate resilience.

### Resilient Landscapes

**\$40 million** over 6 years from 2024–25

Supporting projects to demonstrate how implementing and scaling of practices, technologies or approaches to manage natural resources on farm contribute to building drought and climate resilience by improving landscape function and ecosystem services.

### Innovation Challenges Pilot

**\$20 million** over 3 years from 2025–26

Fostering innovative solutions for challenges related to drought and climate impacts.



## Measuring Progress and Knowledge Sharing

### Evaluation and Support

**\$3.25 million** over 4 years from 2024–25

Determining how, and to what extent, the FDF and its programs contribute to building social, economic and environmental resilience to drought and broader climate risks.

### Knowledge Management

**\$7.3 million** over 4 years from 2024–25

Making the knowledge generated by the FDF more accessible and promoting wider adoption through a systematic and strategic approach.

### Science to Practice 2.0

**\$800,000** over 4 years from 2024–25

Generating accessible, visual evidence of the FDF's influence on the ground.





# 1. Future Drought Fund in context

The FDF provides secure, continuous funding for initiatives that support farmers and regional communities to prepare for and build resilience to drought and other climate impacts. This funding supports them to prepare for, manage through, and recover better from drought when conditions improve. The fund is a long-term investment that demonstrates the Australian Government's ongoing commitment to enhance drought preparedness and resilience.

The FDF is one part of the drought policy landscape, which incorporates a range of complementary plans and agreements, including the National Drought Agreement 2024 to 2029 and the Australian Government Drought Plan. These documents collectively represent the government response to drought.

## 1.1 National Drought Agreement

The new [National Drought Agreement 2024 to 2029](#) between the Australian, state and territory governments came into effect on 1 July 2024. It provides a framework for nationally coordinated and complementary drought policy and programs.

## 1.2 Australian Government Drought Plan

The [Australian Government Drought Plan](#) was released on 13 December 2024. The Drought Plan outlines the programs and activities that deliver on the Australian Government's responsibilities under the National Drought Agreement 2024 to 2029, including the government's drought policy and key drought-related programs that support farming businesses and communities.

## 1.3 Future Drought Fund Act 2019

The [FDF Act](#) sets out the purpose of the FDF, which is to enhance public good by building drought resilience. It provides \$100 million each year to be made available to support drought resilience investments. The FDF Act also sets out the role of the FDF Consultative Committee, the PC and the Regional Investment Corporation in governing fund investments.

## 1.4 Drought Resilience Funding Plan

Under the FDF Act, a drought resilience funding plan must be determined. The funding plan is a legislative instrument that outlines the high-level vision, aim and strategic objectives of the FDF. It sets out funding principles that apply to the design of FDF programs at a whole-of-fund level and to each arrangement and grant made under the FDF Act. The funding plan aligns to the FDF's funding cycle and is renewed every 4 years after a period of public consultation. On 9 February 2024, [the new funding plan for 2024 to 2028](#) came into effect.

## 1.5 Core FDF concepts

### Drought and climate resilience

A key aspect of drought resilience is the ability to adapt, reorganise or transform in response to changing temperature, increasing variability, and scarcity or changed seasonality of rainfall, for improved economic, environmental and social resilience.

Drought resilience is a complex concept. Resilience does not have a singular meaning or measure – it depends on context and can mean something different to each person, farming business and community. This is why tailored and practical support that reflects unique circumstances is required to increase drought resilience – there is no ‘one-size fits all approach’.

Climate change is driving an increase in the frequency and severity of climatic events, including drought. More frequent and severe droughts are one of the many impacts of climate change that farmers and regional communities need to prepare for, respond to and recover from. However, drought and climate resilience activities are often interconnected – building resilience in one area can improve the ability to manage other risks.

The next phase of the FDF supports and prioritises mutually reinforcing outcomes through drought- and climate-resilience activities. This holistic approach is intended to amplify benefits for farmers, their communities and the broader public. Since 2020, the FDF has funded a range of activities that contribute to drought- and climate-resilience outcomes. However, a renewed and explicit emphasis clarifies that, while drought resilience remains the primary goal of the FDF, programs will consider a broader range of climatic risks and opportunities, where appropriate.

The funding plan provides a principles-based framework to guide decision-making about arrangements and grants, and the mix of programs.

### Drought cycle

There are various models that depict drought as a cycle. The models acknowledge drought as a recurring event that is best managed through stages, however, it is acknowledged that in many cases the impacts of drought are not linear. For example, different regions, industries, and farming businesses may be in different stages of drought at the same time. That is why the government has a range of measures always available to allow farmers and rural communities to be better prepared for and manage through drought.

The Australian Government’s approach to supporting the agricultural sector to manage drought is built around a 3-stage cycle:

- Preparing – before drought, prepare for drier times ahead
- Responding – during drought, implement plans and strategies to manage the impacts
- Recovering – after drought, recover and consider lessons learned.

FDF programs are available throughout the drought cycle regardless of conditions, however the fund has a clear drought preparedness and resilience focus.

### Role of FDF in drought

FDF programs, grants and arrangements are available throughout the drought cycle. The FDF programs, grants and arrangements will not provide in-drought hardship support, consistent with the funding plan, which specifically excludes ‘in drought’ assistance. Drought preparedness and resilience remain the key focus of the FDF; however its activities and their outcomes have utility across the drought cycle.

Recognising that drought is a matter of when, not if, FDF programs are designed to be flexible and responsive to on-ground conditions, particularly when drought conditions arise. For example, the Farm Business Resilience (FBR) program has in-built flexibility to tailor activities to reflect the circumstances and needs of farmers during different stages of the drought cycle. Likewise, under the Regional Drought Resilience Planning (RDRP) program, regions may prioritise implementing actions in their plans that enable them to better manage through or recover from drought, thereby strengthening their drought resilience.

In combination with the National Drought Agreement and the Australian Government Drought Plan, FDF programs and activities contribute to the government's proactive approach to drought and the delivery of its drought policy. How FDF programs and activities contribute to drought policy and are delivered across the drought cycle is outlined in the Australian Government Drought Plan.

## **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.

As outlined in the funding plan, the FDF's 3 inter-connected strategic objectives seek to build:

- economic resilience by growing the productivity and self-reliance of the agricultural sector
- environmental resilience by improving the function of agricultural landscapes through effective management of the natural resource base
- social resilience by strengthening the social capital, wellbeing and connectedness 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 social-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.

## **Public good**

All FDF investments must deliver public good as required under the FDF Act. The funding plan defines this concept as benefits that can be accessed 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 significant spill over benefits exist 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 dispersed and complementary.

## **Achieving value for money**

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

## **Investing for the benefit of everyone**

For the FDF to build drought resilience at a national scale, a spread of investments is required both geographically and across a variety of competing priorities. This does not imply an equal financial investment per state and territory, industry or per capita.



## 2. FDF investment from 2024-25

Over 8 years from 2024–25, \$519.1 million from the FDF will be allocated to 10 on-ground programs, as well as enabling capacity to maximise these investments as follows.

- \$400 million for the FDF from 2024 to 2028, allocated across the 4 years to achieve improved sequencing of programs in response to stakeholder feedback and the PC recommendations.
- \$119.1 million for the FDF from 2028 to 2032, has also been allocated to allow longer-term programs to continue and to ensure improved sequencing of activities. Additional funding to bring the allocation to \$100 million per year for 2028 to 2032 will be subject to future government decisions consistent with priorities identified at the time.

See also [Implementation](#).

This funding will deliver a more impactful suite of programs, building on successful projects and networks from the FDF's first phase that are already driving change. The new suite of programs announced will feature:

- an explicit focus on drought and climate resilience
- an ongoing commitment to public good and enduring outcomes
- fewer but integrated programs sequenced to maximise impact
- tailored activities focusing on local needs developed through place-based partnerships and collaborations with stakeholders, including First Nations peoples
- a people-centred approach with greater engagement, acknowledging stakeholder diversity
- activities that drive change, including incremental, transitional and transformational change
- greater knowledge sharing and improved monitoring, evaluation and learning (MEL).

The nature of the FDF requires a flexible and dynamic approach to on-ground initiatives and program implementation. Unforeseen changes can mean that not all allocated funding is spent. Unspent funding is returned to the fund for reallocation within the FDF. It cannot be diverted to unrelated programs. To ensure funding is spent in accordance with the FDF Act, the Minister for Agriculture, Fisheries and Forestry must approve any changes to how and when funds are spent.

Learn more about [the FDF and its investment programs](#).

## 2.1 Partnering for Local Solutions

The government has committed \$235 million over 8 years from 2024–25 for this priority funding area. Partnering for local solutions involves working with regions and communities to help them manage their own drought and climate risks, through collaboration and locally led action.

Place-based action has been a defining feature of FDF programs, 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 and local engagement and collaboration, and assist in the delivery of FDF programs.

### Drought Resilience Adoption and Innovation Hubs

The government has committed \$28 million over 2 years from 2024–25 to continue on-ground activity through the current Drought Resilience Adoption and Innovation Hubs, while a review is undertaken to inform a longer-term opportunity. Funding of \$104 million will be available over 6 years from 2026–27. These funding commitments are in line with [PC recommendations 3.1 and 7.4](#). As part of the review, the government will release a public statement of expectations regarding the hubs' roles and responsibilities.

Hubs support farmers and communities to prepare for drought by connecting farmers to regional experts, innovations and new practices.

Hubs are located in rural communities across Australia and include various stakeholders. The 8 hubs and 40 nodes foster collaboration between farmers, industry, natural resource managers, researchers, First Nations communities and community groups. These parties work together to address the challenges and opportunities of drought and climate variability in their region.

#### Opportunities for stakeholders to engage

To participate in ongoing hub activity to June 2026, visit your local [hub website](#).

The outcome of the review of the hubs will inform hub activity post June 2026. More information will be available in 2025.

### Regional Drought Resilience Planning

The government has committed \$67 million over 4 years from 2025–26 for the RDRP program to bring together regional organisations, local government, industry and communities to develop and implement regional-level drought resilience plans (RDR plans). The RDRP program will continue to be delivered in partnership with, and co-funded by, state and territory governments.

In line with [PC recommendations 3.1 and 7.3](#), the next phase of the RDRP program will build on existing momentum. It will focus on implementation of activities and governance of RDR plans. RDR plans will continue to be community owned and driven and include local actions that help regions prepare for and manage drought and other interconnected issues, such as climate change and natural hazards.

The next phase of the RDRP program will be co-designed with state and territory governments during 2024–25 and provide:

- implementation funding for eligible activities in approved RDR plans
- support for regions to govern, maintain, update and improve their RDR plans, including guidance on implementation pathways and governance arrangements
- support for additional agricultural regions to develop an RDR plan where they do not have one in place.

Additional funding opportunities for regions to implement RDR plan actions will be available through other FDF initiatives, including through the Communities program, Resilient Landscapes and the Innovation Challenges Pilot.

### Opportunities for stakeholders to engage

- Participate in ongoing planning and implementation of RDR plans through to 2029.
- Participate in program co-design between the Australian, state and territory governments in 2024–25.
- Inform RDR plan development, improvements and updates from 2025–26 to 2028–29.
- Apply for implementation funding for eligible activities in RDR plans from 2025–26 to 2028–29. Further information on funding opportunities and processes in each state and territory will be available from 2025–26.

Further detail is subject to co-design with state and territory governments.

### Communities

The government has committed \$36 million over 4 years from 2024–25 for the Communities program, which will be delivered through partner organisations. The program will support social resilience to drought and other climate impacts and will contribute to the connectedness and wellbeing of farmers and communities by investing in projects that provide development opportunities for community leaders and strengthen networks and organisations.

In line with [PC recommendations 3.1 and 7.6](#), the Communities program will continue to shift towards greater place-based planning and action to support social resilience. It will focus on building social cohesion before drought occurs, including addressing non-clinical mental health and wellbeing and connectedness at a local level. The program will align with RDRP and support action identified in RDR plans. The program will include a range of initiatives:

- **Community Impact Grants** – Will identify community drought- and climate-resilience needs and opportunities in 2024–25 and 2025–26. Grants of up to \$150,000 (maximum of \$800,000 per region) will be available for projects from 2025–26 to 2027–28. Up to 15 priority regions, aligned with RDRP regions, will be selected. The government will seek expressions of interest for coordinator organisations within the regions in 2025–26. Projects will support grassroots implementation of social resilience activities to address actions in regional plans. Community leadership training and coaching will also be provided in those regions.
- **Regional Communities Grants** – Up to \$100,000 per RDR plan will be available in 2025–26 to 2027–28 to support activities that directly address social resilience activities in RDR plans. Regions, eligibility and grant rounds will be determined at a later date.
- **Small Network Grants** – Up to \$50,000 will be available over multiple rounds from 2025–26 to 2027–28. These will support the activities of small community organisations and networks outside Community Impact Grant regions.
- **Mentoring Initiative** – Continued delivery of the popular national program, to support peer learning between farmers and community members with strong linkages to the cohorts participating in the FBR program.
- **Capacity Building Initiative** – Support to upskill regional community not-for-profit organisations essential to building social resilience in rural and regional Australia.

### Opportunities for stakeholders to engage

- Participate in program co-design between delivery partners and the FDF in 2024–25.
- Participate in co-design of Community Impact Grants – for selected community impact regions in 2025–26 and 2026–27. Organisations that will undertake projects will be selected during co-design.
- Apply for Regional Communities Grants for community organisations in 2025–26 and 2026–27.
- Apply for the Mentoring Initiative for farmers and community members in 2025–26 and 2026–27.
- Apply for Small Network Grants for community organisations across multiple rounds in 2025–26, 2026–27 and 2027–28.
- Apply for the Capacity Building Initiative for small community organisations in 2025–26 to 2027–28.

Further detail, including selection of priority regions for the Community Impacts Grants, is subject to co-design arrangements with delivery partners.

## 2.2 Partnering for First Nations Initiatives

The government has committed \$15 million over 4 years from 2024–25 to partner with First Nations peoples, businesses, organisations and communities to support economic self-determination and connection to, and caring for, Country through the management of drought and climate risks.

First Nations peoples have been caring for our lands, waters and seas for tens of thousands of years, and continue to hold and develop knowledge that is valuable for improving the sustainability of the Australian agricultural landscape for all.

In line with [PC recommendations 3.1 and 6.1](#), the FDF will partner with First Nations peoples and communities to support connection to Country through the management of drought and climate risk.

This is the FDF's first dedicated funding for First Nations-led drought- and climate-resilience initiatives. This funding acknowledges and is intended to deliver shared benefits, including strengthening connection to Country for First Nations peoples and improving the sustainability and resilience of the agricultural, fishery and forestry industries.

The government has allocated \$12 million over 3 years for the Strengthening Drought Resilience on Country pilot to facilitate place-based and First Nations-led activities in selected regions. Funding will commence in 2025–26. The pilot program will facilitate co-design and delivery of drought resilience projects, in partnership with First Nations organisations, businesses and communities. Co-designed projects may address economic, environmental, social and cultural matters relating to drought and climate resilience. Funding of up to \$1 million per region will be available to deliver activities.

From 2024–25, \$3 million over 4 years will support activities that improve participation of First Nations peoples in FDF drought- and climate-resilience activities across the FDF.

In line with the PC's recommendation, additional departmental funding will establish a First Nations Advisory Group to advise on the design and implementation of the pilot program and supporting activities. The group will also inform culturally appropriate program design and activity across the fund.

### Opportunities for stakeholders to engage

- Apply to become a delivery partner and co-design the Strengthening Drought Resilience on Country pilot in 2025–26.
- Apply for project funding for regions participating in the pilot program from mid-2026.
- Further detail, including selection of regions for Strengthening Drought Resilience on Country pilot, is subject to co-design arrangements with delivery partners.

## 2.3 Building Knowledge, Skills and Capability

The government has committed \$137.4 million over 5 years from 2024–25 to support farmers and regional communities to make informed decisions and better manage drought and climate risks.

Planning is key to building drought and climate resilience, allowing farmers and communities to be proactive and better equipped to handle the challenges posed by a changing climate. FDF programs are focused on building resilience through knowledge, skills and capabilities so that Australian primary producers are empowered to make informed decisions and can stay productive and profitable even during tough times.

### Farm Business Resilience

The government has committed \$80 million over 4 years from 2025–26 to continue the FBR program to build the skills and capabilities of farmers to plan for and manage all kinds of risks, including drought and other climate risks. Learning and development opportunities include areas such as strategic business management, farm risk management and decision-making, natural resource management, and personal and social resilience. The FBR program will continue to be delivered in partnership with, and co-funded by, state and territory governments.

The program helps farmers take a proactive approach to developing strategies and identifying specific actions to build the drought and climate resilience of their business, their land, themselves and their employees before times get tough.

From 2024–25, \$3.2 million is available over 4 years to continue Drought Resilience Scholarships, currently being delivered in partnership with Nuffield Australia. The program enables scholars to build their drought resilience expertise and share innovative technology and practices from overseas with their peers and the agricultural community. The next phase of the FBR program will include and integrate the Drought Resilience Scholarships. The integration of scholarships into the FBR program will provide an enhanced network for drought resilience scholars to share learnings. This component is not co-funded by state and territory governments.

The next phase of the FBR program will be co-designed with state and territory governments during 2024–25 and consider:

- continued tailoring of eligibility and course content to support and appropriately target a diverse range of participants (such as First Nations peoples, young farmers and women)
- continued support for a range of learning and development areas, including climate adaptation, natural resource management, transformational practices, business planning, decision-making, risk management, and personal and social resilience – including mental wellbeing
- tailored approaches to participant co-contributions to balance private benefits while avoiding additional barriers to the uptake of important upskilling
- flexibility and responsiveness to adapt the program for relevance across the drought cycle
- enhanced follow-up, peer learning, networking and mentorship to support knowledge sharing, ongoing learning and implementation after participants complete the program, including by linking with the Communities program and the Drought Resilience Scholarships.

#### **Opportunities for stakeholders to engage**

- Participate in co-design of the program between the Australian, state and territory governments in 2024–25.
- Participate in FBR learning and development activities, including workshops, coaching and events, available now through to 2028–29.
- Applications for Drought Resilience Scholarships open in March each year.
- Knowledge-sharing opportunities between drought resilience scholars and FBR participants from 2024–25.

Further detail is subject to co-design with state and territory governments.

#### **Climate Services for Agriculture**

The government has committed \$17.2 million over 4 years from 2024–25 to continue to deliver and improve the Climate Services for Agriculture program and its My Climate View online platform.

My Climate View makes national and regional climate information more accessible and useful to farmers and farm advisers, regional communities and policymakers. This free online decision-support tool provides historical, seasonal climate projections for over 22 key commodities at a local scale across Australia, helping users acquire the knowledge to build resilience to drought and other climate risks.

Funding will maintain and enhance the program by:

- supporting and improving My Climate View until the end of June 2028
- identifying functions of the Drought Resilience Self-Assessment Tool that could be consolidated into the My Climate View – this will address [PC recommendation 7.1](#)
- exploring integrating the Australian Agriculture Drought Indicators into My Climate View
- exploring integrating other data sets, such as ABARES forecast data, into My Climate View

- incorporating First Nations knowledge into the platform in consultation with First Nations peoples
- promoting uptake of My Climate View and knowledge of climate risks through programs such as Train-the-Trainer.

#### Opportunities for stakeholders to engage

- [Learn about climate risks relevant to your location and commodity.](#)
- Co-design improvements to the platform between delivery partners and the FDF in 2024–25.

Further detail is subject to co-design arrangements with delivery partners.

### Scaling Success

The government has committed \$37 million over 3 years from 2025–26 to scale up, extend, reinvigorate or pivot projects previously funded by the FDF. This new program will extend the reach of previous FDF projects that have proved successful in building drought and climate resilience and contribute to broader scale change.

Up to \$27 million is available in the first round, which will start in 2025–26 and prioritise the extension and adoption of successful drought- and climate-resilience practices, technologies or approaches, including those with transformative potential. Projects funded under previous FDF programs that have proven drought- or climate-resilience outcomes will be eligible. These programs include Drought Resilience Innovation Grants, NRM Drought Resilience Program (Grants and Landscapes streams), Drought Resilient Soils and Landscapes Program, and Extension and Adoption of Drought Resilience Farming Practices Program. Grants of \$100,000 to \$3 million over 2 years are expected.

A second round of this program is planned for 2026–27. Further detail on the second round is subject to review of the Drought Resilience Commercialisation Initiative expected in mid-2026.

#### Opportunities for stakeholders to engage

- Apply to extend the reach of a previous FDF project in 2025–26 (round 1).
- Learn from on-ground projects from 2025–26.

## 2.4 Innovating for Transformation

The government has committed \$120.3 million over 6 years from 2024–25 to trial innovative solutions that have the potential to build the long-term resilience of the agricultural sector, landscapes and communities to drought and climate risks, through transformational change.

Innovation plays a pivotal role in bolstering the drought and climate resilience of the agricultural sector, landscapes and communities. Australian primary producers need the means to adapt or transform in response to drought and climate change challenges.

Transformational change is a key feature of the second phase of the FDF, consistent with [PC recommendation 3.1](#). However, in line with stakeholder feedback, the government recognises that such change should not be forced on those who are not ready, and that there should be greater consideration given to the unique circumstances and contexts of farmers and regions.

### Innovation Challenges Pilot

The government has committed \$20 million over 3 years from 2025–26 for innovative solutions to address complex and multi-dimensional challenges created by drought and climate impacts on a region, industry or sector.

In line with [PC recommendation 7.5](#), grants will be delivered via a ‘challenge-oriented’ approach. An independent advisory committee will help define a small number of innovation challenges relating to the most pressing barriers to drought and climate resilience. These challenges will also be informed by existing work in the FDF, including priorities from RDR plans and drought resilience priorities identified by the hubs. Public submissions will be sought to inform the committee’s considerations and the scope of the challenges. Once challenges are defined, grants will be opened for applications to develop solutions. Grant funding up to \$2 million per project will be available. Applications from consortia will be encouraged.

### **Opportunities for stakeholders to engage**

- Inform the development of challenges via public submission in 2024–25.
- Apply for the program in 2025–26.

### **Long-term Trials of Drought Resilient Farming Practices**

The government has committed \$60.3 million over 6 years from 2024–25 for rounds 2 and 3 of the Long-term Trials program. Eligibility has been expanded to test and generate evidence of prospective drought- and climate-resilience farming practices.

The expanded program will give farmers the information and confidence they need to try new practices. Trials will test the effectiveness of drought- and climate-resilient farming practices to generate further evidence. Activities will support the adoption of drought resilient innovations over several years to improve the economic, environmental and social resilience of farmers to drought and climate risks.

Round 2 opened in September 2024 and offered grants of up to \$8 million. Total funding for this round was \$40.3 million. Round 3 will open in 2026–27 and offer \$20 million in grants of up to \$5 million. In response to stakeholder feedback, greater advance notice and longer application times are being provided for rounds 2 and 3. Trials that were funded through Round 1 of the Long-term Trials program in 2023 will be eligible to apply for an extension. Activities under these rounds will conclude by the end of 2029–30.

### **Opportunities for stakeholders to engage**

- Deliver Round 2 projects from 2024–25 to 2029–30.
- Apply as consortia for Round 3 in 2026–27.
- Deliver Round 3 projects from 2026–27.
- Participate in activities delivered by successful consortia from 2024–25 to 2029–30.

### **Resilient Landscapes**

The government has committed \$40 million over 6 years from 2024–25 to support projects to trial and demonstrate how practices, technologies or approaches to manage natural resources contribute to building drought and climate resilience at scale, targeting opportunities for long-term transformational change.

In line with [PC recommendation 3.1](#), Resilient Landscapes will invest in activities that build natural capital and promote transformational change. Grants of up to \$6 million will be available. Delivery partners will undertake a systems-based, scientific approach to project design. This will include supporting implementation and scaling of activities that identify and manage natural capital tipping points or thresholds on farm for the good of the Australian agricultural sector, landscapes and communities. Consortia will be encouraged to assess their local landscape and consider the projected impacts of future drought and climate change. Long-term climate forecasts from Climate Services for Agriculture's My Climate View tool may inform this process.

Activities will focus on drought and climate resilient farm and land management practices and outcomes, and are expected to benefit farmers and communities across agricultural landscapes. Progress and findings are expected to be shared with landholders and other stakeholders via field days and case studies.

In response to stakeholder feedback, greater advance notice and longer application periods are being provided in this second funding cycle.

### **Opportunities for stakeholders to engage:**

- Deliver projects from 2024–25 to 2029–30.
- Participate in activities delivered by successful consortia from 2025–26 to 2029–30.

## 2.5 Measuring Progress and Knowledge Sharing

The government has committed \$11.4 million over 4 years from 2024–25 to measure outcomes and share the impact of addressing our drought and climate risks.

### Evaluation and Support

The government has committed \$3.25 million over 4 years from 2024–25 for FDF- and program-level MEL activities to determine how, and to what extent, the FDF contributes to building social, economic and environmental resilience to drought and broader climate risks and provides public good and value for money.

In line with [PC recommendation 5.1](#) and related findings and comments, a strategy to deliver a comprehensive suite of whole-of-FDF and program-level MEL activities will be developed. This includes capacity and capability building and the development and implementation of a new FDF MEL framework that includes a revised FDF theory of change and program logic model. Program MEL design and implementation will align with the framework. Activities under the MEL strategy will enable better measurement, evaluation and understanding of how the FDF, through achieving its outcomes and 3 strategic objectives, contributes to the broader resilience and sustainability landscape. This will help adapt and inform the FDF's future direction and make the best use of the funds.

### Knowledge Management

The government has committed \$7.3 million over 4 years from 2024–25 to make the knowledge generated by the FDF more accessible, and to promote wider adoption through a systematic and strategic approach.

In line with [PC recommendations 3.1 and 3.4](#), a phased knowledge management and sharing approach will be implemented. A strategy will be developed to detail how FDF knowledge sharing will work, identify ways to improve knowledge capture, storage and dissemination across the FDF, and define roles and responsibilities – with input from delivery partners. This approach will help ensure data, information and knowledge generated by FDF investments is more widely accessible and help drive wider adoption of drought and climate resilient technologies and practices.

The knowledge strategy work will be supported by the development of better systems to collect and store FDF knowledge such as program outputs and outcomes, project data and information, and contract management information. Better systems will also be developed to disseminate and communicate drought resilience knowledge to those who can best implement learnings from the fund. This work will contribute to broader drought policy MEL activities. A focus on active knowledge sharing will also be built into new program design.

### Science to Practice 2.0

The government has committed \$800,000 over 4 years from 2024–25 to generate accessible, visual evidence of the FDF's influence on the ground.

Knowledge sharing is critical to enhancing resilience. Case studies will be developed aimed at demonstrating how activities and programs across the FDF are having multiple benefits and building Australia's drought resilience. Case study content will be disseminated through various channels, including social media, the departmental website and FDF delivery partners. This approach will help ensure learning is amplified beyond the immediate FDF participants and encourage uptake of knowledge.

### How funding is monitored and reported

Funding for the FDF is administered in accordance with the requirements of the FDF Act and the funding plan. This includes both program design (which is considered by the FDF Consultative Committee, the department and the minister) as well as the administration of each grant or arrangement (which also includes consideration by the Regional Investment Corporation Board before entering into funding arrangements).

Payment information is available on the department's website under section 27A of the FDF Act as part of the fund's transparency requirements.

## 2.6 Implementation

The FDF has a diversity of programs, with many of the first phase programs continuing to deliver activities throughout 2024–25. These programs ensure activities continue to help farmers and communities prepare for drought and climate risks, while new programs are designed. Lessons learned from the first phase programs will inform the design and roll-out of new programs. This approach will improve the sequencing and integration of activities over the current funding period. It also provides dedicated time to inform and co-design new programs to better support high-value proposals and collaborative government and non-government initiatives. As a result of this conscious decision to phase-in new programs and prioritise co-design, less than \$100 million will be allocated in 2024–25 (the first year of the 4-year funding cycle), with larger allocations in years 2 to 4 (2025–26 to 2027–28). Over the 4-year funding cycle \$400 million will be allocated.

**Table 1** Future Drought Fund spending by year

Priority funding area	2024–25 (\$m)	2025-26 (\$m)	2026-27 (\$m)	2027-28 (\$m)	2028-29 (\$m)	2029-30 (\$m)	2030-31 (\$m)	2031-32 (\$m)	Total (\$m)
Partnering for Local Solutions	27.000	38.375	48.188	45.438	31.000	15.000	15.000	15.000	235.001
Partnering for First Nations Initiatives	1.500	3.000	5.500	5.000	n/a	n/a	n/a	n/a	15.000
Building Knowledge, Skills and Capability	3.000	34.800	39.800	39.800	20.000	n/a	n/a	n/a	137.400
Innovating for Transformation	20.315	25.000	25.000	20.000	15.000	15.000	n/a	n/a	120.315
Measuring Progress and Knowledge Sharing	1.099	3.923	2.689	3.689	n/a	n/a	n/a	n/a	11.400
Subtotal	52.914	105.098	121.177	113.927	66.000	30.000	15.000	15.000	519.116

Indicative timing for key program milestones is outlined in [Chapter 2](#) to provide clear information on the planned operation of phase 2 of the FDF and help stakeholders plan their engagement in the design and delivery of programs. Having a better integrated and sequenced approach is intended to achieve greater participation in the FDF, collaboration through consortia, higher-value projects and avoid duplication of other government and industry funded initiatives.

## 2.7 Integrated government investments

Targeted and complementary investments are required to meet the significant demand for, and demonstrate the critical importance of, supporting a drought- and climate-resilient agricultural sector and regional communities.

During public consultation in late 2023, stakeholders were supportive of the FDF’s holistic approach to drought resilience initiatives but also called for greater alignment and integration of programs and their activities. This is a key feature of the 2024 to 2028 funding cycle.

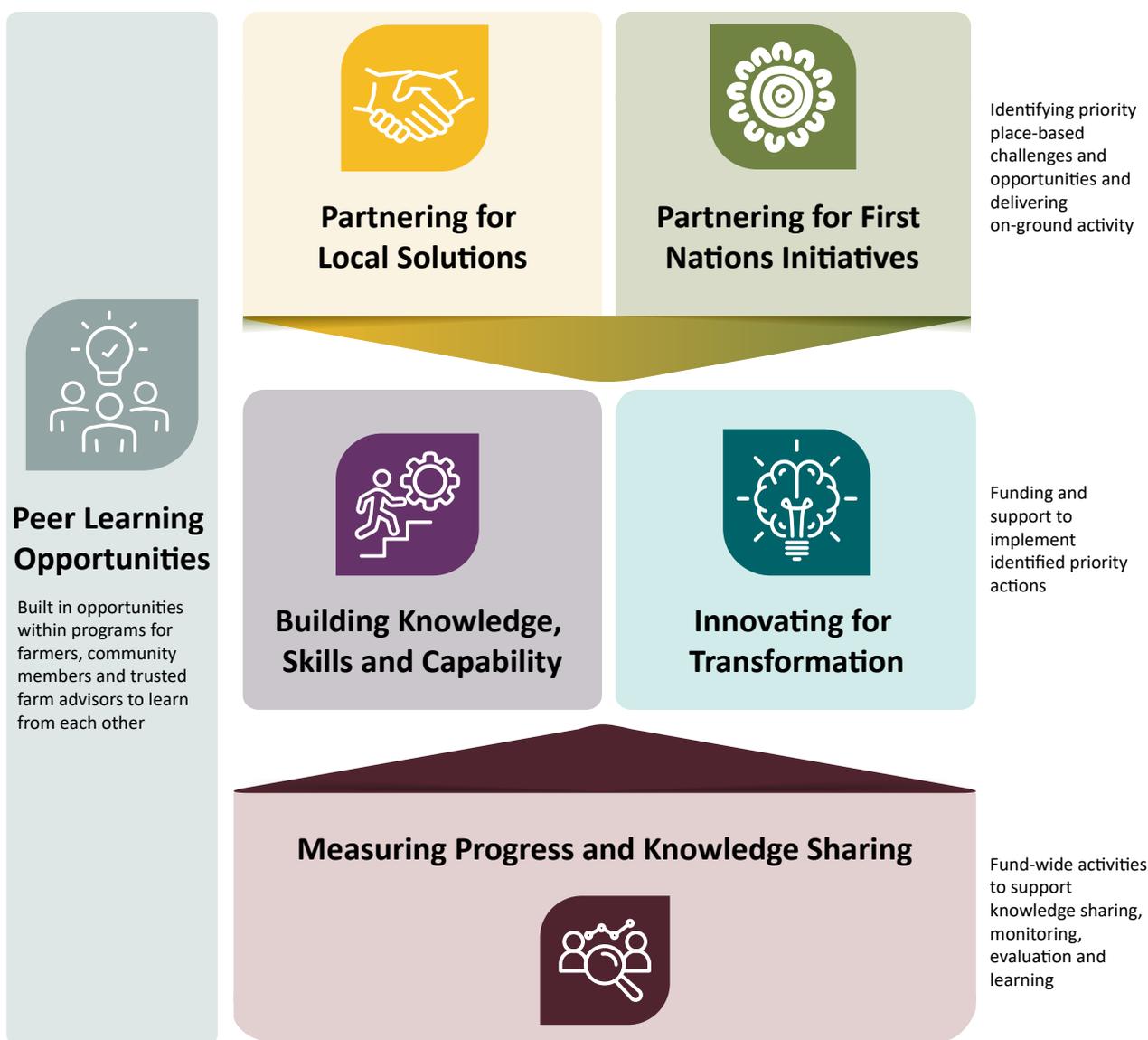
Leveraging synergies between FDF programs and other government investments will:

- amplify awareness and adoption of resilient and climate-smart practices
- multiply the impact of on-ground projects, achieving greater impact at scale
- foster innovation and collaboration for more effective and comprehensive solutions while also avoiding duplication.

The second phase of the FDF will feature a coordinated strategy to embed learnings, support collaboration and peer learning, and maximise impacts within the FDF and with other government initiatives, including where responsibility is shared with state and territory governments. This approach reflects the requirements of the [National Drought Agreement](#). Lessons from the first phase of the FDF, such as the need to provide stakeholders with more time to engage, have been incorporated into the second phase.

Phase 2 programs will work hand in hand to provide the much-needed knowledge, skills, tools and confidence to build capacity on the ground to address drought and climate risk. The Australian Government will also continue to partner with a range of government and non-government parties to leverage their expertise and connections for locally led and collaborative action. The FDF will work alongside and in partnership with farmers and a range of stakeholder groups, including government, industry representatives, farming systems groups, First Nations peoples, natural resource management organisations, professional advisers, universities and other research organisations, the private and not-for-profit sectors, and rural, regional and remote communities.

**Figure 2** Connections between FDF priority funding areas



## Coordinated FDF investment

Place-based programs, including the Drought Resilience Adoption and Innovation Hubs and RDRP, have identified regional priorities and actions that inform potential funding and activities across the fund. For example, RDR plan implementation pathways may include the hubs, the Communities program, Resilient Landscapes and the Innovation Challenges Pilot. Similarly, regional and hub priorities may inform the selection of projects under grant programs, including Resilient Landscapes, Scaling Success and the Innovation Challenges Pilot.

Increased participation and outcomes for First Nations peoples will be encouraged through all FDF programs, supported and boosted by the parallel First Nations Initiatives program. This program includes a complementary funding stream to support First Nations-led projects and will establish a First Nations Advisory Group to help inform culturally appropriate program design and activity across the fund.

The Climate Services for Agriculture program will support farmers, trusted advisers and regions to better prepare for and make informed decisions using commodity and regional specific climate risk information. This information will support a range of activity across the FDF, including farm business planning through FBR, regional planning through RDRP, tailored community support packages through the Communities program, on-ground projects through Resilient Landscapes, and the Innovation Challenges Pilot.

## Sharing knowledge

Building on the success of foundational programs, the second phase of the FDF will support peer learning across multiple programs, including FBR and the Drought Resilience Scholarships, as well as Communities (which supports mentoring and leadership development).

The Long-term Trials, Innovation Challenges Pilot and Resilient Landscapes programs will test prospective drought-resilient practices over multiple seasonal cycles, to provide farmers and communities with the confidence to try new transformative practices and support longer-term decision-making. Project demonstrations and project learnings from the Long-term Trials, Resilient Landscapes and Scaling Success programs could be made accessible to FBR program participants, hub members, and local stakeholders involved in project design and delivery.

The Drought Resilience Adoption and Innovation Hubs will continue to support knowledge sharing across programs through knowledge brokers and adoption officers (pending the outcome of the review).

## Complementing other government programs

Many government policies have an impact on drought preparedness. Actions to prepare for, manage through and recover from drought also have beneficial outcomes for related areas. This is reflected in the complementary nature of investments across the Australian Government.

## National Agreement on Closing the Gap

First Nations peoples are the country's first farmers, fishers, and foresters, whose custodianship, knowledge and understanding of Australia's lands and waters extends over 60,000 years. Over thousands of generations, First Nations peoples have cared for and protected Country, lived sustainably with the land and adapted to changing climate conditions.

The FDF has a significant opportunity to deliver better outcomes and shared benefits for First Nations peoples and communities. Increased participation in the FDF could enable more First Nations peoples to work and live on their traditional lands and promote cultural benefits through connection to Country and practising Indigenous knowledge. First Nations peoples and communities bring significant value to the ongoing sustainability and resilience of agriculture, fishery and forestry industries, informed by thousands of years of sustainable land management.

As a perpetual fund focused on place-based drought and climate resilience initiatives, the FDF is well placed to develop and maintain long-term trusted partnerships with First Nations peoples and communities. This, coupled with the FDF's holistic triple bottom line approach to resilience, aligns closely with Caring for Country, and economic self-determination ambitions, further it acknowledges First Nations peoples as a vital component of the social fabric of agriculture dependent communities.

The FDF's investment in First Nations Initiatives aligns with government's commitments in the National Agreement on Closing the Gap. The FDF will seek to include First Nations Australians' voices, perspectives and goals in the design and implementation of its programs and activities. A key mechanism to achieve this is the establishment of strategic policy partnership with a First Nations Advisory Group. A key activity of the advisory group will be to support the design of a place-based pilot program, that will be delivered in partnership with First Nations delivery partners. It is also expected the advisory group will provide advice on how FDF programs can support greater engagement with and participation of First Nations peoples using culturally sensitive approaches.

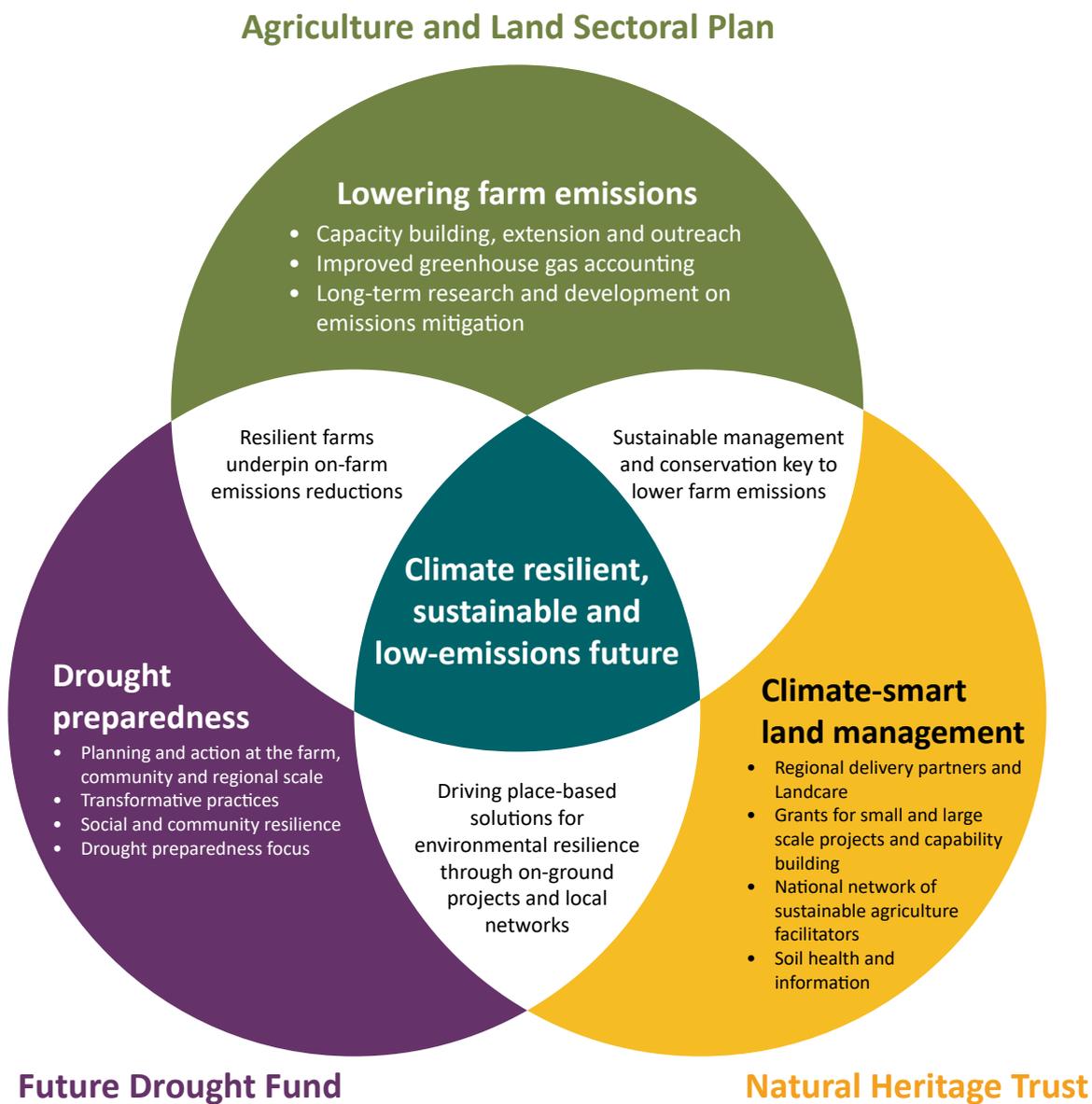
## **Climate-Smart Agriculture Program, National Soil Action Plan and Carbon Farming Outreach Program**

The government is supporting targeted and complementary investments, including the FDF, the Climate-Smart Agriculture Program (funded by the Natural Heritage Trust) and the Agriculture and Land Sectoral Plan (see Figure 3). These investments will provide the much-needed knowledge, skills, tools and confidence to accelerate the transition to a resilient, sustainable and low-emissions future for farmers and their communities. They will also continue to partner with organisations such as Landcare Australia Limited and the National Landcare Network, regional delivery partners, natural resource management regions, FDF hub partners and members, state and territory governments, and community groups.

The government is pursuing opportunities to align activities across these investments and initiatives. These include:

- The Drought Resilience Adoption and Innovation Hubs host Regional Soil Coordinators, funded by the Climate-Smart Agriculture Program. Coordinators support the delivery of integrated and targeted soils services to farmers and communities, broker partnerships with industry and stakeholders, and provide networks for researchers, primary producers, First Nations peoples and community groups to work together. The hubs also participate in the Smart Soils National Community of Practice. Both initiatives deliver on the National Soil Action Plan.
- The National Soil Monitoring Plan (NSMP), which supports the delivery of the Climate-Smart Agriculture Program and addresses Priority 1 of the National Soil Action Plan. The purpose of the NSMP is to monitor agreed national soil health indicators and to use the data to help understand soil condition and trends. This will help inform on-ground projects funded by the FDF to support best practice management and effective MEL.
- The Carbon Farming Outreach Program is supporting capacity building, extension and outreach on literacy around carbon farming. FDF delivery partners are participants in this program, which will help to inform and refine activities delivered by the fund including under the FBR program and a range of on-ground projects including through the new Resilient Landscapes program.

**Figure 3** FDF alignment with other government programs



### National Climate Risk Assessment and National Adaptation Plan

The Department of Climate Change, Energy, Environment and Water is conducting a National Climate Risk Assessment, which will provide a shared national framework to inform Australia’s national priorities for climate adaptation actions. The National Adaptation Plan will draw on the risk assessment to build an agreed, nationally consistent pathway to guide Australia’s adaptation actions and opportunities. It will provide guidance on the national response, including how we could adapt to the risks, scale up our adaptation efforts, and build our national resilience to climate impacts. Outcomes from the National Climate Risk Assessment and National Adaptation Plan, as well as the Climate Projections Roadmap for Australia, will be leveraged to inform FDF program design and delivery.

## Climate mitigation

The Australian Government funds a range of climate mitigation activities through entities and initiatives such as the Emissions Reduction Fund, the Renewable Energy Target scheme, the Australian Renewable Energy Agency and the Clean Energy Finance Corporation. Given the range of support already available, the FDF will not fund climate mitigation infrastructure projects or provide financial incentives for climate mitigation initiatives. Notwithstanding, in the context of climate adaptation, the FDF will continue to support capacity building to improve the adoption of carbon farming activities.

## Disaster resilience

Through the Disaster Recovery Funding Arrangements, the Australian Government provides financial assistance to state and territory governments for expenditure on relief and recovery measures for sudden onset natural disasters (e.g. bushfires, floods). The Disaster Ready Fund also provides up to \$1 billion over 5 years from 1 July 2023 to support disaster resilience and risk reduction. These funding mechanisms do not apply to drought, as an enduring feature of Australia's landscape.

Successful projects under the Disaster Ready Fund will not be eligible for funding under the FDF and vice versa. However, while the fund does not target disaster resilience, FDF programs can have multiple benefits and can promote disaster resilience and preparedness. Opportunities exist to amplify the impact of FDF activities by ensuring programs consider the risks presented by disaster events and opportunities to increase preparedness and resilience. For example:

- continuing to ensure farm and regional level planning activities (including through the FBR and RDRP programs) consider broader climate risks, including natural disasters, alongside drought
- supporting projects that build natural capital, which in turn builds resilience into our landscapes so they can better cope with and recover from the impacts of drought, floods and fires (including through the Resilient Landscapes program)
- continuing to invest in and support community resilience through the Communities program because we know that people are more resilient when they are part of a supportive community network, especially when times get tough.

## Innovation

Research, development, extension, adoption and commercialisation (RDEA&C) is crucial for building drought resilience. Many parties provide information, invest in, conduct research and development and provide extension, including Rural Research and Development Corporations, CSIRO, Cooperative Research Centres, universities, the Australian and state and territory governments and agencies, grower groups and entrepreneurs. The FDF seeks to align with and leverage existing initiatives and facilitate collaboration on drought- and climate-resilience RDEA&C, including through the Drought Resilience Adoption and Innovation Hubs.

## Infrastructure

Infrastructure plays an important role in building the drought resilience of farms and communities. However, consistent with the funding plan, requirements to avoid duplication and produce public good outcomes are important considerations in determining whether the FDF supports infrastructure projects.

### Large-scale infrastructure

Already a significant amount of public funding exists for infrastructure, by the Australian, state and territory governments. For the FDF to build drought resilience at a national scale, investment must be spread both geographically and across a variety of competing priorities. For this reason and the limited amount of funds available, the FDF does not fund large-scale infrastructure projects.

### On-farm infrastructure (including water infrastructure)

Previous reviews into drought support, including the PC inquiry report *Government Drought Support*, have found no obvious failure of capital markets to provide funding for investment in drought preparedness infrastructure. They found that, generally, individual farmers are best placed to make their own investment decisions when they have the information to do so. For this reason, the FDF is focused on capacity building through information, skills and tools to support informed decisions. Capacity building activities include farm, community and regional-level planning, and projects that demonstrate the effectiveness of farm- and land-management practices.

Managing natural capital (e.g. water) on farms is crucial for building drought resilience. Natural resource management practices and improvements such as groundcover management (which results in better soil water infiltration and holding), farm dam management and rehabilitation of riparian areas contribute to environmental resilience. These practices also contribute to economic and social resilience; they are interlinked and may be supported under the FDF. However, the FDF remit does not extend to large-scale water infrastructure projects, such as building physical dams or water treatment plants.

### Small-scale community infrastructure

Access to social or community infrastructure, such as community centres, youth centres, playing fields or town halls, cultivate social capital and in turn foster social resilience. Although several Australian Government-led community infrastructure initiatives exist, many of these have different target audiences and different intended outcomes from drought and climate preparedness. As such, the FDF will continue to support small-scale community infrastructure.



