

Northern Yorke Drought Taskforce  
South Australia

Submission to  
National Drought Policy Review  
Productivity Commission

8<sup>th</sup> August 2008

## **Productivity Commission – Economic Policy Executive Summary**

The Northern Yorke Drought Taskforce formed in 2008 to provide a regional perspective and coordination of drought information and services in the Mid North and Yorke Peninsula areas of South Australia. The taskforce has community and government representatives including SA Farmers Federation, Agricultural Bureau, Local Government, Northern Yorke NRM Board, Regional Development Boards, Country Health SA, South Australian Rural Financial Counselling Service, Division of General Medicine and Primary Industry and Resources SA. The Northern Yorke Drought Taskforce covers the Exceptional Circumstance declared areas of Yorke Peninsula, Mid North and Clare, Light and Barossa.

The region is predominantly broad acre dryland cereal growing district, with some stock particularly sheep, there are also vineyards in the southern area of the region. The majority of properties are family owned businesses, many are overcapitalised with machinery; corporate companies are almost nonexistent with the exception of the wine industry. The Exceptional Circumstance declaration for Yorke Peninsula, Mid North and Clare, Light and Barossa was made on July 2007. Rainfall was well below average and mild to warm temperatures in the winter growing season and below average rainfall, with temperatures higher than average in spring.

The drought has been notable in the variability of the season that has occurred in the region. Scattered light showers made the difference between neighbours reaping a crop and those who didn't. This variability has created a distinct have and have not's attitude that has exacerbated the difficulties of farming.

Minimum till farming methods have enabled many to continue to crop and thus enable them to capitalise on higher grain prices, even though yields were considerably reduced. The proceeding year has been one that has tested the marketing and risks management skills of producers with many being caught out in forward selling and left with contracts that had to be washed out.

The drought taskforce notes the changing environment that farmers are now operating in with rising input costs especially fuel and fertiliser which has increased four fold. Maintaining a diverse and comprehensive skill set has never been more important. Farmers are now marketing their grains in a deregulated market that requires a new set of skills and access to information. Climate change/variability is another challenge that farmers 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.

The taskforce encourages a culture of continuous learning in both managing drought and the drought services delivered, this requires strategies that implement the learning's from previous drought events. 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 peer 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 agricultural industry and viable rural town industries
- 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**

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Agency...Northern Yorke Drought Taskforce.....

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### **Rationales for government drought support**

#### **Value of Rural Communities and Economies**

- Need a level playing field, equitable business establishment costs in rural areas, eg Transport, energy infrastructure
- City versus country costs of living e.g. transport, fuel, energy etc
- Recognising the contribution of Country areas in generation of wealth. Support and attitude change that values the rural area
- Decentralisation of Government, Industry and services, with assistance and incentives leads to retain a critical mass and more resilient communities.
- Recognising and encouraging farming/development to land capability (and the overall capability of the local natural resources)

#### **Response and Support**

- Early coordination of drought response – coordination crucial
- Implement a model similar to State disaster response that has a recognised response, with identifiable factors that initiate a response program.
- The multi discipline approach works very well; financial support, health, Centrelink and Counselling and community based regional committee.
- Clearly identify where recipients need to go for services and information.
- Support for Women and children recognised as separate from drought support and not administered through Centrelink.
- Recognise that stress can reduce the capacity to make good business decisions and assistance and support needs to be available.

Implement an ongoing risk management strategy that identifies the drought factors impacting on nearly all rural businesses including small business and farms, coupled with the planning and implementation of measures that minimise the impact of cyclic factors.

- Increased support for higher education, training and continued investment, so creating an increased ability to respond to changing working environment e.g. more frequent drought.
- Criteria for youth allowance to be eased for rural students, to enable ongoing education in difficult economic times.
- Support continuous training in agriculture through a variety of learning modes, e.g. small groups, best practice groups, TAFE, Uni's etc
- Access to the latest information through BOM, CSIRO and NAMS. Improved predictive models that can be utilised in preparedness.

## **Impediments to greater self reliance and preparedness**

Those least impacted by drought have been able to diversify the business prior to the Exceptional Circumstance event and have a range of income streams. Those who have implemented sustainable farming practices and are able to capitalise on latest improvements are in a better position to recovery quickly .

### **Business Management / Planning**

- Support for holistic farm business plans – include compulsory workshop attached to support as gives an opportunity to info exchange and training e.g. risk mgt and climate change.
- Support for good planning, building the business capacity, proactive rather than reactive. Including taxation measures that make investment better and easier.
- Encourage better business managers that will support the future of farming and agriculture. Use in case studies as best practice and identify key success factors and promote.
- Business plan presented to access any business support
- Support for developing risk management approach to business, develop and invest in risk management tools
- Support given to risk management response.
- Encouragement of sustainable farming systems, so effects of drought are reduced.
- Support for enterprise changes and restructure, increase in Farm help program support includes skills and infrastructure
- Broaden criteria for enterprise change and planning programs (need to move whole sector forward, not just one section)

Longevity of drought is an impediment to recovery– the crises goes beyond the event. Frequency of droughts will reduce the time for recovery and to ability build self reliance and preparedness. Therefore must invest in longer term support responses with longer contracts for support services, acknowledge time required to build credibility and relationships with service providers.

### **Are assistance measures effective and efficient in severe drought?**

#### ***Policy design***

Drought support services to include incentives

- Incentives for investment in innovativeness, to value add, be sustainable, training and training and implementing research.
- Incentives for NRM in good times, encouraging and recognising, retrospective and could be done through grants or taxation.
- Recognise that landholders carry out NRM activities that have lasting impact beyond their lifetime which have public benefit; therefore support is warranted when individual capacity is challenged by drought.
- Exit support packages to allow people to leave with dignity, create pathways similar to other industries undergoing restructure.

## *EC declaration process*

### **Data and Information /Research**

- Define trigger points and having the supports ready to roll out.
- Trigger points need to be tailored and well recognised and non political.
- Determine what is normal e.g. drought climate change
- Good data on regional communities.
- Good data and research promoted and widely available that support climate change.
- Research into alternatives, including carbon markets.

### **State Support**

- Encourage the State to develop EC policy, identify state wide issues, get a breakdown of the regional issues
- Continuity of support services through longer term contracts beyond the event

### **Continuous Learning**

- Learn from previous droughts, create a handbook on programs and responses required, Review regularly, and know the trigger points. Mimic emergency response. Could utilise existing structures, needs to be enduring with a mix of community leaders, independent of Government but given some support by government.
- Develop a toolkit through evaluation for next drought; gain a policy commitment from Government with agreed triggers that initiate support programs.

## *Business support measures*

### **Greater understanding of Value of Rural Communities and Economies**

- Need a level playing field, equitable business establishment in rural areas, eg Transport, energy infrastructure
- City versus country costs of living e.g. transport, fuel, energy etc
- Recognising the contribution of Country areas in generation of wealth. Support and attitude change that values the rural area
- Decentralisation of Govt and Industry and services, with assistance and incentives leads to a critical mass and more resilient communities.
- Recognising and encouraging farming/development to land capability (and the overall capability of the local natural resources)

### **Community Support**

- Give community the capacity to help themselves eg EP Toolbox,
- Recognise need for community support, eg community grants are the grease that makes community work
- Support development of Community Leadership
- Strong networks supported, not necessary group based, encourage connectedness.

### **Regional Peak Committee**

- Have a structure in place, recognise the need for representation and having the right people that are committed and such a group needs to be enduring
- Each region to have a leadership group that meets regularly (not issue specific)
- Enduring committee ready to activate during events – independent of Government, but working closely with government, led from within the community

### ***Income support***

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

### **Investment/Tax incentives**

- Drought bonds that can be drawn on during drought with tax and Government contribution incentive
- Super type scheme – that has incentives in tax
- Review of taxation system for Agriculture e.g. Depreciation schedules accelerated for Infrastructure, Stamp Duty. Compared with forestry 110% reducing the costs of doing business