



Inquiry into Part 3 of the *Future Drought Fund Act 2019*

Call for submissions

The Commission has issued this call for submissions and invites individuals and organisations to lodge submissions to the inquiry.

The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.

The Productivity Commission

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

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

Call for submissions

The Commission has released this call for submissions to invite individuals and organisations to prepare submissions to the inquiry.

Participants should not feel that they are restricted to comment only on matters raised in the call for submissions. The Commission wishes to receive information and comment on issues which participants consider relevant to the inquiry's terms of reference.

Key inquiry dates

Receipt of terms of reference	10 January 2023
Due date for submissions	3 March 2023
Final report to Government	10 September 2023

Contact details

Phone	02 6240 3250
Freecall	1800 020 083
Email	future.drought.fund@pc.gov.au
Website	www.pc.gov.au/inquiries/current/future-drought-fund

Contents

<i>Inquiry into the effectiveness of Part 3 of the <i>Future Drought Fund Act 2019</i></i>	4
A. Terms of reference	6
Background	6
Scope of the inquiry/research study	6
Process	7
B. Drought Resilience Funding Plan	8
Funding principles	8
Vision	9
Aim	9
Strategic priorities	9
Objectives	9
C. How to make a submission	10
How to prepare a submission	10
How to lodge a submission	11

Inquiry into the effectiveness of Part 3 of the *Future Drought Fund Act 2019*

The Australian Government has asked the Productivity Commission to undertake an inquiry to assess the effectiveness of Part 3 of the *Future Drought Fund Act 2019* (the Act) (attachment A). The inquiry will include an assessment of the:

- *Drought Resilience Funding Plan 2020 to 2024*
- programs, arrangements and grants made under Part 3 of the Act
- processes and systems to administer, govern and evaluate the programs, arrangements and grants.

As part of the inquiry, the Commission will provide advice on the development of a new Funding Plan, future programs, arrangements and grants and the administration of the Fund.

The Commission has also been asked to consider the merits of the Fund supporting resilience to climate change, opportunities to enhance engagement with and benefits for Aboriginal and Torres Strait Islander people, the planning and program timeframes in building resilience, and opportunities for collaboration.

The Commission would like to hear your views and perspectives on issues relevant to the inquiry's scope.

In particular, the Commission is looking for **evidence on ways** the Fund is supporting or not supporting drought resilience, and **answers to the following questions**:

- Are the funding principles, vision, aim, strategic priorities, and objectives of the Funding Plan (attachment B) appropriate and effective?
- 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?
- Should the scope of the Fund be broadened to support resilience to climate change? Why or why not?
- How could the Fund enhance engagement with and benefits for Aboriginal and Torres Strait Islander people?
- What opportunities are there to enhance collaboration in planning and delivering drought resilience initiatives, including with state and territory governments?
- 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?

The issues raised in this call for submissions are not intended to limit what information you share with the Commission, and submissions or discussions you have with the Commission do not need to address all of the questions. Submissions and comments focusing on a particular issue are welcome, as are submissions and comments that take a local, regional, State or Territory, or national perspective.

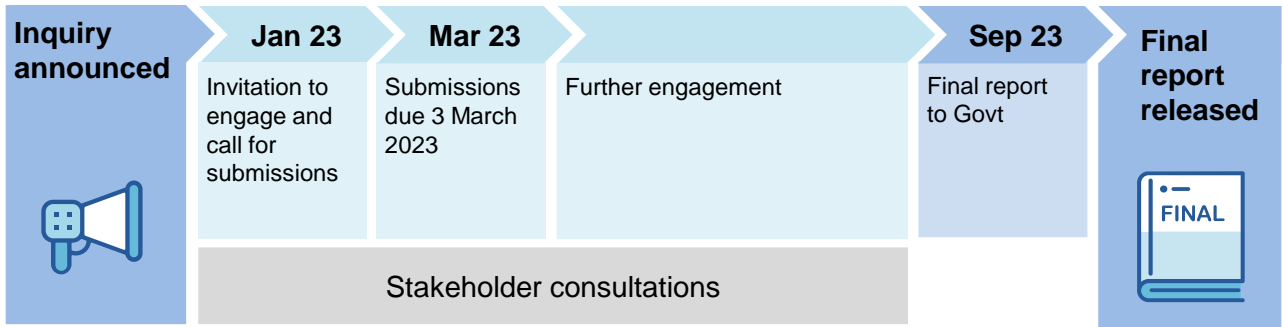
The Commission invites you to engage with this inquiry. There are different ways you can share your views. You can:

- make a submission
- send a brief comment
- meet with us.

Attachment C explains how to make a submission. Submissions are requested by 3 March 2023 (figure 1). Early submissions would be appreciated.

Further information on the inquiry and the Commission's consultation process can be found at www.pc.gov.au/inquiries/current/future-drought-fund.

Figure 1 – Key steps in the inquiry



A. Terms of reference

I, Jim Chalmers, pursuant to Parts 2 and 3 of the *Productivity Commission Act 1998*, and section 32A of the *Future Drought Fund Act 2019* (the Act), hereby request that the Productivity Commission (the Commission) undertake an inquiry into the effectiveness of Part 3 of the Act.

Background

The Future Drought Fund, established by the *Future Drought Fund Act 2019* (the Act) provides secure, continuous funding for programs, grants and arrangements that support Australian farmers and associated communities to prepare for, and become more resilient to, the impacts of future droughts. Building drought resilience is a complex and long-term endeavour. It requires tailored and practical support reflecting the unique circumstances and diverse needs and aspirations of different farmers, their communities and agricultural industries.

Under the Act, \$100 million is made available each year for drought resilience programs, arrangements and grants. The design and delivery of such programs, arrangements and grants is guided by a Drought Resilience Funding Plan and governed by Part 3 of the Act.

On 12 February 2020, the then Minister for Agriculture, Drought and Emergency Management made the *Future Drought Fund (Drought Resilience Funding Plan 2020 to 2024) Determination 2020* (the Funding Plan). This Funding Plan sets out a 4-year framework to guide the design and delivery of programs, grants and arrangements under the Act.

A first tranche of programs was announced on 1 July 2020, at the same time the first \$100 million became available. This has been built on with successive programs, announced in the context of federal budget processes. Programs are in varying stages of delivery.

As a new and enduring initiative, a range of foundational systems and processes have been established to support administration of Part 3 of the Act.

Under section 32A of the Act, the Commission must periodically undertake an inquiry into the effectiveness of Part 3 of the Act, including the Funding Plan that is in place. A referral for the first inquiry must be made by 12 February 2023. Under the Act, this inquiry process is followed by a requirement to establish a new Funding Plan by 12 February 2024.

Scope of the inquiry/research study

In accordance with section 32A of the *Future Drought Fund Act 2019* (the Act), the Inquiry must undertake an assessment of the effectiveness of Part 3 of the Act, including:

- the *Future Drought Fund (Drought Resilience Funding Plan 2020 to 2024) Determination 2020*
- programs, arrangements and grants made under Part 3 of the Act
- processes and systems to administer, govern and evaluate programs, arrangements and grants made under Part 3 of the Act.

As also required by section 32A, the Commission should have regard to economic, social and environmental outcomes in assessing these matters.

In undertaking the Inquiry, the Commission should also:

- Consider the effectiveness and appropriateness of the Funding Plan in guiding progress towards the objective of drought resilience.
- Consider the effectiveness, efficiency and appropriateness of the programs, arrangements and grants in delivering against the Funding Plan and objective of drought resilience.
- Consider the effectiveness, efficiency and appropriateness of Part 3 of the Act, including its administration through the systems and processes established to develop, deliver, govern, monitor and evaluate programs, arrangements and grants.
- Provide specific and practical advice to inform the development of a new Funding Plan; the development, delivery, monitoring and evaluation of future programs, arrangements and grants; and the processes and systems to administer the Fund.

In addition to these general evaluation questions, the Commission is asked to also consider:

- Opportunities to enhance proactive collaboration in planning and delivering drought resilience initiatives, including with state and territory governments.
- Opportunities to enhance engagement with, and benefits for, First Nations peoples.
- The merits of longer planning and program timeframes in building resilience.
- The merits of broadening the scope of the Fund to support resilience to climate change for the agriculture sector and communities dependent on agriculture.

Process

The Commission is to undertake a public consultation process as part of the Inquiry.

The Commission may elect to engage directly with stakeholders, including representatives from the farming sector. It is also specifically requested that the Commission consults with Future Drought Fund Consultative Committee and, the Australian, state and territory governments.

The final report must be provided within 8 months of the receipt of these terms of reference.

The Hon Jim Chalmers MP

Treasurer

[Received 10 January 2023]

B. Drought Resilience Funding Plan

This attachment includes excerpts from the Drought Resilience Funding Plan 2020 to 2024.

Funding principles

The arrangements and grants will:

1. be consistent with the Vision, Aim, Strategic Priorities and Objectives outlined in this Plan
2. ensure only projects and activities that enhance the public good by building drought resilience are funded. Projects and activities must deliver significant benefits that can be accessed or shared by many (rather than be captured solely by individual businesses or industries solely for commercial gain)
3. not provide in-drought assistance
4. not duplicate or replace existing Commonwealth, state, territory or local government funding programs, and will aim to improve the coordination or integration of existing Commonwealth Government policies, frameworks and programs where they meet the Fund's purpose
5. be delivered in accordance with Commonwealth guidelines where applicable including the Commonwealth Grants Rules and Guidelines 2017, the Commonwealth Procurement Rules 2019 and the *Federal Financial Relations Act 2009*
6. consider the incremental, transitional and transformational opportunities needed to strengthen drought resilience and encourage innovative proposals
7. support a range of activities or projects at a mixture of levels, such as the farm, regional or national level
8. deliver programs through a user-based lens and, where possible, a community-led, co-design, and/or end-user approach
9. ensure eligibility for programs is streamlined and, where possible, minimise the burden of regulation on businesses, community organisations and individuals
10. recognise the diversity of people, businesses and landscapes involved in agricultural production, including Indigenous landholders
11. where appropriate, use or collaborate with existing community networks, Indigenous organisations and communities, natural resource management organisations, industry and farmer groups
12. use a structured and, where appropriate, contestable process to identify the best value and highest quality ideas, talent and projects
13. as far as practicable, require co-investment to maximise program outcomes
14. consider proposals favourably that have enduring outcomes and avoid creating barriers to change or adaptation
15. consider potential qualitative and quantitative outcomes and expected public benefits as part of the assessment process for all programs and projects — not necessarily in monetary terms — and articulate why the funding is needed to achieve these benefits
16. ensure there are no ongoing operational or maintenance dependencies from the Fund when considering proposals for new or existing infrastructure
17. ensure that all new knowledge is shared and freely made available in the public domain.

Vision

The Fund's vision is an innovative and profitable farming sector, a sustainable natural environment and adaptable rural, regional and remote communities — all with increased resilience to the impacts of drought and climate change.

Aim

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

Strategic priorities

The Fund has three inter-connected strategic priorities:

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

Objectives

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

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

C. How to make a submission

How to prepare a submission

Written submissions may range from a short comment outlining your views on a particular topic to a much more substantial document covering a range of issues. Where possible, you should provide evidence, such as relevant data and documentation, to support your views.

Publishing submissions

- Each submission, except for any attachment supplied in confidence, will be published on the Commission's website shortly after receipt, and will remain there indefinitely as a public document.
- The Commission reserves the right to not publish material on its website that is offensive, potentially defamatory, or clearly out of scope for the inquiry or study in question.

Copyright

- Copyright in submissions sent to the Commission resides with the author(s), not with the Commission.
- Do not send us material for which you are not the copyright owner — such as pictures, photos and newspaper articles — you should just reference or link to this material in your submission.

In confidence material

- This is a public review and all submissions should be provided as public documents that can be placed on the Commission's website for others to read and comment on. However, information which is of a confidential nature or which is submitted in confidence can be treated as such by the Commission, provided the cause for such treatment is shown.
- The Commission may also request a non-confidential summary of the confidential material it is given, or the reasons why a summary cannot be provided.
- Material supplied in confidence should be clearly marked 'IN CONFIDENCE' and be in a separate attachment to non-confidential material.
- You are encouraged to contact the Commission for further information and advice before submitting such material.

Privacy

- For privacy reasons, all **personal** details (e.g. home and email address, signatures and phone numbers) will be removed before they are published on the website.
- You may wish to remain anonymous or use a pseudonym. Please note that, if you choose to remain anonymous or use a pseudonym, the Commission may place less weight on your submission.

Technical tips

- The Commission prefers to receive submissions as a Microsoft Word (.docx) files. PDF files are acceptable if produced from a Word document or similar text based software. You may wish to search the Internet on how to make your documents more accessible or for the more technical, follow advice from Web Content Accessibility Guidelines (WCAG) 2.0: <https://www.w3.org/TR/WCAG20/>
- Do not send password protected files.

- Track changes, editing marks, hidden text and internal links should be removed from submissions.
- To minimise linking problems, type the full web address (for example, <http://www.referred-website.com/folder/file-name.html>).

How to lodge a submission

Submissions should be lodged using the online form on the Commission’s website. Submissions lodged by post should be accompanied by a submission cover sheet, available from the Commission’s website.

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

Post* Future Drought Fund
Productivity Commission
GPO Box 1428
Canberra ACT 2601

Phone Please contact the Administrative Officer on 02 6240 3250

* If you do not receive notification of receipt of your submission to the Commission, please contact the Administrative Officer.

Due date for submissions

Please send submissions to the Commission by **3 March 2023**.