

Severe drought threatens new recession in New Zealand

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The entire North Island of New Zealand has been declared a drought zone, after the summer months saw only one third to a half of normal rainfall. The drought is the worst to hit the country in 70 years.

Primary Industries Minister in the National Party-led government, Nathan Guy, made the announcement on March 15, saying it was recognition that “farmers across the North Island are facing extremely difficult conditions”. Drought had already been declared in February in Northland, followed earlier this month by South Auckland, Waikato, Bay of Plenty and Hawke's Bay. Farmers on the West Coast last week became the first on the South Island to ask for drought assistance.

The government's drought declaration offers farmers a meagre package of financial assistance, including more flexibility in tax payments, provisions for those in extreme hardship to get the equivalent of an unemployment benefit, and making some funds available to Rural Trusts to help stressed residents. Most farmers deride the measures, saying they only help those that are all but destitute.

Farmers from the Manawatu and Rangitikei hill country complained that the formal announcement took too long to come. Manawatu/Rangitikei meat and fibre chairman Fraser Gordon, who has been farming since the 1970s, told the *Manawatu Standard* that the dry conditions were the worst in his lifetime: “We should have been called three weeks ago. To me, it's the biggest drought since 1947.”

Extreme global weather events are increasing in frequency around the world. Australia's summer saw a record-breaking heatwave that lasted more than two weeks across many parts of the country. Temperatures went above 48°C. According to a report by the Australian government's Climate Commission, global warming was directly linked to these events. The

commission noted it was the hottest summer in more than a century of records, capped by the nation's longest and most extreme heatwave. The Intergovernmental Panel on Climate Change (IPCC), meeting in Hobart in January, also noted that it was part of a warming trend around the world.

In New Zealand, the dry conditions are having a dire effect on the country's agricultural-dependent economy. It is the fifth-driest summer for North Canterbury since 1940, and access to river-fed irrigation for some farmers in the Oxford area was cut off a month ago. In Waipukurau, it effectively stopped raining last August, producing desert-like conditions. Rain in some areas over last weekend did not come near the 100mm needed to put an end to the drought and was hardly enough, according to the *Dominion Post*, to “settle the dust”.

The likely cost to the average dairy farmer in the rich Waikato pastoral region is \$100,000 to \$150,000 in income this season. Many farmers have been forced to sell off stock, at extremely unfavourable prices, because they cannot feed them. Others are struggling to cope as dams dry out, leaving farmers short of stock water, with some trucking in water each day to fill troughs. Some dairy farmers have moved to once-a-day milking of their cows, instead of two, with a 20 percent loss of production. Many will stop milking altogether next month.

Tararua farmer Garth Coleman told the *Dominion Post*: “It's depressing looking at your paddocks, which are brown and have no grass, and your stock, wondering what exactly they're eating.” Climate scientist Jim Salinger said that if consistent rain did not come before May the “damage will already be done” for winter.

The dairy industry is the country's largest source of

export revenue, valued at about \$12 billion and comprising more than a third of the total international dairy trade. World milk prices are rising as a result of the drought. According to industry website GlobalDairyTrade, whole milk powder is now almost 50 percent more expensive than a month ago.

New Zealand Finance Minister Bill English said the cost of the drought is now headed toward \$NZ2 billion. He refused to rule out that it could tip the fragile economy back into recession. English insisted, however, this would not derail the government's intention of returning a budget surplus by 2014-15. This will likely be achieved by deeper government cuts. Treasury warned recently that shaving just 0.5 percent off economic growth for the next five years would see core government revenue cut by \$7.9 billion, leading to higher debt. Speaking on Radio NZ on 11 March, English warned that taxpayer relief to farmers could well become "unsustainable" in future if droughts get worse.

Dairy NZ estimates that by the end of March, milk production for 2013 will have been reduced by 260 million litres. Prices for basic foodstuffs such as milk and meat are set to sharply rise. Urban areas have also suffered an impact, with water restrictions in place over most of the North Island. Water supply for the country's capital city, Wellington, was described late last week as at "crisis" levels, with less than 20 days of water left. Almost all the available water in the region's rivers has been exhausted, forcing the regional council to invoke emergency measures. A council spokesman predicted that without any significant rain in another three weeks "the cupboard will be bare".

In response to a series of increasingly severe droughts in 2007, 2008 and 2010, governments have done little to prepare for future disasters. Data released last week by the government climate science agency NIWA showed that drought will become more intense and more frequent in the next 30 years. Climate scientists have warned it could mean the end of farming in New Zealand as it is currently known.

Victoria University scientist James Renwick told the *Dominion Post* that the risk of drought will increase by 10 percent by 2040, and will double in duration to more than two months per year. "Drought is likely to become the 'new normal' in some parts of eastern and northern New Zealand," he concluded.



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