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DROUGHT FREIGHT SUBSIDIES IN THE NORTHERN TERRITORY
AND THEIR IMPLICATION FOR PRESERVATION OF RANGELANDS

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INTRODUCTION

In arid and semi-arid pastoral areas, if permanent damage to rangelands in the form of accelerated erosion and pasture degradation is to be avoided early in drought periods, it is necessary to rapidly reduce stocking pressure in accordance with forage availability. After drought has broken, pastures should only be lightly stocked until palatable annual and perennial species have established and attained normal vigour.

In the Northern Territory two drought assistance schemes have operated to assist the cattle industry which, by provision of subsidies, could be expected to affect the management of rangelands during drought periods. In 1961, following three successive years of drought throughout most of central Australia, the Commonwealth Government introduced a drought relief scheme in the Northern Territory which subsidised above normal turnoff of cattle. This policy was last applied during 1971.

Following a run of above average seasons from 1972-78 and the collapse of beef cattle markets during the period 1974-77, cattle numbers grew to record levels. In these circumstances the Commonwealth policy was deemed inappropriate. The Northern Territory Government adopted a new drought assistance scheme in January 1981

This paper summarises the provisions of each policy, comments on the effectiveness of the former Commonwealth Policy and raises a number of questions concerning the newly adopted Northern Territory Government Policy.

THE COMMONWEALTH DROUGHT RELIEF SCHEME

The policy was determined by the Minister for Territories in 1961 as "*our objective is to prevent cattle from dying on the run and we should keep clearly in mind that this is the only objective we are trying to serve in drought relief*". (Anon, 1961). The policy applied to all properties in the Northern Territory.

Assistance in the form of drought relief freight concessions were:-

- (a) 50% of the cost of road or rail transport of fodder for starving stock,
- (b) 50% of the cost of road or rail transport and droving charges of starving stock moved off the property.
- (c) 50% of the cost of road or rail transport and droving charges of stock returning to the property from agistment.

In general, drought relief concessions only applied to stock being moved which would not normally be moved off the property. As a general rule concessions were only payable for breeders but occasionally subsidies were paid on movement of store stock where these are not normally part of station turnoff.

Properties were declared droughted when available feed was inadequate to support the cattle being carried. As the objective was to prevent cattle dying, very little consideration was given to previous rainfall and pasture growth response, total stock numbers or the assessed grazing capacity of the property. When rain fell the drought status of the property was immediately reviewed.

THE 1981 NORTHERN TERRITORY DROUGHT ASSISTANCE SCHEME

This scheme defines drought as "*summer rain insufficient to produce adequate pasture growth*". The objectives of the policy are to provide an incentive for adoption of management strategies which will alleviate the effects of drought, to reward good rather than poor management of stock and land and to allay hardship. Furthermore the scheme had to comply with *Natural Disasters Assistance Arrangements* between the Commonwealth and States and not be an excessive burden on taxpayers. (Anon, 1980).

Although the new policy defines drought on the basis of rainfall and pasture growth, assistance from the Northern Territory Government is only available immediately to properties in the dry monsoonal area (Barkly Tablelands and Victoria River Districts). For properties in the semi-arid area (Alice Springs District) where summer rainfall occurs less frequently, relief is not provided until after the failure of two successive summer rainfall, and therefore, growth periods.

Properties declared droughted are able to claim:-

- (a) a 50% fodder freight subsidy to operate from the point of purchase to the property.
- (b) a destocking freight subsidy on road transport (but not droving) of
 - (i) 75% on all turnoff in excess of the previous 10 year average turnoff in the first qualifying year,
 - (ii) 60% on all turnoff in the second year (provided the average turnoff is met in the first year),

- (iii) 40% on all turnoff in the third year,
 - (iv) 20% on all turnoff in the fourth and subsequent years.
- (c) the destocking freight subsidy is limited to the distance to the nearest railhead for properties in the Alice Springs and Barkly Tablelands districts or to Wyndham or Darwin for properties in the Victoria River District.
- (d) a slaughter subsidy of \$15 per head on all helpless and unsaleable stock slaughtered.
- (e) a restocking freight subsidy during the year following the revocation of drought of
- (i) 50% on agisted breeding stock to operate from the property of origin to the property of agistment and return,
 - (ii) 50% on breeder replacement stock to operate from the point of purchase to the cattle station.

The total restocking freight subsidy payable to individual properties is limited to the equivalent number of breeders turned off or agisted during the drought to a maximum of 3,000 head of adult stock.

DISCUSSION

Under the former Commonwealth Policy, assistance measures were provided only when cattle were in danger of dying on the property.

During the period in which the policy operated, cattle movement restrictions due to diseases were less rigid enabling most pastoralists to sell store cattle for fattening mainly in Queensland and South Australia and to a lesser degree, Victoria and New South Wales. Although the freight subsidy was limited to the equivalent of the distance from the property to Adelaide, it still provided a significant financial incentive to all Territory producers to reduce breeder numbers. The net effect was reduction in the number of deaths on the run because a greater number of breeders less able to survive drought were turned off. It is also probable that a greater number of male cattle were retained. As cattle were in poor condition when they were turned off, many deaths occurred during droving and transit.

As forage availability had to be inadequate before the producer was eligible for subsidy payments, the policy did not encourage early reduction of stock numbers when it was evident that summer rains had failed. It was probable that many pastoralists would have held cattle hoping for relief rains, or in anticipation of receiving freight subsidies. The consistent pressure on pastures resulted in accelerated pasture degeneration and erosion. (Condon, Newman and Cunningham, 1969; Parts I & IV). Furthermore the policy did not consider the management ability of the producer. Pastoralists who reduced numbers while cattle were in a saleable condition and those who continued to turnoff a reduced number of fat cattle by better management of stock and pastures received less assistance than poor managers.

Subsidy payments on stock returning from agistment were only payable if the property had been inspected to determine whether adequate feed was available.

Restocking without approval made the producer ineligible for further assistance for a minimum period of six months if drought conditions continued. This procedure discouraged over-optimistic restocking following small falls of rain and gave some pastures increased time to recover following the break of drought.

In the late 1970's when cattle numbers had risen to record levels, access to store markets was no longer available to many producers due to the brucellosis or tuberculosis disease status of their herds. The establishment of export abattoirs at Alice Springs and Tennant Creek meant that only prime cattle would normally be shipped to Adelaide or Brisbane.

Furthermore, in circumstances where many properties were overstocked, the probability that cattle would die on the run was an inappropriate criteria for being eligible for drought assistance. Both the pastoral industry and the Department of Primary Production were aware that considerable stock losses and severe environmental degradation would occur with the onset of drought conditions. It was evident that the policy was not relevant to the prevailing circumstances and a new Northern Territory policy was developed in an attempt to overcome the above difficulties.

The new Territory policy was adopted in early 1981 and the full implications of the subsidy provisions for management of rangelands are not yet evident. Already questions have arisen:-

- Will the annually reducing rate of freight subsidies during the period of a drought effectively encourage early turnoff?
- The policy takes account of climatic differences by distinguishing between the semi-arid and dry monsoonal pastoral areas but will pastoralists accept the implied onus to manage their stations according to climate and seasonal conditions?

- By requiring that two successive rainfall failures be experienced in the semi-arid area before assistance is available, does the policy provide an incentive to turnoff cattle before feed reserves are depleted?
- To what degree will restrictions on distance over which freight subsidies apply influence turnoff strategy of a pastoralist close to the railhead or abattoir compared to the pastoralist a considerable distance from the abattoir?
- Will the provisions governing restocking sufficiently restrict stocking pressure after drought to enable pastures to recover?
- Are subsidy levels adequate to achieve the objective of rewarding good management of cattle and land and allaying hardship?
- If use of subsidies is ineffective in achieving adoption of ecologically judicious drought strategies, are there acceptable alternative methods?

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