

**Drought, the Pastoral Industry and Policy Needs:
What Must Government Do Now to Ensure A Sustainable Future
for the Pastoral Industry and Regional Australia ~ SUMMARY**

Dr Ted Christie, 12 December 2019



Disclosure Statement

Ted Christie does not work for, consult to, own shares in or receive funding from any company or organisation that would benefit from this article, and has no relevant affiliations

TAGS: Drought; Impacts: *paddock level - property level - regional level – State/National Level*; Impacts: *ecology – economics – social*; living area; land degradation; sustainability; resilience; risk management; preparedness; self-reliance; long-term viability



*Changing land condition: Response of a native grassland community in South-West Queensland's Mulga (*Acacia aneura*) shrublands following a prolonged severe drought and grazing pressure. Resilience and sustainability are inter-dependent and mutually supporting for managing natural grazing lands as a long-term investment in the pastoral zone.*

Between 2017 and 2019, severe drought developed across much of eastern and inland Australia including Queensland, New South Wales and Victoria. It also extended into parts of South and Western Australia.

As the current drought extends and its impacts intensify, the prolonged dry conditions have prompted calls for further Federal and State government drought measures for affected landholders and regional communities.

This [drought is now comparable](#) with the big droughts of the past. Increasing awareness that climate change may lead to hotter and drier droughts for Australia has also heightened public support for the bush.

But what form should the measures take? Consider the following statement: -

“Successive generations of [drought policy \[in Australia\]](#) have been tried, reviewed, found wanting and replaced, in a process that's depressingly circular.”

But the cumulative knowledge arising from past policy reviews should still be recognized as the foundation for developing new drought policies after the current drought ends¹.

Past drought policies identify three cornerstones that, together, provide the framework for a future drought management policy for the pastoral industry: Preparedness ~ Risk Management ~ Self-Reliance.

The unifying link between these cornerstones is the concept of "Living Area" as it acts as a guide as to what constitutes an economically viable agricultural enterprise. The concept of *living area* has been a foundation for land administration since *Queensland's Land Act* came into force in 1927.

But Living Area Standards have not been part of past drought policy. Nor does the 'National Drought Agreement' (December 2018) make any reference to Living Area Standards.

The scope of this article is to review key issues that must be effectively addressed if new drought policies are to resonate with the needs of the pastoral industry.

Conclusions

1.0 Preparedness

Having adequate resources – a *living area* with an economically viable flock or herd size at the onset of drought - means that cash flow can be maintained for longer as drought extends and the need to dispose some animals occurs over time.

Compared to “smaller” or “uneconomic” pastoral holdings, this is a significant advantage for managing the risk of economic survival given droughts in Australia do not follow a predictable pattern.

2.0 Self-Reliance

As a drought lengthens, having adequate resources, *a living area*, would act as a “buffer” and delay the immediate need for financial support for affected pastoralists; as well as delaying adverse socio-economic impacts at the regional level.

But, application of the goal of self-reliance is conditional on recognizing that astute preparedness between droughts, together with prudent risk management decisions during drought, may not be sufficient to effectively offset an extreme and unforeseeable drought.

Ultimately, a need for drought financial measures would be inevitable to provide support for pastoral holdings that were economically viable and sustainable in the long-term, should a prolonged, severe drought recur.

3.0 Risk Management

An “adequate living area” has positive applications for risk management decision-making at the property level to address and balance economic risks (drought feeding costs; disposal of stock) with ecological (sustainable land use, land degradation) risks.

4.0 Resilience

Living area standards are based on achieving the goal of “*maintaining the land at a sustainable rate of production throughout average seasons*” by reducing grazing pressure and potential land degradation.

The *ecological impacts of land degradation* that arise at the paddock and property levels during a prolonged drought, are equally as important for policy making as *socio-economic impacts at the regional level*.

Where pastoral lands have degraded during drought, paddock(s) of the pastoral holding may need to be destocked for a number of years, after the drought ends, to facilitate recovery.

This should not be seen as land being left idle for years, or for pastoral land not being used to its full capacity – but as a pathway to promote *sustainability*.

It gives effect to one aim of the statutory meaning of *living area*: To “*provide a reserve to meet adverse seasons*”. This is a factor that should be incorporated into the evaluation of living area standards in the pastoral zone as an element of *preparedness* for drought.

5.0 Living Area Standards

Living area standards need to be reviewed to ensure they are based on an *accepted scientific methodology*; as well as to ensure that a *relevant and reliable scientific database* is available to evaluate and balance the multiple and competing objectives for *sustainable land use: Ecological, economic, social and cultural*.

6.0 Corporate and Foreign Investment: *Unintended Outcome*

The number and productivity of pastoral holdings that will inevitably come on to the market after the current drought ends are a “*known unknown*”; as is the extent corporate and foreign investment will have in their acquisition.

Promoting a pathway of corporate and foreign investment in pastoral holdings, and a return to the “big runs” of the past, may have economic benefits for Australia’s current account deficit.

But drought policy needs to take a precautionary approach as family owned and operated pastoral holdings are absorbed along this pathway to avoid a potential unintended outcome through a decline in family owned and operated holdings *e.g. the social impacts that arise as a result of reduced local demands leading to population drift out of the region and supporting country towns*.

7.0 Meaningful Involvement of Pastoralists

Government must share its power with the collective wisdom of pastoralists when drafting new drought policies for the pastoral industry, as the policies are likely to be complex and controversial.

A pathway beyond this problem is to adopt an approach from administrative (“public”) law: *The use of negotiated rulemaking and alternative dispute resolution procedures*.

These procedures are the framework for a consensus-based process through which Government develops a proposed drought policy by using a neutral facilitator and a balanced negotiating committee composed of representatives of all interests that the policy will affect *e.g. the pastoral industry and shire councils* as well as Government.

This document is an extract from the full article which was posted on this topic on 12 December 2019. The full article can be downloaded by clicking on the following [LINK](#).

End Notes: [Source](#)

¹ In 1970, the Commonwealth and State governments' National Disaster Relief and Recovery Arrangements treated drought like a natural disaster. Affected farmers were eligible for financial help.

However, the findings of a review in 1989-90 concluded that these Arrangements poorly targeted drought support and acted as a disincentive for farmers to prepare for drought.

A National Drought Policy was introduced in 1992 aimed at encouraging farmers to become more self-reliant through better planning and better management during drought.

A number of assistance programs were introduced under the National Drought Policy: The Rural Adjustment Scheme offered grants and interest rate subsidies. The Drought Relief Payment provided income support for farmers within declared Exceptional Circumstances ("EC") areas.

Where droughts were so severe that even the best manager could not be expected to be prepared, the "exceptional circumstances" measures provided additional relief.

In 1997 these programs became the EC Interest Rate Subsidy and the EC Relief Payment. They [provided business support to farms that were viable in the long term](#), but were in financial difficulties due to an EC event.

However, [successive reviews of drought policy since 1997](#) found that EC assistance was ineffective and could result in farm businesses being less responsive to drought conditions. The Exceptional Circumstances Interest Rate Subsidy closed on 30 June 2012.

Recommendations from major reviews of drought policy undertaken in 2008-09 include: -

- An increased focus on people, and on preparedness for drought;
- Greater government support of community, health and mental health programs in drought-affected areas;
- The abolition of interest rate subsidies and of EC declarations; and
- The EC scale to declare drought was increasingly irrelevant because the impacts of climate change would lead to more frequent and severe droughts in Australia

On 12 December 2018, the Council of Australian Governments agreed on and signed a new National Drought Agreement which recognised the need to support farming businesses and farming communities to manage and prepare for climate change and variability.

Its measures focus on strengthening risk management practices and enhancing long-term preparedness and resilience.

Past reviews indicate a changing focus for drought policy over time. A change from crisis management to risk management, preparedness, and self-reliance. The "elephant in the room" is the omission of a criterion from the EC programs that justify consideration for drought policy: 'Support for farms that were viable in the long-term'.