

Rangelands Drought Taskforce
South Australia

Submission to
National Drought Policy Review
Productivity Commission

22 August 2008

Productivity Commission – Economic Policy Executive Summary

The Rangelands Drought Taskforce evolved from the Rangeland EC Reference Group that first met in November 2006 to assist with the preparation of the EC application. This proved to be a difficult process due to the lack of weather data available across the region. The Taskforce notes that the application and consequential declaration was delayed because of the difficulties in preparing the application.

The Rangelands Drought Taskforce provides regional intelligence on the drought and has representation from the State's Pastoral Board, Outback Areas Community Development Trust, Northern Regional Development Board, South Australian Arid Lands NRM Board, SA Farmers Federation, Country Health SA, South Australian Rural Financial Counselling Service, Division of General Medicine and Primary Industry and Resources SA.

The areas in South Australia covered by this taskforce are the Central North East, North West Rangelands and Upper North Cropping Exceptional Circumstances areas.

The declared area is predominately pastoral lands, where most of the properties have destocked partly or completely and in the North West Rangelands most of the region has been in drought for eight to ten years. Those businesses that prior to the drought were able to implement diversification strategies as part of their business plans appear to be in a much better position to survive the drought.

This drought has been notable in the length and severity of its impacts. Reduced property incomes have impacted negatively on small business incomes which result in fewer employment opportunities and therefore increased workloads, the viability of small communities is at risk. The mining boom and high demand for employment in the region has masked many of the negative impacts of the drought. Nevertheless the impact on pastoral and small businesses has, in many cases, been devastating.

The drought taskforce notes the changing environment that farmers are now expected to operate in with rising input costs especially fuel and transport costs. Equity and access continue to be issues that challenge and impede the pastoralists in the Rangelands. Business services that either are not available or require long distance travel to access add to the disadvantage and isolation in times when the spare cash is diminished. Social isolation is prevalent in times of drought, depression and doubt can reduce the ability to make clear business decisions, the opportunities exists to give more support to pastoral and small businesses during these difficult times.

Working cooperatively is essential to achieve good outcomes for the region. The Rangelands Drought Taskforce is a vehicle that brings together Industry, Government and Community that enables good communication between parties and enables quick response to drought.

Climate change/variability is looming as yet another challenge that pastoralists will need to adjust their management practices to enable them to continue to be sustainable. The need to be self reliant and prepared for exceptional circumstances is acknowledged however the many other factors impacting of farmers ability to be profitable is proving more challenging in the current environment.

To enable a sustainable agriculture industry to be maintained in regional Australia the supporting infrastructure needs to be upgraded and maintained. Quality ports, roads and rail enable produce to be transported cost effectively to the market. Consideration needs also to be given to the costs of doing business in rural and regional areas and ways to mitigate these costs.

The taskforce support policies that encourage a culture of continuous learning in both managing drought and the drought services delivered, this requires strategies that implement the learning's from previous droughts. It is suggested that the lessons be recorded by creating a handbook on programs and responses required, review regularly, and know the trigger points. Mimic the successful emergency response model for implementation of exceptional circumstances responses. Utilise existing community structures to develop regional peak community groups, these need to be enduring with a mix of community leaders, independent of Government but given some support by government. Give consideration to developing a toolkit through evaluation for next drought; gain a policy commitment from Government with agreed triggers that initiate support programs.

Finally the important underlying principles for government intervention are that

- they do not distort existing market forces,
- that they support a viable pastoral industry and viable outback community businesses
- Assist in developing a broader base of economic activity in rural regional and remote areas
- Encourage a sustainable balance between Natural Resources and economic development
- Recognise the importance of supporting vibrant and sustainable communities to deal with needs of the region.
- Income support for families (EC Relief) is retained in a basic safety net system.

RESPONSES TO NATIONAL DROUGHT POLICY REVIEW: PRODUCTIVITY COMMISSION

Agency...Rangelands Drought Taskforce.....

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Rationales for government drought support

The important underlying principles for government intervention are that;

- they do not distort existing market forces,
- that they support a viable pastoral industry and viable rural town industries through recognition of the importance of food production.
- By acknowledging grazing is an opportunistic activity and encouraging a broader base of economic activity with a sustainable balance between natural resources and economic development
- will enable the Outback to continue to operate in way that contributes to the social and economic fabric of Australia. By adopting balanced and integrated view of “Outback” (i.e. not “on Land” vs. townies)
- Recognise the importance of supporting vibrant and sustainable communities to deal with needs of the region.
- Income support for families is a basic safety net and essential to retain in the support program.

Drought response needs to use a partnership model, the Rangelands Drought Taskforce recommends a three pronged response; with Industry, Community and Government that prepare for drought similar to emergency management with pre recognised “triggers’ in place that activate the plan. A successful model needs to contain a risk managed approach to drought with processes in place prior to and post drought. The model also needs to acknowledge the importance of a sustainable Regional Peak Committee that can take an active role in the preparedness, during and recovery stage of the event, providing opportunity for proactive rather than reactive delivery of response programs.

Keeping the community informed and engaged are key principles for success in an exceptional circumstances event One of the success factors in the Rangelands region has been to establish a Regional Peak Committee;

- Provided with range of preparatory tools
- Attract the right people, be community based with broad range of skills, including industry and government.
- Recognised as an important role, to be active in promotion and raising the profile
- Need to be well supported e.g. State and Regional Coordination.

State and Commonwealth Government:

- Adopt a proactive rather than reactive approach with policy
- Harmonisation and consistency between the State and Federal drought policy to ensure efficiency of response and activation of support
- Cross State collaboration in policy approach particularly with subsidies

- Ability to protect State resources e.g. hay supplies

Impediments to greater self reliance and preparedness

Diversification of businesses is the key to pastoral businesses surviving drought. Most pastoralists are very competent in the technical aspects of managing drought. Key lessons have been to implement drought management practices early and to have business management plans in place that account for response prior to, during and in recovery of drought. Acknowledgement needs to be given to the length of time and difficulty of recovery; the first rains do not equal a return to normal cash flows.

The impediments are the length of the drought, the commodity prices and increase in input costs will increase the time required for pastoralists to recover. With some areas in eight years of drought, the loss of genetic stock will require considerable time to implement recovery and preparedness strategies.

The following support measures should be considered in terms of increasing self reliance and preparedness:

- Strategies that allow diversification of businesses, investment in good years
- Support for structural change during good years
- Training for land managers in better pastoral management, business management, best practice measures, benchmarking, challenge current thinking
- Training for Govt employees to broaden skills base (Road gangs, pastoral board inspectors, police, nursing staff etc) in whole range of non core skills e.g. recognition of signs of depression and suicide.
- Support for value adding into the food chain to maximize production returns
- Improve monitoring capabilities to increase data collection, e.g. weather monitoring points
- Ongoing support for programs that assist in reducing impact of drought, e.g. Pest management in outback.

Are assistance measures effective and efficient in severe drought?

Policy design

EC declaration process

The current EC declaration requires good regional weather data to support the regional application, in the Outback regions of South Australia the data was not available due to the sparseness of weather stations and delayed the application submission by 6 to 8 months. Many pastoralists perceive this to have been a disadvantage for the Rangelands.

Drought support needs to consider the capacity of the land to recover before the next event.

The Rangelands Drought Taskforce consider that as part of a successful drought response the following things will have occurred;

Implemented the drought response communication plan that outlines the package of support and where and how to access it. The package needs to be communicated to property managers and the community.

Implemented mental health and wellbeing and community support programs.

Risk Management strategies implement with a comprehensive understanding of drought management. Drought shouldn't go off the agenda (for pastoralists or government) in good times.

Coordination of Government Services – “Minister for the Outback” would ensure a whole of community response.

Drought policies demonstrate equity between support for the property manager that plans and manages drought and those who act at the last minute i.e. Centrelink only benefits those who have not planned to survive a drought.

Exit assistance to leave property and exit the industry with dignity. Need exit opportunities and pathways for pastoralists and small businesses, similar to those given to other industry undergoing structural reform.

Life after farming is promoted, and challenge community perceptions of success and failure. Promote custodianship of properties that are no longer viable.

Encourage and foster a Regional “Rethink”;

- Review of sustainability across all industries
- Development of sustainable systems and alternative options
- Development of alternative enterprises, e.g. Stewardship, management for conservation
- Encourage private and corporate investment in pastoral properties.

During the drought need a Regional Peak Committee that

- Meet regularly
- have adequate representation, high profile and recognition in community
- Connection to local knowledge, information and networks.
- Ability to respond to predetermined State and Commonwealth policy requirements.
- Information technology available to maximise communication
- Implement predetermined drought plans, already promoted through press, ensured environment was being protected.
- Represented at State level
- Non political

Business support measures

Declines in rural farm incomes as a result of drought equal a decline in income for small business, which then flows onto a decline in employment opportunities, resulting in a decline in the rural population that then affects a critical mass which ensures small businesses are viable. Rural businesses have found it very difficult to access the programs on offer due to the criteria.

The Rangelands drought taskforce recommend;

Government declares drought as normal, because Australian climate is variable.

Retain a vibrant and viable pastoral industry.

Recognise an extended period is required for recovery 5 -10 years, and support is sustained.

Support packages are implemented that promote strategies for recovery and reduce isolation.

Introduce an element of preparedness in business plans to better prepare for future events.

Implement a plan for sustainable enterprises; identify factors that can trigger support.

Drought response programs contain recovery and reinforcement strategies that endorse the process of the drought programs with key elements of preparedness, manage and recovery.

Support the development of business plans and assist with implementation in the recovery stage.

Research that support the success of current programs, to evaluate and track the impact on businesses which are in receipt of Interest Rate Subsidy would assist the body of knowledge that contributes to developing exceptional support packages.

Having a regional Peak Committee to engage and build local capacity:

– Influence government policy

– Produce a report that outlines the lessons learned, identifies what worked and what didn't, produce a blue print, a legacy that feeds into planning stage for next drought – widely circulated.

Income support

Support for Women and children recognised as separate from drought support and not administered through Centrelink.

Off farm income often supports family activities like higher education but is counted as income for the business.

There is no doubt that as the drought continues the attention given to health and education needs are reduced through lack of income.