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Australia's National Drought Policy Continues to Evolve

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Australia's National Drought Policy Continues to Evolve

Australia is an arid continent with a high variability in its annual rainfall. Given the frequency and severity of droughts and the consequent high financial and social costs to the nation and to individuals, and the associated potential for further degradation of the land, a national policy on drought was clearly needed.

Australia's National Drought Policy (NDP) was ratified by the state and Commonwealth (federal) governments in 1992 (White, 1993; White et al., 1993; White and O'Meagher, 1995). Its aims are to:

- encourage primary producers and other sections of rural Australia to adopt self-reliant approaches to managing for climatic variability;
- maintain and protect Australia's agricultural and environmental resource base during periods of extreme climate stress; and
- ensure early recovery of agricultural and rural industries, consistent with long-term sustainable levels.

Further detail on policy evolution in both Australia and South Africa is described by O'Meagher, et al. (1998b).

Constraints to Policy Implementation

A number of factors have impeded full implementation. The first has been the frequency and severity of El Niño events affecting large areas of the Australian continent since 1991. The extent and intensity of these droughts reached a climax in 1994, when little rain fell across the continent from March to September. The second factor was that many farmers were already experiencing high debt at the commencement of these droughts. This was in part

due to the banks aggressively offering loan finances in the mid-1980s, high interest rates in the late 1980s, and commodity price failure, particularly wool, as in 1989. Many farmers were therefore poorly equipped financially to cope with a major drought.

It also needs to be appreciated that Australia's agriculture is largely unsubsidized, although there is provision for financial support from government during periods of exceptional drought, or for reducing land degradation through catchment revegetation and other community schemes associated with the National Landcare Program. For this reason, there can be considerable community and political pressure in below-average seasons for areas to be declared as warranting financial support for drought relief.

Drought Exceptional Circumstances

The Australian Labour Party (ALP), which has modest rural support at best, was in power at the national level from 1982 to 1996. It was during this period that "roting" (fraudulent manipulation and abuse of the system for financial gain) of drought funds by some states was identified, and the National Drought Policy drafted and ratified. Given the intensity of drought during the 1990s, the provisions in the NDP for providing financial support to farmers during exceptional droughts was invoked in 1994.

Declaration of areas as experiencing Drought Exceptional Circumstances (DEC) was based on objective assessment of rainfall, agronomic and environmental factors, water supply, net farm income, and scale of the event (White and O'Meagher, 1995). However, there was a sense of disbelief among many farming communities when applications by state government for DEC on their behalf failed (White and Karssies, 1997). The failure of these applications was

usually because the rainfall deficit in these areas was not considered severe enough to warrant DEC declaration. It had to be established that a drought was a greater than 1 in 20 year event (i.e., within the worst 60 months in 100 years) and of more than 12 months duration. Confounding factors included mean annual rainfall having been way above average over much of eastern Australia during the 1970s; poorly prepared submissions by some of the states for DEC; and arguments between the states and the Commonwealth over the effectiveness of what rainfall was received and over “lines on maps,” attributable in part to administrative boundaries not coinciding with those associated with rainfall deficit.

The Bureau of Resource Sciences (BRS) had responsibility for coordinating the scientific advice to the Rural Adjustment Scheme Advisory Council on whether or not DEC should be invoked in different regions (White and O’Meagher, 1995). DEC declarations would enable financial support in terms of interest rate subsidies and farm household support (food on the table) to be provided to farmers deemed commercially viable in the long term. Considerable use was made of rainfall and temperature data from the Australian Bureau of Meteorology, rainfall maps and other geographic information system (GIS) products from the Queensland Departments of Primary Industries and Natural Resources (Brook and Carter, 1996), farm survey data, regional visits by the Rural Adjustment Scheme Advisory Council, remote sensing imagery (McVicar and Jupp, 1998), and the agronomic output from simulation models of agricultural systems. These models have proved invaluable for assessing the effectiveness of rainfall and placing the severity of current droughts in historical context. Final decisions on DEC declaration are made by the Commonwealth Government on advice from the Council.

A Change in Government

In 1996, the Coalition (Liberal Party and National Party, the latter having a large rural constituency) won office from the ALP and formed the new national government. Their agenda included a large downsizing of the Commonwealth Public Service,

privatization of public assets, and reduction of foreign debt. It also implemented significant changes in the evolving NDP.

The objectives of the NDP remain, commitment to the policy having been reaffirmed by the Commonwealth and the states in 1997. The Minister for Primary Industries & Energy has recently announced a more generous Farm Management Deposit Scheme to replace existing tax-based risk management tools, more generous welfare arrangements for farmers, increased support for climate research, and the phasing down of interest rate subsidies for DEC. There has been some relaxation of the guidelines for DEC, including an extension from 6 to 12 months of the period post-revocation when financial support shall cease. However, the criteria for DEC declaration are still in place.

There has also been support for the concept of using net farm income as the major determinant of financial support. For example, Thompson and Powell (1998) argue that drought is but one of the risks that farmers face. Associated with this is greater emphasis on Exceptional Circumstances (EC), as distinct from DEC, where a number of factors can contribute to an exceptional event. The Minister has announced that drought relief payment equivalent support is to be extended to other exceptional circumstances (Anderson, 1997).

This author and others (e.g., O’Meagher et al., 1998a) are concerned that an incomes-based approach to declaring EC runs the risk of creating significant barriers to structural adjustment in the agricultural sector through the creation of a de facto minimum incomes scheme for farmers. There is therefore a need to continue to pursue the development of objective, science-based triggers for drought support.

Drought Assessment Research

Concurrent with the above has been the increasing use of agronomic models and other tools to identify when DEC events occur. Initiated in BRS (White et al., 1998), a national research program was undertaken to test cropping, grassland, and rangeland models in different environments. This program proved highly successful, it being clearly shown that objec-

tive assessment and ranking of agricultural droughts, although difficult, was certainly possible. The outcomes of these studies, and others in southern Africa, are being published in a special issue of the international journal *Agricultural Systems* (Elsevier Science) due out in mid-1998. Other research programs aimed at helping farmers become more self-reliant and able to cope with drought have been funded and coordinated by the Land and Water Resources Research & Development Corporation (LWRRDC) and other R&D Corporations as part of the National Climate Variability (R&D) Program.

In conclusion, despite minor setbacks, there is cause for optimism about the NDP. The policy is now firmly in place with both national and bipartisan support. Farmers are now much more aware of its existence, and of the need to be more self-reliant, rather than reliant on government, in managing financially viable farming operations. A range of objective tools, including improved seasonal forecasts, agronomic models, Decision Support Systems (agronomic and financial), remote sensing imagery, and GIS, have been developed to help farmers, agribusiness, and government anticipate, plan for, monitor, assess, and manage drought. Education and extension programs are also in place to ensure that the concepts are becoming better understood and the tools used efficiently.

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