Weathering the storms of drought: Reconceptualising drought risk management by Australian wheat farmers

By

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QUANTITATIVE RESULTS

All Shires 5th Percentile Capped Optimized Contract

- Risk pooled over 1 year
- Risk pooled over 5 years
- Risk pooled over 2 years
- Risk pooled over 10 years

Probability of loss ratio

0.2 0.4 0.6 0.8 1

0 2 4 6 8 10

Profits Losses

Loss ratio

Both states Western Australia Queensland

CONSTANT 5TH PERCENTILE

CONSTANT 95TH PERCENTILE

VARIABLE 5TH PERCENTILE

VARIABLE 95TH PERCENTILE

Rainfall percentiles

0-5 Severe deficiency
5-10 Extremely low
10-20 Well below average
20-30 Below average
30-70 Average
70-80 Above average
80-90 Well above average
90-100 Extremely high

Wheat/sheep zone
QUALITATIVE RESULTS

Farmers are not valued in Australia. We need subsidy so we can be on level ground with other countries.

The best form of subsidy is tax incentives.

It is not in our DNA to pay taxes. We spend one dollar to save thirty cents.

I think insurance is the fairest way to manage agricultural risk because farmers will contribute.

Interest rate is a fairly large component of the farming business and we are not making profit.

I don’t know about weather insurance.