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Future Drought Fund policy guidance

Funding Plan – guidance note for delivery partners

Purpose

Delivery partners have a responsibility to understand the [Future Drought Fund \(Drought Resilience Funding Plan 2024-2028\) Determination 2024](#) (Funding Plan (2024-2028)) and ensure their work aligns with the funding principles. This guide is intended to assist current and prospective Future Drought Fund (FDF) delivery partners to understand their obligations, roles and responsibilities under the Funding Plan (2024-2028) and ensure compliance with legislative requirements.

This guide should be read alongside the [Funding Plan \(2024-2028\) and Explanatory Statement](#).

The term ‘delivery partner’ refers to all individuals, businesses, organisations and other entities, government and non-government, involved in delivery of FDF funded activities (including devolved arrangements and grants).

The Drought Resilience Funding Plan

The FDF was established by the [Future Drought Fund Act 2019 \(the Act\)](#) to provide secure, continuous funding for initiatives that support Australian farmers and regional communities to prepare for, and become more resilient to, the impacts of future droughts.

Under the Act, the Drought Minister is required to issue a Drought Resilience Funding Plan (the Funding Plan), which is a legislative instrument under the Act that provides a high-level, principles-based framework to guide all funding decisions from the FDF Special Account. This means the design and delivery of FDF programs as well as any arrangements and grants (including devolved arrangements and grants) made under the programs must comply with the Funding Plan that is in force.

The Funding Plan does not specify programs, activities or delivery partners. Instead, it contains mandatory requirements for all spending from the FDF Special Account. For example, under the current Funding Plan (2024-2028) activities must deliver a public good and cannot provide in-drought assistance to directly address hardship (funding principles (3)(b) and (3)(c), respectively).

Every 4 years, the Funding Plan is reviewed and renewed to ensure FDF activities reflect the needs and lived experiences of farmers and their communities in building drought and climate resilience. Each new Funding Plan is an opportunity for the government of the day to set out its priorities for the FDF. These are informed by a legislated quadrennial Productivity Commission review and stakeholder consultation on the forthcoming FDF investment. The current Funding Plan (2024-2028) commenced on 9 February 2024 following [public consultation and broad stakeholder support](#).

Both the Act and the Funding Plan (2024-2028) have accompanying explanatory material to support interpretation of requirements, including the funding principles.

Funding principles

The Funding Plan (2024-2028) has 2 types of funding principles to guide FDF spending:

Fund wide principles (s 6(2))

The first set of 11 principles guides decisions about the mix of FDF programs that will provide the greatest benefit for the community. These principles also provide guidance relevant to the design of individual arrangements and grants. While the fund wide principles are not mandatory, for every arrangement/grant, you should consider relevant opportunities for alignment. The Fund wide principles can be found in section 6(2) of the [Funding Plan \(2024-2028\)](#).

Principles relating to decisions about arrangements and grants (s 6(3))

The second set of 8 principles are mandatory requirements which all arrangements and grants must meet, including devolved arrangements and grants. All partners that deliver FDF activities must ensure that they align with these principles. Principles relating to decisions about arrangements and grants are provided in All funding decisions from 9 February 2024 must be consistent with the current Funding Plan (2024 2028).

Table 1 along with suggested considerations to ensure alignment.

All funding decisions from 9 February 2024 must be consistent with the current Funding Plan (2024 2028).

Table 1 Principles relating to decisions about arrangements and grants and considerations for alignment of activities with the funding principles

| Principles relating to decisions about arrangements and grants (s 6(3)) | | How the proposed arrangement(s) and/or grant(s) meets the funding principle |
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| (a) | <p>be consistent with the vision, aim and strategic objectives (to build economic, environmental and social resilience) outlined in this Plan^a.</p> <p>a. The vision, aim and strategic objectives are outlined in s 3, 4 and 5 of the Funding Plan (2024-2028)</p> | <p>In relation to drought, including the impacts of climate change, consider how the proposed arrangement(s) and/or grant(s), will build resilience. Suggested considerations:</p> <ul style="list-style-type: none"> • How will the arrangement/grant grow the productivity and self-reliance of the agricultural sector? • How will the arrangement/grant improve the function of agricultural landscapes through effective management of the natural resource base? • How will the arrangement/grant strengthen the social capital, wellbeing and connectedness of rural, regional and remote agricultural communities? For example, does it include project groups that meet regularly? |
| (b) | <p>ensure activities deliver a public good</p> | <p>Consider how the proposed arrangement(s) and/or grant(s), will support benefits that can be accessed or shared by many. Considerations include:</p> <ul style="list-style-type: none"> • What kind of change is intended to be achieved? • Are there significant 'spill over benefits' to the broader region or industry by the proposed activity? • Will the information learnt be shared to others? If so, how? For example, on the internet or at conferences. • How will the arrangement/grant achieve value for money? Will the benefits achievable from the funding outweigh the costs? • How will the arrangement/grant maximise the impact of activities across Australia? |

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| (c) | not provide in-drought assistance to directly address hardship | <p>Consider how the proposed arrangement(s) and/or grant(s), focuses on drought preparedness and resilience as opposed to in-drought hardship assistance.</p> <p>Some examples of in-drought assistance to directly address hardship include:</p> <ul style="list-style-type: none"> • payments to alleviate existing financial hardship • delivery of water to individuals or communities to alleviate hardship associated with having insufficient water for amenities. |
| (d) | actively encourage participation of a diverse range of people, businesses and landscapes involved in the agricultural sector and rural, regional and remote communities, including First Nations people | <p>Consider who the proposed arrangement(s) and/or grant(s), is targeted at and how it will engage a diverse range of participants.</p> <p>Where relevant, consider how the arrangement/grant will engage with First Nations stakeholders and how this engagement aligns with priorities in the Closing the Gap National Agreement.</p> |
| (e) | foster collaboration to improve integration, coordination, communication, planning and implementation of drought resilience activities, and avoid unnecessary duplication | <p>Consider how the proposed arrangement(s) and/or grant(s), will align with and leverage existing policies, programs, user knowledge and networks where possible. Questions to consider:</p> <ul style="list-style-type: none"> • How will the arrangement/grant foster collaboration? For instance, will it be co-designed? • How will the arrangement/grant avoid unnecessary duplication? • Does the arrangement/grant present a perceived or actual duplication? If so, how will duplication be avoided while supporting complementary investment? <p>Example of government initiatives and strategies that may present a perceived duplication include the National Soil Action Plan 2023 to 2028, National Heritage Trust, Disaster Ready Fund, and state and territory government programs.</p> |
| (f) | be designed to deliver efficient and effective outcomes for stakeholders | <p>Consider how the proposed arrangement(s) and/or grant(s) delivers efficient and effective outcomes for stakeholders. For instance:</p> <ul style="list-style-type: none"> • Will it support a place-based approach to building drought resilience? • Will it be co-designed? • Are participants able to provide free, prior and informed consent? • Will experts with the relevant skills be engaged? • Have stakeholder views been considered? • Are there any timing considerations? • Will it leverage existing work? |
| (g) | ensure data and knowledge obtained from activities under the fund is shared and freely made available in the public domain | <p>Suggested considerations:</p> <ul style="list-style-type: none"> • how the data and knowledge will be shared with the public. For instance, is there a requirement to publish results on the internet, hold events or present at conferences? • where relevant, how you are engaging with matters related to Indigenous Cultural and Intellectual Property (ICIP). Importantly: <ul style="list-style-type: none"> – this principle is not a barrier to providing protections for ICIP. ICIP should only be shared with the free, prior and informed consent of the owners. – this principle does not create a barrier with respect to recognising Indigenous Data Sovereignty. • how you will manage any pre-existing intellectual property that feeds into the arrangement(s) and/or grant(s) activities or outputs. |

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| (h) | ensure planned monitoring, evaluation, and learning activities are efficient, robust and in alignment with fund level monitoring, evaluation and learning (MEL) expectations | <p>Develop MEL plans early with delivery partners, where relevant, to ensure commitment and co-ownership of the MEL process. Questions to consider:</p> <ul style="list-style-type: none"> • What MEL guidance is required? • What MEL commitments need to be included in applications? • How will MEL plans and approaches be communicated and designed with stakeholders? • What MEL activities will take place and when? How will data be collected? • How will these activities align with the FDF MEL Framework and theory of change? |
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Frequently asked questions

Why do we need to align with the Funding Plan?

The Funding Plan is a legislative instrument that ensures the Fund is operating as intended, effectively and efficiently – it is a key mechanism for ensuring accountability and the responsible use of public resources.

Aligning with the Funding Plan improves the FDF’s capacity to deliver on its aim to build drought and climate resilience for the public good of the Australian agricultural sector, landscapes, and communities. Without proper alignment with the Funding Plan, the effectiveness of the FDF and its initiatives would be jeopardised.

Do the funding principles apply to devolved arrangements and grants?

Yes, the principles apply to all funding decisions from the FDF, which include devolved arrangements and grants. All partners delivering FDF activities must ensure that they do so consistently with the funding principles.

Do the current funding principles apply to programs implemented under the previous Funding Plan?

All programs, financial arrangements and contracts in place prior to 9 February 2024 are consistent with the previous [Future Drought Fund \(Drought Resilience Funding Plan 2020 to 2024\) Determination 2020](#).

Funding decisions regarding these programs made after 9 February 2024, including contract variations that extend foundational programs, must comply with the current Funding Plan (2024-2028).

Do the funding principles apply to communications products?

Yes, in addition to relevant branding and co-branding requirements, communications products should align with the Funding Plan (2024-2028) and its funding principles. Communications products must be consistent with the principles relating to decisions about arrangements and grants (s 6 (3)).

Although not mandatory, the fund wide principles (s 6 (2)) should also be considered when developing communications materials to guide consistent FDF messaging.

Alignment with the funding principles should be factored into program design and financial agreements and, as such, these should be reflected in delivery partner communications and engagement plans to ensure consistent messaging.

Funding principle guidance

Drought resilience

The object of the Act is to enhance the public good by building drought resilience.

Building drought resilience is a complex and long-term endeavour, as continued adaptation is required to meet changing circumstances over time. This is reflected in the secure and continuous funding made available each year for drought resilience activities, under the FDF.

A key aspect of drought resilience is the ability to adapt, reorganise or transform in response to changing temperature, increasing variability and scarcity of rainfall and changed seasonality of rainfall, for improved economic, environmental and social resilience. The funding Plan (2024-2028) reflects this, focusing on building drought resilience through improved economic, environmental and social resilience. The [Funding Plan \(2024-2028\) Explanatory statement](#) provides an explanation of economic, environmental and social resilience.

Climate resilience

Drought and climate resilience activities and outcomes are often interconnected. Building resilience in one area can have multiple benefits of building resilience for managing other risks. While drought preparedness and resilience remain the key focus of the FDF, programs can consider a broader range of climatic risks where they meet the requirements in the Funding Plan (2024-2028).

In line with funding principle 6(2)(b), the FDF will support and prioritise activities that achieve mutually reinforcing drought and climate resilience outcomes.

Public good

The objective of the FDF is to enhance the public good by building drought resilience. Consistent with this, the benefits generated from FDF funding should be accessible and/or shared by many (public benefits), rather than be captured solely by individual businesses or industries for private commercial gain (private benefits).

Public good may be established where there are significant spill over benefits for society and the economy, well beyond those derived by private beneficiaries. Wherever activities could deliver both public and private benefits, relevant decisions should seek to leverage private or industry co-contributions (financial or in-kind) to offset private gains, where appropriate (see [Co-contributions](#)). Other relevant considerations include achieving value for money (including where the benefits achievable from the funding outweigh the costs) and maximising the impact of activities across Australia.

Examples of activities that enhance the public good by building drought resilience may include those that:

- address information gaps
- drive collective behavioural change or change at scale
- maximise the value of research and development
- enhance the natural resource base
- build human capital through improved decision-making
- build social capital through strengthening networks
- share knowledge
- improve overall well-being.

Co-contributions

Co-contributions are financial or in-kind investments provided alongside program funding. They strengthen outcomes and ensure that initiatives deliver public benefits by offsetting private gain.

Depending on the circumstances, these co-contributions could for example, come from a state or territory government, private investor, universities or another research organisation, philanthropic organisation or an individual.

Leveraging co-contributions acknowledges that the benefits and role of building drought preparedness and resilience in agriculture are shared across many sectors of the economy and all levels of government. Mandatory co-investment may be less appropriate where it would create a substantial barrier to uptake, for example where there is a known market failure or where a small community or community organisation cannot contribute due to financial constraints.

Transformational change

Transformational change is the ability to undertake wholesale change of a system when adverse events or risks make the current system untenable, i.e. changes to the fundamental attributes of a social-ecological system. It is a way of doing things differently and innovatively when it is clear that the current system is untenable and losing its resilience – for example, transforming from irrigated to dry crop production when water becomes scarce.

Transformational change is context dependent. While change at a large spatial scale may be transformational, it can also be achieved at smaller scales, including within a business. Transformational changes at smaller scale (farm/business) are often required to maintain resilience at larger scale (for example, broad landscape). The level of change that counts as ‘transformational’ is subjective and relative – considering the difference between a deliberate change (beyond what would typically occur) versus a background change.

Transformational change is a key feature of the second phase of the FDF. However, we recognise that such change should not be forced on those who are not ready, and that greater consideration should be given to the unique circumstances and contexts of farmers and regions.

In-drought assistance

In alignment with the [National Drought Agreement](#) (NDA) and the [Australian Government Drought Plan](#) (Drought Plan), the FDF contributes to the government’s proactive approach to drought and the delivery of its drought policy. FDF programs and activities are designed to enhance drought preparedness and resilience across the drought cycle as outlined in the Drought Plan.

Under the NDA the Australian Government is responsible for delivering national programs such as farm household support payments and agricultural risk management incentives (e.g. tax concessions and concessional loans), improving and maintaining nationally consistent drought indicator information and for providing secretariat services for the NDA. The Australian Government is also responsible for administering the FDF, including providing continued information on, and access to, drought resilience and preparedness activities through the FDF including:

- working with state and territory governments to co-design programs that are dependent on interjurisdictional implementation.
- undertaking proactive consultation with state and territory governments when designing other FDF programs.

FDF programs, grants and arrangements are available throughout the drought cycle. The FDF programs, grants and arrangements do not provide in-drought hardship support. The Funding Plan (2024-2028) specifically excludes in-drought assistance to directly address hardship, and the duplication of existing sources of support. Drought preparedness and resilience remain the key focus of the FDF; however, its activities and their outcomes have utility across the drought cycle.

FDF programs are designed to be flexible and responsive to on-ground conditions, particularly when drought conditions arise. For example, the Farm Business Resilience 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 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.

Knowledge sharing and access to information

FDF activities generate a wealth of information and knowledge that assists in building drought resilience. This knowledge is a valuable public resource. Sharing it supports the dissemination of drought resilience strategies among agricultural businesses and communities, facilitating their application. Knowledge sharing is a core rationale for public investment in FDF activities as it extends and amplifies public benefits.

Transparency and public access to government information are also important. Open access to FDF information and the data and knowledge gained from FDF funded activities enhances the community's ability to engage with the department and its delivery partners about FDF programs and activities. Information sharing enables the community to contribute to program development, participate in program delivery, provide evidence for decision-making, and evaluate performance. A free flow of information between government, businesses, and the community can also stimulate innovation, benefiting the nation economically and socially.

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.

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