The Australian Drought Policy Review

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Australia’s National Drought Policy

- Current Review
- Botterill/Chapman submission
- The Productivity Commission’s Draft Recommendations
- Implications
- The way forward
Current Review

- Original 1992 NDP
  - Origins
  - Principles
- The NDP as implemented
  - Problems and challenges
- The 2008 review
  - BoM/CSIRO Report
  - Expert Panel on the Social Impacts of Drought
  - The Productivity Commission Report
End exceptional circumstances declarations

Inquiry into farm poverty

Remove farm welfare from drought policy

Abolish exit grants

Retain Farm Management Deposits

Introduce income contingent loans
Productivity Commission’s Draft Recommendations

- Refocus policy on adaptation, adjustment and self-reliant approaches to risk management
- The end of exceptional circumstances
  - Declarations, interest rate subsidies and relief payments
- The end of transaction based subsidies
- Funding for R&D
Productivity Commission’s Draft Recommendations

- Review of the role of Rural Financial Counsellors
- Revise programs for farm training and advice
- Retention of the Farm Management Deposits Scheme
- Introduce new temporary farm income support program
Implications

- Transitional arrangements
- Cultural issues
- Avoiding *ad hoc* responses
- Evidence-based policy and farm welfare
The Way Forward

- Income contingent loans and Farm Management Deposits
  - Income smoothing and risk management
  - Default protection
- Inquiry into farm poverty