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Drought in NSW

by Daniel Montoya

1. Introduction

On 30 October 2013, the NSW Government announced \$30.4 million in assistance measures for North West NSW primary producers. The package included longer-term preparedness measures and support for dealing with adverse seasonal conditions.¹ On 6 November, the Commonwealth Government reallocated Farm Finance program funding to provide additional support to NSW farmers, particularly those in drought², and on 20 November, the NSW Government announced an additional \$7.6 million in-drought support package for North West NSW.³

Current COAG drought policy reforms focus on preparing farmers for drought, although provision is also made for in-drought crisis support. Under the NSW Government reforms introduced in February 2013, there has been a move away from in-drought support via 'drought declarations' to provision of [Seasonal Conditions Reports](#) that help landholders prepare for worsening seasonal conditions.⁴ Nonetheless, owing to the "critical need to provide immediate assistance"⁵, at present North West NSW is in receipt of in-drought support from the NSW Government.

The Opposition primary industries spokesman, Steve Whan, argues that the NSW Government reforms delayed provision of this assistance:

One of the problems we have with not having an objective measurement of when an area is in drought is we argue about those things rather than making a decision ...⁶

This e-brief defines drought and reviews the current situation in NSW, including the projected impact of climate change on the frequency and severity of drought. Recent policy developments are outlined, with a focus on the Intergovernmental Agreement on National Drought Program Reform; the e-brief ends with stakeholder commentary on the Agreement.

2. Drought in NSW

2.1 The current situation

Simply stated, drought means 'acute water shortage'⁷. Drought may, however, be experienced and hence defined in different ways. According to the Bureau of Meteorology, there are four types of drought:

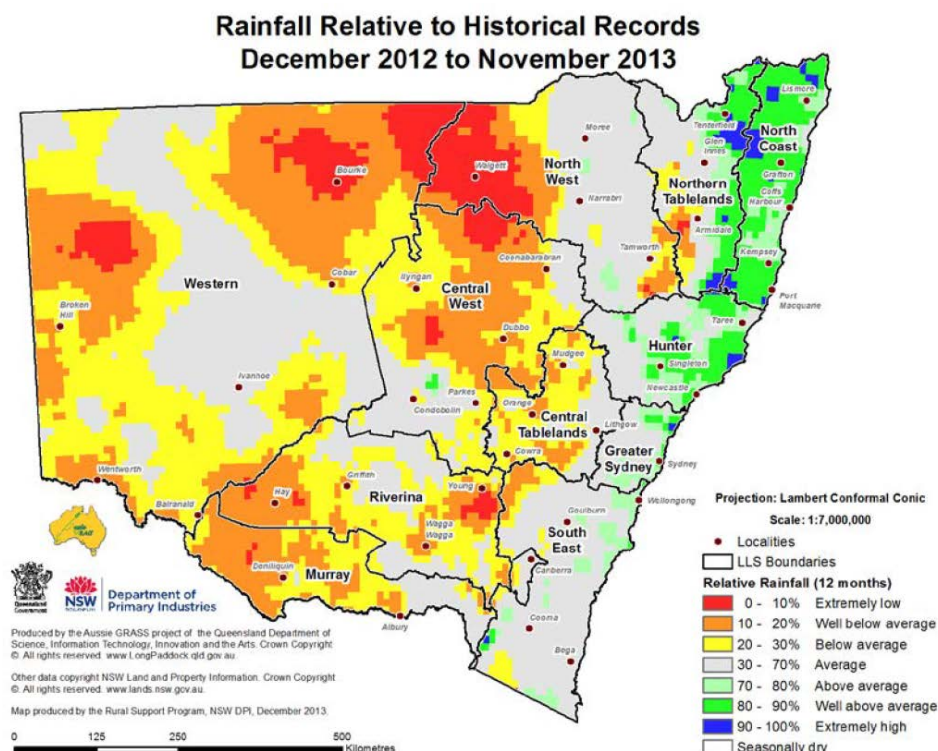
- **Meteorological drought:** a period of months to years when atmospheric conditions result in low rainfall. This can be exacerbated by high temperatures and high evaporation, low humidity and desiccating winds;
- **Agricultural drought:** short-term dryness in the surface soil layers (root-zone) at a critical time in the growing season. The start and end may lag that of a meteorological drought, depending on the preceding soil moisture status;
- **Hydrological drought:** prolonged moisture deficits that affect surface or subsurface water supply, thereby reducing streamflow, groundwater, dam and lake levels. This may persist long after a meteorological drought has ended;
- **Socio-economic drought:** the effect of elements of the above droughts on supply and demand of economic goods and human well-being.⁸

As of 8 February 2013, the NSW Government no longer declares a district to be in drought.⁹ Rather, [Seasonal Conditions Reports](#) are released on a monthly basis to "help landholders manage operations and prepare for worsening seasonal conditions and drought"¹⁰. Indicators contained in each Report include rainfall, temperature, topsoil and subsoil moisture levels, pasture growth, biomass levels, crop production, dam levels and irrigation allocations.

Some of the key findings in the December Report are as follows:

- Relative rainfall for the last 12 months was generally below average to well below average across much of the north west, the central areas of the State and parts of the far west, south west, and central and northern tablelands (Figure 1);
- In November, maximum temperatures across the State averaged 1.1°C above normal, associated with a near-average cloudiness;
- In November, 89% of the State had low modelled topsoil moisture, including the north west of the State, down from 99% in October;
- In November, 52% of the State had low modelled subsoil moisture, the lowest levels of which were in the north west. This is up from 44% in October;
- Relative pasture growth across the State over the last 12 months was below average to extremely low across the north west and areas of the far west; and
- Total water stored in NSW dams fell by 910GL between January and December 2013. This is equivalent to a 5% decline in total capacity. On average, NSW dams are at 76% capacity.¹¹

Figure 1: Relative rainfall – yearly¹²



The [Seasonal Conditions Reports](#) also include short-term rainfall and temperature projections. According to the December Report:

- Over December to February near normal rainfall conditions are likely across most of western and central NSW, with a slightly reduced likelihood across the tablelands and south and central coast; and
- Warmer than normal daytime and overnight temperatures are likely over the December to February period, particularly across the northern and central areas of NSW.¹³

2.2 Climate change and drought

Recent Australian and international research has generally found that climate change may have already led to an increased frequency and/or severity of drought in NSW, and will more than likely continue to do so. According to the Climate Commission, climate change has *possibly* contributed to increased aridity in the southeast of Australia. The most likely cause is a change to the rain-bearing fronts that sweep off the Southern Ocean across southern Australia in the autumn and winter months. The southward shift of these weather patterns over the past several decades is consistent with a warming planet.¹⁴

A 2012 study by the Intergovernmental Panel on Climate Change (IPCC) found that nearly all climate models project a *significant increase* in drought for both southwest and southeast Australia by the end of the century.¹⁵ In 2013, the Climate Commission reported that it is *virtually certain* that the frequency of very hot days and hot periods will increase, which is likely to

exacerbate the severity of drought conditions in the drier parts of Australia.¹⁶

3. Recent policy developments

The 1992 [National Drought Policy](#) (NDP) was based on the principles of self-reliance and risk management. The role of government was to help producers prepare for and remain self-reliant during drought events. In practice, however, NDP *programs* have focused primarily on providing relief to farm households and businesses suffering hardship during severe drought as part of Exceptional Circumstance (EC) declarations. Upon reviewing Australian drought policy in 2009, the Productivity Commission concluded that the EC declaration process is inequitable and unnecessary.¹⁷

Recent Australian drought policy reforms began in 2008, during the 1997-2009 Millennium Drought.¹⁸ These reforms represent a return to the original objectives of the NDP, namely helping farmers focus on risk management and preparedness.¹⁹ As agreed at a Primary Industries Ministerial Forum on 29 February 2008:

... current approaches to drought and exceptional circumstances are no longer the most appropriate in the context of a changing climate. Drought policy must therefore be improved to create an environment of self-reliance and preparedness and encourage the adoption of appropriate climate change management practices.²⁰

Nine reform principles were agreed to at 2008 and 2009 COAG Primary Industries Ministerial Council (PIMC) meetings [and were later incorporated into the 2013 Intergovernmental Agreement – see below]:

1. There should no longer be Exceptional Circumstances (EC) declarations or 'lines on maps'. Instead, governments should focus on addressing the specific needs of farming families, farming businesses and farming communities
2. Acknowledgement that drought is just one of a number of hardships that can adversely impact farmers
3. Recognition of the important role of farmers as the nation's food producers
4. Future farm family welfare assistance should require a level of mutual responsibility
5. For access to the income support system, farming families should have a temporary period of exemption from the normal assets tests for farm assets, but otherwise receive the same access rights as the wider community
6. Government farm business support should assist farming businesses plan and prepare for the future. Farm business support will be based on a willingness by those businesses to prepare for the impacts of drought and climate change
7. The role of farmers in natural resource management and their role in maintaining vibrant rural communities

8. The importance of maintaining and supporting the natural resource base during drought and climate change
9. Government policies and programs should support farming communities to prepare for drought and enhance their long term sustainability and resilience.²¹

As part of the [national review of drought policy](#), the PIMC commissioned three reports focused on the economic, social and climatic dimensions of drought.²² In addition, a [pilot](#) of drought reform measures was jointly conducted by the Commonwealth and Western Australian Governments from July 2010 to June 2012. The measures were directed at helping farmers move from a crisis management approach to risk management. An independent advisory panel [reviewed](#) the pilot in 2011. Together, these reports informed the development of a new drought policy framework that was agreed to in October 2012 and ratified in the 2013 Intergovernmental Agreement on National Drought Program Reform.²³

The Intergovernmental Agreement is due to commence on 1 July 2014. In the interim, the Commonwealth Government continues to make the following measures available:

- [Transitional Farm Family Payments](#);
- The [Farm Management Deposits Scheme](#);
- The [Rural Financial Counselling Service](#) (a joint Commonwealth/NSW program)²⁴; and
- In the event that an area is EC-declared, [EC Relief Payment](#).²⁵

Ongoing NSW programs include:

- The [Rural Support Workers](#) program; and
- Farm resilience/preparedness/extension programs.²⁶

4. The Intergovernmental Agreement

4.1 Intergovernmental Agreement on National Drought Program Reform

On 3 May 2013, the Standing Council on Primary Industries (SCoPI) (which replaced the Primary Industries Ministerial Council in 2012) signed the [Intergovernmental Agreement on National Drought Program Reform](#), which will commence on 1 July 2014. It aims to:

- a. assist farm families and primary producers adapt to and prepare for the impacts of increased climate variability;
- b. encourage farm families and primary producers to adopt self-reliant approaches to manage their business risks;
- c. ensure that farm families in hardship have access to a household support payment that recognises the special circumstances of farmers;
- d. ensure that appropriate social support services are accessible to farm families; and

- e. provide a framework for jurisdictions' responses to needs during periods of drought.

Programs implemented to achieve the objectives of the Agreement are required to be consistent with the nine reform principles listed above. A policy suite of five measures were agreed to (the government with responsibility for implementation of each measure is identified in brackets):

- a. a farm household support payment (Commonwealth);
- b. continued access to Farm Management Deposits (FMDs) and taxation measures (Commonwealth);
- c. a national approach to farm business training (NSW to encourage delivery and uptake of program);
- d. a coordinated, collaborative approach to the provision of social support services (joint Commonwealth/NSW); and
- e. tools and technologies to inform farmer decision making (joint Commonwealth/NSW).

Provision is also made for programs that provide temporary in-drought support. In-drought support measures must comply with another set of principles and processes included in the Agreement, such that the measure should, amongst other things:

- be consistent with principles and complementary to measures already in place;
- occur where there is a clear role for government and deliver a net public benefit;
- encourage good farm business decision-making and facilitate adjustment in the agriculture sector; and
- avoid government being positioned as the business 'lender of last resort'.

According to the Commonwealth Department of Agriculture, parts of the policy package, including the legislation needed for the Farm Household Allowance, will continue to be developed up to the point of introduction on 1 July 2014.²⁷ As of the most recent SCoPI meeting on 6 December 2013, the Commonwealth Government is continuing to prepare for implementation of the policy package by considering assessment processes for farm household support payments.²⁸

4.2 NSW implementation of the Agreement

On 8 February 2013, the NSW Government announced a new approach to drought management that focuses on "supporting farm business preparedness and risk management programs, as well as in-drought measures"²⁹. Three new drought management measures have been introduced under the national drought policy framework:

- Establishment of an independent [Regional Assistance Advisory Committee](#) (RAAC) to provide feedback on the vulnerability of rural communities to climate-related downturns, and advise on potential farm business, farm family and community support programs and initiatives;

- Replacement of the system of State drought declarations with a new [Regional Seasonal Conditions Report](#), which will be a strategic advisory tool; and
- A focus on pre-drought farm business and farm management preparedness and resilience programs.³⁰

The Government envisages the RAAC working closely with the NSW Department of Primary Industries, the [Rural Assistance Authority](#), [Rural Support Workers](#) and the future [Local Land Services](#) to provide localised advice on managing seasonal variability. It has also committed to retaining transport subsidies to assist in specific cases of animal welfare.³¹

On 30 October 2013, the NSW Government announced a drought preparedness and support package for North West NSW. The package included the following measures:

- a new \$20 million Farm Innovation Fund to provide producers with loans at concessional interest rates for in-drought and drought preparedness, replacing the previous Special Conservation Loan scheme;
- \$4.4 million to fund phase three of the Cap and Pipe the Bores program; and
- \$6 million of Commonwealth and NSW Government funding for the Mallowa Creek Water Supply Project, to guarantee stock and water supply for a group of landholders between Moree and Collarenebri.³²

On 20 November 2013, the NSW Government announced an additional in-drought support package for North West NSW. It included:

- up to \$20,000 per producer in the form of a Transport Assistance Reimbursement, back-dated to 1 July 2013;
- up to \$30,000 per producer for Emergency Water Infrastructure Grants, which the Commonwealth Government has indicated it will match;
- additional funding for the Rural Support Worker Program and a drought incident co-ordinator;
- the waiving of Western Lands Lease payments;
- the waiving of Wild Dog Destruction Board rates; and
- Transport Subsidies for Animal Welfare, focused on stock going to sale or slaughter where there is significant risk to animal welfare, which will remain while drought conditions persist.³³

5. Stakeholder commentary

5.1 NSW Farmers' Association

With respect to the NSW Government's policies introduced under the national drought policy framework, the NSW Farmers rural affairs committee chair, Sarah Thompson, stated that she was confident that the replacement of 'drought declarations' with Regional Seasonal Conditions

Reports would work.³⁴ However, the Association President, Fiona Simson, noted that:

... one of the biggest concerns expressed by farmers in the north and west of the state was that with one of the driest Spring's on record and a hot summer, they are experiencing drought conditions yet they had no recognition of this.³⁵

The NSW Farmers also expressed a preference for the amount of transport subsidies available to remain the same as current figures.³⁶

With regard to the Intergovernmental Agreement, the NSW Farmers said more key details were required to understand how it will work 'on the ground'. The NSW Farmers rural affairs committee chair stated that:

The principles being pushed out of preparedness and resilience have been mooted for some time but we haven't yet seen the programs that will build the resilience and self-reliance they're talking about.³⁷

The same article in *The Land* also noted that:

While there was a lot of talk about teaching farmers skills to build their resilience, she [Sarah Thompson] was yet to see any research on what would actually build resilience in the sector.³⁸

5.2 National Farmers' Federation

The National Farmers' Federation released a media statement shortly after the Intergovernmental Agreement was signed in which they called for more detail regarding the five policy measures adopted:

Farmers already knew that these five elements would be available: what they did not know, and what they still do not know, is the framework under which each of these elements will be made available, what eligibility criteria applies, and what in drought support, if any, will be applicable to them, should their farm be consumed by another serious drought.³⁹

An October 2013 media statement observed that no further detail had been forthcoming. Released during a time in which large parts of Queensland, NSW and the Northern Territory were experiencing severe rainfall deficiencies, the statement noted that:

... perhaps even more critically, the reform does not provide any certainty on in-drought business support, but rather a series of principles on which support could be provided if needed.

It does provide the option to ramp up in-drought support if the situation requires, but does not provide a clear framework for this to occur and largely it leaves the decision on in-event measures up to the respective states, meaning farmers are treated differently in each jurisdiction.

Farmers need certainty regarding the drought support available to them – both in preparing for, and surviving, extreme drought conditions – and we urge the new [Federal] Government to finalise their own drought policy or lock in the detail on the existing one.⁴⁰

6. Conclusion

Current drought policy reforms aim to help farmers focus on risk management and preparedness so that they might be self-reliant during drought. The 2013 Intergovernmental Agreement on National Drought Program Reform, due to be implemented on 1 July 2014, sets out a framework to achieve this goal, together with provision for in-drought assistance. However, as argued by several stakeholders, there is not enough detail at present to evaluate how effective the reforms will be in establishing self-reliance.

Perhaps the most significant issue facing governments and farmers alike is the *degree* to which farmers can become self-reliant, given the number of natural disasters to which they may be subject and having regard to predictions that droughts will increase in frequency and severity in NSW. It seems likely that governments will always have to budget for in-drought assistance because of the severity of some droughts and because successive natural disasters sometimes undermine the capacity of farmers to become self-reliant. For example, as reported in *The Land*, farmers in North West NSW have not had time to prepare on this occasion because “they have been hit by a drought, then floods, and now back to drought again”.⁴¹

¹ K Hodgkinson, [NSW Government announces drought preparedness and support package](#), Media Release, 30 October 2013.

² B Joyce, [Extra assistance to support farmers](#), Media Release, 6 November 2013

³ A Stoner and K Hodgkinson, [Additional in-drought support package for North West NSW](#), Media Release, 20 November 2013

⁴ K Hodgkinson, [New drought management measures announced](#), Media Release, 8 February 2013

⁵ A Stoner and K Hodgkinson, [Additional in-drought support package for North West NSW](#), Media Release, 20 November 2013

⁶ ABC News, [State Opposition slams government's approach to drought support in state's North West](#), 9 December 2013

⁷ Bureau of Meteorology, [Climate Glossary: Drought](#), no date [online – accessed 13 December 2013]

⁸ K Hennessy et al., [An assessment of the impact of climate change on the nature and frequency of exceptional climatic events](#), Bureau of Meteorology and CSIRO, July 2008, p.3

⁹ K Hodgkinson, [New drought management measures announced](#), Media Release, 8 February 2013

¹⁰ NSW Department of Primary Industries, [Seasonal Conditions FAQs](#), 6 May 2013 [online – accessed 13 December 2013]

¹¹ Sources: NSW Department of Primary Industries, [NSW Seasonal Conditions Report – December 2013](#), 2013; NSW Office of Water, [State Overview](#), 19 December 2013 [online – accessed 19 December 2013]. Note that these figures do not include the Greater Sydney dams such as Warragamba

¹² *Ibid.*, p.18

¹³ NSW Department of Primary Industries, [NSW Seasonal Conditions Report – December 2013](#), 2013, p.1

¹⁴ Climate Commission, [The Critical Decade: Extreme Weather](#), April 2013

¹⁵ Intergovernmental Panel on Climate Change, [Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation](#), Special Report of the Intergovernmental Panel on Climate Change, C B Field et al (eds), 2012, Cambridge University Press

¹⁶ Climate Commission, [The Critical Decade: Extreme Weather](#), April 2013

¹⁷ Productivity Commission, [Government Drought Support](#), Inquiry Report No. 46, February 2009

- ¹⁸ See for example: South Eastern Australian Climate Initiative, [The Millennium Drought and 2010/11 Floods](#), CSIRO, July 2011
- ¹⁹ As reported by the Productivity Commission, reviews of drought policy in 1997, 2004 and 2006 made similar recommendations. For further reading on this matter, see for example: S Smith, [Drought](#), Briefing Paper No 14/02, 2002; NSW Legislative Assembly Standing Committee on Natural Resources Management, [Better On-Farm Approaches to Salinity and Drought Management: Sustainable and Profitable Farming](#), December 2005; Productivity Commission, [Government Drought Support](#), Inquiry Report No. 46, February 2009, Ch 4
- ²⁰ Commonwealth Department of Agriculture, [Primary Industries Ministerial Forum – 29 February 2008](#), 27 April 2010 [online – accessed 17 December 2013]
- ²¹ Commonwealth Department of Agriculture, [Primary Industries Ministerial Forum – 12 November 2008](#), 3 December 2009 [online – accessed 17 December 2013]; Commonwealth Department of Agriculture, [Primary Industries Ministerial Forum – 13 February 2009](#), 1 March 2010 [online – accessed 17 December 2013];
- ²² Productivity Commission, [Government Drought Support](#), Inquiry Report No. 46, February 2009; Drought Policy Review Expert Social Panel, [It's About People: Changing Perspectives on Dryness, A Report to Government by an Expert Social Panel](#), 2008; K Hennessy et al, [An Assessment of the Impact of Climate Change on the Nature and Frequency of Exceptional Climatic Events](#), Bureau of Meteorology and CSIRO, July 2008.
- ²³ Commonwealth Department of Agriculture, [National Drought Program Reform](#), 14 May 2013 [online – accessed 17 December 2013]. The policy framework was agreed to at the 26 October 2012 [meeting](#) of the Standing Council on Primary Industries (which replaced the Primary Industries Ministerial Council)
- ²⁴ See also: NSW Rural Assistance Authority, [NSW Rural Financial Counselling Service](#), no date [online – accessed 17 December 2013]
- ²⁵ Commonwealth Department of Agriculture, [National Drought Program Reform](#), 14 May 2013 [online – accessed 17 December 2013]. Note that some of these programs were boosted by the Commonwealth Farm Finance package, announced on 27 April 2013. The package consisted of four parts: concessional loans to help restructure debt and invest in productivity; extra rural financial counsellors to work directly with farm businesses; progressing a nationally consistent approach to debt mediation across the country; and enhancing the Farm Management Deposits Scheme – Wayne Swan, [Fairer Finance for Aussie Farmers](#), Media Release, 27 April 2013. See also: Department of Agriculture, [Farm Finance](#), 4 December 2013 [online – accessed 17 December 2013]
- ²⁶ NSW Department of Primary Industries, [Seasonal Conditions FAQs](#), 6 May 2013 [online – accessed 17 December 2013]
- ²⁷ Commonwealth Department of Agriculture, [National Drought Program Reform](#), 14 May 2013 [online – accessed 17 December 2013]
- ²⁸ Standing Council on Primary Industries, [SCoPI 4 communique](#), 6 December 2013 [online – accessed 17 December 2013]
- ²⁹ K Hodgkinson, [New drought management measures announced](#), Media Release, 8 February 2013
- ³⁰ NSW Department of Primary Industries, [A new approach to drought management](#), no date [online – accessed 17 December 2013]
- ³¹ K Hodgkinson, [New drought management measures announced](#), Media Release, 8 February 2013
- ³² K Hodgkinson, [NSW Government announces drought preparedness and support package](#), Media Release, 30 October 2013.
- ³³ A Stoner and K Hodgkinson, [Additional in-drought support package for North West NSW](#), Media Release, 20 November 2013
- ³⁴ *The Land*, [Drought declarations set to disappear](#), 14 February 2013
- ³⁵ NSW Farmers, [NSW Farmers to sit on regional assistance committee](#), Media Release, 8 February 2013
- ³⁶ *The Land*, [NSW drought policy first away](#), 14 February 2013
- ³⁷ *The Land*, [Farmers still in the dark on drought plan](#), 9 May 2013
- ³⁸ *Ibid.*
- ³⁹ National Farmers' Federation, [No certainty: Farmers still in the dark on drought](#), Media Release, 3 May 2013

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- ⁴⁰ National Farmers' Federation, [*Drought tightens its grip, but drought policy still on the loose*](#), 11 October 2013
- ⁴¹ *The Land*, [*Farmers lack time to prepare*](#), 31 October 2013

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