Drought hits ageing farmers, poor performing farms hardest

June 27 2017, by David Ellis

Older farmers and those whose farms are high in debt with lower rates of return are more likely to intend to quit farming during times of water scarcity when the property market is more depressed, according to new research from the University of Adelaide.

The research, from the University's Centre for Global Food and Resources, will be presented at The Goyder Institute for Water Research 2017 Water Forum, to be held in Adelaide on July 4-5.

Around 200 delegates across industry, government and academia are expected to attend the event, which will showcase South Australia's world-leading water research and expertise.

The University of Adelaide's Associate Professor Sarah Wheeler will present her paper on the impact of drought and water scarcity on irrigator farm exit intentions in the southern Murray-Darling Basin.

Her research used detailed irrigator farm survey data from the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) spanning 2006-2013.

"We've seen that during drought years, there are a range of key factors that increase farmers' decisions to exit their farms," Associate Professor Wheeler says.

"These include: being older, receiving lower winter rainfall, having sold

their water entitlements in the past, and being in a worse financial state – higher debts and a lower rate of farm return.

"Geographical issues and the type of farming also seem to play a role, with farmers in the New South Wales Murraylands more likely to exit, and horticulture and dairy farmers more likely to leave than broadacre farmers. Horticulture itself is the most impacted by water scarcity issues," she says.

During non-drought years, the key factors increasing decisions to exit farms include:

- Receiving less water allocations percentage in the past five years
- Having sold water entitlements in the past
- Being closer to a town (with at least 5000 population).

"Drought and future water scarcity in the Murray-Darling Basin will continue to restructure the irrigation industry in the coming decades," Associate Professor Wheeler says.

"We hope our research will provide insights that can assist in policy-making, for the benefit of farmers and Australian agriculture more broadly," she says.

Provided by University of Adelaide

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