

Productivity Commission - Future Drought Fund (FDF) Review

9th February 2023

This submission is made by Ms Lu Hogan and Professor Lewis Kahn from the University of New England (UNE). The views represented in this document are personal and have developed as a result of our following engagement with the Future Drought Fund.

1. Leaders of the unsuccessful UNE bid to lead the SQNNSW Drought Resilience Adoption and Innovation Hub (Hub).
2. Recipients of additional funding from FDF to operate a dedicated Node at Armidale (UNE), under the management of the University of Southern Queensland (USQ), the successful tenderers for the leadership of the SQNNSW Hub.
3. Manager of the Armidale Node of the SQNNSW Hub (Lu Hogan)
4. Project Leader – FDF Innovation Grant – Decide and Thrive (Lewis Kahn)
5. Project Leader – FDF Drought Resilient Soils and Landscapes Program – Drought Resilient Pasture Landscapes Scaled Through Communities of Practice (Lewis Kahn)
6. Project Leader – FDF Innovation Grant – Empowering Generation Z (Lu Hogan)
7. Project Team – FDF Regional Drought Resilience Plan Program – Pilot project with Gwydir and Inverell Shire Councils (Lu Hogan and Lewis Kahn)
8. Project Leader – Agricultural Innovation Hubs Grant – Development of Ag360 Phone Apps (Lu Hogan)

Overall, we applaud the Commonwealth in establishing the Future Drought Fund (FDF) and the focus on production, ecosystem and social resources. We also acknowledge the complexity and effort in standing up such a large program of activity and congratulate DAWE and now DAFF in their achievements. This review is a good time to build on past achievements to make the FDF programs even more impactful for Australian agriculture and communities. We have constructed our responses to the questions posed by the Productivity Commission to be brief and to the point and hope they make a positive contribution to the review.

Response to questions asked by Productivity Commission

- 1. Are the funding principles, vision, aim, strategic priorities, and objectives of the Funding Plan (attachment B) appropriate and effective?**
 - The principles, vision, aim, strategic priorities and objectives are high level and appropriate, though the vision, etc imply a triple bottom line approach they don't directly refer to addressing the tensions that can exist between profitability and natural capital.
 - Their effectiveness can't be evaluated yet as programs have been slow to start, with delays in contracting and implementation.
 - There is inconsistency among programs in acceptance of producer time input in participating in project activities as an eligible in-kind contribution. Not being able to claim this important input as in-kind, in some program areas, leaves it unvalued or attributed completely to the Commonwealth which does not seem equitable.
 - The monitoring and evaluation to demonstrate benefit and returns is hap hazard. With multiple programs it is not clear how MEL data will be amalgamated to demonstrate outcomes and cost benefit at the whole of plan level.
 - There has been a huge focus on "getting the funds out the door" rather than developing an overarching evaluation plan to demonstrate outcomes and benefits.

- There is a lack of linkage and connection between the Hubs and other FDF programs and a lack of leverage/collaboration with existing state government, university, Research and Development Corporations (RDCs) and CSIRO programs.

2. Do the programs, arrangements and grants focus on the right priorities to support drought resilience? If not, what should the programs, arrangements and grants focus on and why?

- There are too many programs funding activities under the FDF. In many cases the objectives are overlapping, compete for the same target audience and with existing state government or RDC programs. There is huge opportunity to increase coordination, collaboration and leverage of existing activity but this needs to be a condition of funding rather than a preferred outcome.
- Each of the eight Adoption and Innovation Hubs have a different mode of operation and governance. It is not clear what their role is or their relationship to other funded programs under the FDF.
- Across the Hubs, differing proportions of funding have been allocated to administration, research and delivery of “on ground” activities and projects with partner organisations. An analysis of how Hub funding has been used, the proportion of funds used to deliver “on ground” activities for industry and community and to support partner organisation activities would be informative.
- Across the eight Hubs there is a massive variation in geographic scale, value of production and number of primary producers. Despite this, each Hub receives the same level of funding - \$8M over 3 years.
- The SQNNSW Hub operates across a state boundary. This creates many issues for the Hub’s operations, as it has to collaborate with 2 sets of state agencies, both of which have limitations operating across the border. It has been very difficult and time consuming for USQ as the Hub leader to come to grips with a different operating environment for NSW state agencies. This has resulted in lower levels of collaboration, engagement and delivery of “on ground” activities.
- Standardisation of Hub business models and governance, a more equitable distribution of Hub funding and removal of constraints associated with state boundaries are all urgent requirements in the next round of funding from the FDF.
- The DRSAT program to deliver a self-assessment tool has struggled to get traction or interest in the industry. The project has developed a high-quality software solution, however the terms of reference were developed before a needs analysis could be undertaken by the Hubs. This has resulted in a tool that is high level and generic so as to be nationally relevant, but does not provide useful guidance or insight at the local/regional level.
- Similarly, the program scope for Climate Services for Agriculture, duplicated some already existing services, and highlights the importance of active management to minimise duplication.

3. Should the scope of the Fund be broadened to support resilience to climate change? Why or why not?

- Yes, the scope should definitely be broadened to support resilience to climate change and climate variability. Drought is just one extreme of the continuum of

climate variability managed by rural and regional communities. At the UNE hosted Armidale Node of the Hub for SQNNSW we have already moved towards providing solutions to climate change and climate variability not just drought.

- The move to managing climate variability addresses important aspects of drought preparedness by focusing as much on growing financial security during good times as it does on minimising impacts during adverse conditions. It changes the focus to climate variability being a day to day aspect to consider and manage. It also removes the commonly reported trap for farmers that they find themselves in trouble because of the creeping nature of continued adverse climatic conditions. In contrast the use of the term drought suggests a state with a beginning and an end and this needs to change.

4. How could the Fund enhance engagement with and benefits for Aboriginal and Torres Strait Islander people?

- There is currently poor understanding amongst Aboriginal and Torres Strait Islander people about the opportunity to engage with the FDF to deliver mutual objectives for their communities. The Hubs are poorly equipped to engage, network and facilitate collaboration with Aboriginal and Torres Strait Islander communities.

5. What opportunities are there to enhance collaboration in planning and delivering drought resilience initiatives, including with state and territory governments?

- There are currently multiple programs of activity being funded under the FDF. Many are overlapping in their objectives, attempt to engage with the same audience/target market and compete with existing funded activities delivered by state departments and RDCs. The Hubs have the potential to act as networkers and co-ordinators to reduce overlap and competition between FDF, state agencies, RDC and private activity. This is not currently a KPI for the Hubs and the skill set to undertake this work may not reside in the Hubs. In many cases the Hubs are not aware or linked into delivery of other FDF funded programs/projects taking place in their area. There is a great potential to improve co-ordination, collaboration and leverage of Commonwealth and State funded activity and the Hubs are a logical vehicle for facilitating this.

6. Are there any other changes needed to improve the effectiveness of Part 3 of the Act? Who needs to do what to make those changes happen?

- a) Reduce the number of competing and overlapping programs under the FDF.
- b) Review and standardise business models and governance arrangements in the Hubs.
- c) Provide clarity on Hub roles and responsibilities and ensure their central role in facilitating and co-ordinating greater collaboration and leveraging across FDF programs and other State, Commonwealth and RDC funded programs.
- d) Ensure that the overhead costs of Hub operations are optimised, so that the maximum funds can be allocated to “on ground” delivery and activities with Hub members and partners. This will ensure the greater levels of in-kind from Hub members and partners.
- e) Ensure equitable distribution of funding across the eight Hubs based on geographic challenges, value of production and number of producers.

- f) Remove constraints related to Hubs operating across State boundaries or alternatively, establish extra hubs where these state boundary constraints are unlikely to be overcome (e.g. NSW/QLD)

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