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The Australian Rangeland Society

ARE DROUGHT RELIEF SCHEMES DESIRABLE?

R.G. Silcock

Charleville Pastoral Laboratory

Abstract

In the last two decades hundreds of millions of dollars have been spent by Governments in Australia on drought relief schemes. In some cases the droughts were simply periods of below average rainfall - part of the normal cycle of seasons which semi-arid Australia experiences. Too many people expect more of our climate than is realistic. Consequently we are doing serious damage to the pasture and soils (which do not receive drought relief) by running excessive numbers of animals during dry seasons.

In the interest of long term stability and productivity of our rangelands, the amount of money spent on drought relief should be reduced. Any money outlaid should help reduce the likelihood of future claims e.g. by incentives for early destocking and late restocking in dry years and by facilitating the sale or size increase of uneconomic holdings.

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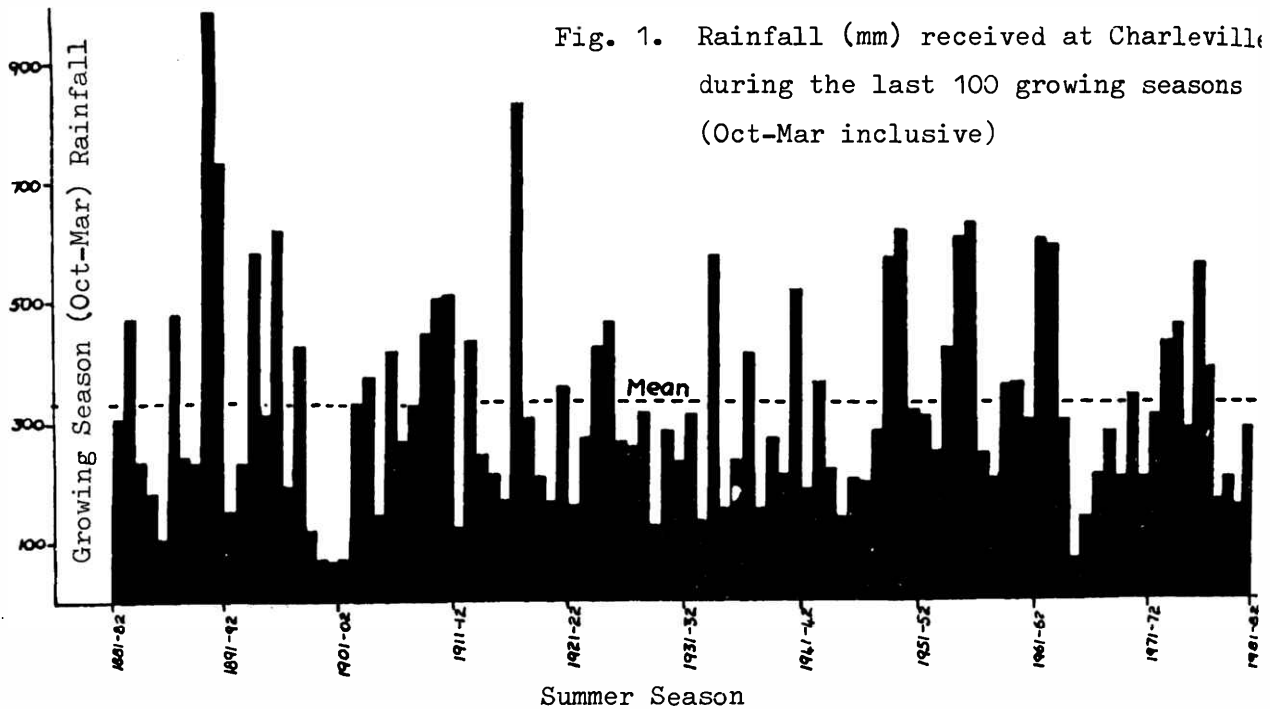
The definition of a 'drought' is infinite in its variety but could broadly be described from 2 viewpoints in Australia -

(i) the socio-political one i.e. dry conditions which temporarily prevent a primary producer from growing animals or crops as well as he would hope for his environment, resulting in animal deaths or crop failures and a low financial return

and (ii) the biological one - a deficit of rainfall such that pasture growth is severely restricted during the normal growing season and abnormally high rates of perennial plant death occur.

In the Murweh shire of S.W. Queensland, there have been category (i) droughts i.e. shire drought declarations in force for nearly 50% of the last 17 years. There have been 4 very dry summers i.e. <200 mm summer rain, over the same period (summer being the growing season - Christie 1978) and 5 other dry summers. Thus it would appear that present schemes in Queensland are catering for dry seasons rather than severe droughts. I believe a similar situation exists in many parts of Australia.

Dry summers are the rule rather than the exception at Charleville (Fig. 1), so one would assume that farmers, graziers and Government officers in the area would manage the land with this in mind. Biologically this makes sense. However, if a man sees other depressed industries getting Government assistance then he wants even-handed treatment. Dairy farmers on the coast have had large sums of money injected into their industry in Queensland in the last 13 years



to improve efficiency. Ex gratia payments have also been made to wool and cattle growers in the last decade during times of low prices. In secondary industry, trade and tariff barriers protect vulnerable industries such as textiles and car manufacturing. Such protection was reported to cost graziers \$11,600 each in 1975/76 (A.W.G.C. 1977). In this light, drought relief measures for primary producers seem completely fair and reasonable.

In recent years it has also seemed Government policy, both State and Federal, to give aid to victims following natural disasters such as cyclones and floods. Clearly, it is socially and politically acceptable to give this aid. Overall there seems to be a general trend towards direct Government financial aid to the disadvantaged e.g. grants, rail rebates etc. rather than indirect aid such as long term loans and restructuring of inefficient enterprises. The total cost of such indirect schemes may be no greater than the present system of direct payments and could also assist in minimising land degradation by reducing grazing pressure in dry times.

Who benefits from the present drought relief schemes? Obviously the owners of stock and the transport industries would benefit most. Who owns the stock, - breeders, dealers, doctors, pastoral companies, solicitors, hobby farmers etc? The proportions are very difficult to determine. Who owns the transports, - the Government, small local carriers, accountants, other investors? The transport industry assistance also benefits the community and towns in the drought affected areas via the employment it generates. However the local

benefits from assistance to the stock owners may not be as great. Highly paid professionals and pastoral companies should be able to weather a typical dry season without Government help. Bear in mind that they have the capital and assets to purchase or raise the necessary finance for purchasing large or expensive properties, often at currently inflated values with which the local graziers cannot compete. In the recent drought the Diamantina Shire, where the owners are almost all large pastoral companies, received almost 80% as much road transport subsidy as did the Murweh Shire. Murweh has about 20 times as many properties and 2.6 times as many cattle equivalents.

Where should most assistance be going - to the land, the vegetation, the nucleus herds, the rural workforce or the coastal bank accounts? Surely the fragile natural resources should be the first beneficiaries in the face of the unnatural onslaught made upon them by human exploitation. Without the resources there can be little net local contribution to primary production. Without rural industries and a habitable environment there can be no significant population or monetary economy. The next most important concern would probably be for the welfare of the nucleus of local stock and then for the graziers' direct welfare. With the relatively good stock water supplies available in inland Australia, nearly every grazier should be able to maintain his nucleus of breeders through most Queensland droughts provided he reduces stock numbers early in a dry period. As Figure 1 shows, only rarely are there summers where rainfall is negligible (1899/1900, 1900/01, 1901/02 and 1964/65). Naturally there can be disasters (fire, flood, insects and extreme droughts) which would have to be given special consideration, but these are normally very localised. Remember, in the very wet years and following any very heavy rains, floods smash fences, while flies and other pests are rife. Individual properties can suffer huge losses in these circumstances but that does not attract Government handouts on a large scale. However a township, recreation facility or tourist attraction badly damaged by high winds or floods will usually receive rapid and direct Government assistance.

Government assistance to rural industries is a fact of life. In 1977-78 Australian agriculture received \$308M from the Commonwealth Government and \$241M from State and Local Government (Hawke 1980). This amounts to 6.25% of the gross sources of agricultural income in that year. In return, total payments to Government from the agricultural industries was \$910M, so it was far from a one-way traffic in funds. However, is Government assistance in the form of drought relief being directed to the right places? For example, has the \$21.3M spent in Queensland by State and Commonwealth authorities in the 1979-81 drought (up to 30.4.81) assisted in maintaining the long term

stability and viability of our agricultural industries or has it been a satisfactory political undertaking that has kept Governments from facing hard facts about the way semi-arid Australia is being exploited by certain agricultural enterprises?

I turn now to south western Queensland again as an example because the area is known best to me, but others could be found throughout Australia. The two major vegetation types are the mulga and the mitchell grass country. Dawson and Boyland (1974) and others have highlighted the relative fragility of the mulga land and its continuing degradation biologically, compared to the relative stability of the mitchell grass downs (Turner 1978). Economic surveys by Childs (1973), Holmes and Mills (1978) and Mills (1981) indicate that increased property sizes are often needed for financial viability, provided extra labour is not required also. However, the combination of high current debt levels and an inability to obtain early financial assistance to increase their property size when the opportunity arises (Holmes 1980), leaves these producers in a chronic state of marginal profitability. The result is that the country is continuously overstocked, being steadily overrun by woody weeds and grasses of little value, while sheet and gully erosion are increasing.

What graziers and the mulga vegetation need most is property build-up, not drought relief. They need to be able to run sufficient stock so that in dry times they can sell excess stock, invest the proceeds of the sale and wait for better seasons to return. Cutting the readily available mulga scrub may keep their animals alive but the country is being hammered at the time when it is most vulnerable. The pastures get no chance to recover afterwards either, because stock are still there when the relief rains come. By comparison, mitchell grass country has no top feed to allow animals to stay after the grass has been eaten and owners are then forced to move or sell their stock.

Mills' (1981) figures for one type of mulga country indicate that 15 000 dry sheep equivalents would earn a healthy average net income (about \$34 000 p.a.) for a family but a low return to capital. At the recommended stocking rates for that country (1 sheep per 3.5 ha) 52 000 ha are needed to run these stock. Management units of this size are not common in that district, half this being the more common size, often despite the aggregation of several leases to acquire even that size. The Lands Department in Queensland has been assigning additional areas in recent years to landholders with small areas. Generally this has only had the effect of raising living standards from 'economic famine' to 'drought stricken conditions'.

Recently, land values in S.W. Queensland have increased enormously, with values up to \$40-50 per sheep area being paid. Classical economics would indicate a very low return to capital on such an investment. So why are people buying this land? It could be partly naiveness or optimism about capital gains for some buyers. It is partly an exercise in property build-up by many longer-term residents and this can be attractive economically (Holmes 1980). Profitability may not be important to certain buyers. Nevertheless buyers also know that they can stock heavily and when things get a bit dry, drought relief will be forthcoming. Government authorities must be made aware of the long term damage which is being done to much of the mulga country by continued heavy stocking. Otherwise the options in 50 years time could be either (i) to turn the area into nature reserves or military training areas or (ii) the inclusion of mandatory, expensive scrub control or clearing clauses into tenure agreements or (iii) massive Government subsidies for rehabilitation measures. World wide experience shows that rehabilitation of degraded (i.e. overexploited rangelands) is often a very slow and/or a very expensive process. With Australia's low population density we have no excuse for overexploiting marginal land for some short term political or social gain. I believe that a healthy grazing industry, based on large properties in good condition with moderate stocking rates, will support at least as large a rural population in the future as at present and without the need for regular drought relief.

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