

SECTION ONE - WHAT'S HAPPENING TO RURAL AUSTRALIA?

The purpose of this section is to provide a descriptive snap shot of rural Australia and rural communities.

WHAT CONSTITUTES A RURAL COMMUNITY?

One of the difficulties in writing about rural Australia is the diversity amongst writers and researchers about what is defined as rural. The vastness of the Australian continent means many different regions with different climate, landscape, strengths and weaknesses. Some rural communities are thriving, particularly a number of coastal towns which have grown in response to increases in tourism and leisure activities. Larger regional centres have also benefited from improvements in mobility and the rationalisation of services.

Defining what is a 'rural community' is by no means straightforward (ACSWC, 1992, pp.11-15). Definitions need to be broad enough to encompass a wide range of communities which can be very diverse in their economic base and social systems, whilst comprising certain qualities which differentiate them from urban communities. Agricultural activities, along with other primary industries such as mining, forestry and fishing are still crucial to the welfare of many country communities and even regional service centres. However, the dependence of rural towns on agriculture in particular has been declining as the position of agriculture itself has been declining.

For the 1996 census, the Australian Bureau of Statistics used the following classifications: an urban centre is a population is a cluster of 1,000 or more people. A locality is a population cluster between 200 to 999 people. People living in urban centres are classified as urban for statistical purposes - while those in localities are classified as rural.

Localities are to be delimited as follows:

- All population clusters of less than 1,000 population and whose population is expected to reach 200 by the next census are to be examined for boundary delineation, with the following criteria:
 - contain non-farm population of at least 200 people but not more than 999 by the next census;
 - have a minimum of 40 occupied non-farm dwellings with a discernible urban street pattern; and
 - have a discernible nucleus of population.

The OECD has embarked on a process to define 'rural' as a means of making international comparisons on the economic, social and environmental conditions of rural communities around

the world. Their initial work in this area largely relates to population density and employment opportunities (Dax, 1996, p.3).

For the purposes of this paper, 'rural' includes those localities which are engaged in and/or supporting primary production. However, as many commentators have noted, the farming sector has been in decline over recent years and this has been accompanied by the growth of in other uses of the land. *It is a corridor for growing interstate trade, and the locus for recreation and tourism, retirement, telecommuting, hobby farming, environmental conservation, and the development of secondary and tertiary industries that have only tenuous links with primary activities. And, to Aborigines, rural areas tend to serve a cultural and spiritual function rather than a commercial use* (Epps & Sorensen, 1993, p.2). Many of these towns remain as service centres to primary producers, and as such should be included in a broad definition of 'rural'.

INDICATORS THAT RURAL COMMUNITIES ARE HURTING

The place of 'rural' in Australian society has always been an issue of contention. Whilst the images of country men and women have been in the forefront of our cultural identity, the divide between urban and rural has remained a hindrance to comprehensive rural policy development.

The sense of a 'crisis in the bush' became a public concern in the 1980s largely as a result of the extended period of drought. Emotive scenes of families being forced off their farms by the banks and calls for the urban community to help children in the bush at Christmas time, raised the general awareness of the struggles many rural people were facing. Social researchers have established that rural regions contain Australia's most disadvantaged populations.

Restructuring of the Australian agricultural sector to meet the demands of the globalised marketplace has impacted heavily on the viability of rural communities. Lawrence and Williams (1990) have identified a vicious cycle in rural communities which they have termed a 'dynamic of decline'. This decline related to the progressive loss of population, services and political power from these communities. Factors which have led to this decline include the deteriorating terms of trade for Australian farmers, combined with the increasing use of on-farm technologies, removal of farm subsidies and farm amalgamation. A fall in the on-farm labour force has resulted in substantial population losses in those rural communities where agriculture is the dominant industry. Such loss has often been accompanied by a withdrawal of public and private services to larger centres, thereby creating further disadvantage.

While there is a lack of data on social indicators in rural communities, the following information indicates that some rural communities are struggling in comparison to urban counterparts.

In 1992, the Australian Bureau of Statistics released figures which highlighted the ongoing decline in rural populations around Australia (See ACSWC, 1992, p.17). This trend has continued in many rural communities.

Income

Table One: Comparisons of Rural Statistical Divisions with Sydney Statistical Division for Median Household and Individual Income per week.

Statistical Division	Median Household Income (\$ per week)	Median Individual Income (\$ per week)
North Western	498	246
Northern District	503	242
Far West	435	204
Central West	545	260
Murrumbidgee	571	280
South Eastern	536	285
Murray	529	263
Hunter	562	249
Illawarra	565	248
Sydney	760	342
Australia	635	293

(Source: 1996 Census of Population and Housing - Australian Bureau of Statistics)

Table One outlines the differences in median income between the various Statistical Divisions in NSW. The majority of predominantly rural districts have lower incomes than those which are primarily urban (the Sydney district being the most outstanding). This difference is greater in those districts which are more remote such as the Far West, North Western and Northern districts.

Health

Research suggests that the general health of rural people is, by urban standards, very poor. Rural populations have above average rates of premature mortality and death through heart disease, cancer, suicide and tuberculosis. Poverty and the associated family problems which arise from income deprivation are higher in rural than urban areas. The health status of Aborigines is disgraceful. Aborigines have a mortality rate over four times that for non-Aboriginal people and life expectancy is about 20 years lower.

Data from the Australian Institute of Health and Welfare show that *non-metropolitan residents experience significantly higher mortality than metropolitan residents*; and that non-metropolitan residents have higher death rates for all major causes of death, except for cancers and mental disorders. The most significant differences include those for pneumonia and influenza, traffic accidents, diabetes (the incidence of which is higher for non-metropolitan women only),

cerebrovascular disease and ischaemic heart disease. (Sydney Morning Herald, 8 October 1997, p.10)

Related to these findings is the general lack of medical services in rural communities. A recent Australian Institute of Health and Welfare survey indicated that rural doctors made up only 16 per cent of the medical workforce, even though around a third of the population live in the bush. Metropolitan residents are serviced by 325 doctors per 100,000 people compared with only 142 per 100,000 people in rural areas (Northern Daily Leader, 26 July 1997, p.1).

The recent evaluation of the Rural Communities Access Program also found that stress related problems are on the increase. Rural health workers reported increased substance abuse; low morale and depression; and long hours of work that lead to greater risk of accidents and withdrawal from community activities and involvement. With the closure of support services and the difficulty of accessing medical services, families have less access to help (1997, p.7).

Recent suicide figures are also of grave concern. Statistics showing the differences between suicide deaths in urban and rural areas have been available since 1986. These data indicate that, as a population group, males living in rural areas have a consistently higher rate of suicide than their urban counterparts in every year for which data is currently available. This difference is even greater among males 15 to 24 years of age with 37.7 suicide deaths per 100,000 in rural areas in 1992 compared with 24.7 per 100,000 in urban areas. (Commonwealth Department of Human Services and Health, 1995, p.14)

Unemployment

Unemployment has also hit rural and regional areas more severely than the capital cities. Between mid-1996 and mid-1997, each mainland State had experienced the same jobless phenomenon: the labour market has deteriorated more drastically outside the capitals. The average unemployment rates in rural and provincial areas of New South Wales, Victoria and Queensland has accelerated away from unemployment rates in Sydney, Melbourne and Brisbane.

The August 1997 figures indicated that there was a 0.3 percentage points lift in unemployment in Melbourne but a 1.5 percentage increase in the rest of Victoria. The majority of non-metropolitan centres in the three most populous States are now experiencing unemployment rates in excess of 10 per cent while the national average rate is around 8.5 per cent, according to official figures.

CHANGES IN AGRICULTURE

Globalisation

Many of the challenges facing rural communities stem from the changing structure of agricultural activity. The 'restructuring' of farms is viewed as a necessary response to shifts in the economic forces shaping society. The current decade has seen an unprecedented move to deregulated agriculture around the world as part of the globalisation of the world economy.

The reality of this restructuring for Australian farmers is a decline in the number of farms and a reducing income. The number of farms in Australia has reduced by 32,000 over the last forty

years (*News Weekly*, 24 April, 1993, p.18). In 1960, agricultural production represented 12 per cent of Australia's gross domestic product. Now it represents about three per cent (Ruthven 1997). The real gross value of production per farm unit has been maintained and the total area under cultivation and improved pasture has been steadily increasing over this period (DPIE, 1995, p.10). Thus, there are less farms, and the remaining ones are getting bigger in order to remain competitive. These farms have been producing more but the worth of those products on the world market has decreased.

According to Lawrence (1993, p.332),

Agriculture is experiencing terms of trade decline. Despite suggestions that wheat producers may be doing well or that prices for wool are improving, or that there is an increasing demand for fresh vegetables in the Asia-Pacific, there are serious unrelenting pressures upon Australia's agricultural industries. The prices paid by farmers for the inputs to agriculture are increasing at a faster rate than the prices which overseas and domestic consumers are prepared to pay for the products of agriculture.

In responding to these problems, farmers have been required to become more efficient, to improve their farming techniques, to diversify their products, to increase the use of technology, to investigate value adding options and to reduce costs generally. Many farmers are also seeking off-farm work to supplement their income. In Australia today about one third of farms are at least partly sustained through off farm income. This figure rises dramatically when commodity price slumps ensure that income from agriculture will remain low for lengthy periods. In one recent survey some 70 percent of Australian farms had members working off the farm (Lawrence 1993, Gray, Lawrence and Dunn, 1993).

In the globalised economy Australian farmers are not competing on a level playing field. Australia's competitors including the European Union (EU) and the United States (US) support their exporters and rural populations through subsidisation, bonuses and incentives. Lawrence (1996, p.334) estimates that Australian producers lose about \$2 billion per year in sales as a result of the US and EC agricultural policies. He argues that the formation of the World Trade Organisation (WTO), 1994 as a global free-trade regulating body, may help to roll back the advantages currently enjoyed by Australia's competitors, however, this may not assist Australian farmers greatly as efficiency and productivity increases are being forced upon all commercial producers throughout the world. And virtually all producers have access to the products which will help to make them more efficient. (Lawrence 1996 p. 334)

While Australia is committed to a level playing in field in terms of global trade, this is not the case amongst our main competitors. Watts and Goodman (1997, p.9) highlight that the questions of competition, shifting terms of trade for agriculture and subsidies are politically central in debates over the European Union, the General Agreement of Tariffs and Trade (GATT) and the neo-liberal reforms sweeping through the Third World. There has been a reluctant introduction of agriculture into the GATT/WTO trade liberalisation agreement, with a number of safeguards in place and a strong battle being fought by Western European farmers against a further erosion of the postwar agricultural settlement.

As Watts and Goodman state

All of which is to say that if agrarian restructuring has taken on global dimensions, it is riddled with unevenness and inequalities. The changing basis and forms of capitalist competition constitute both cause and effect in the dialectics of globalisation, but political economic change at the regional and local level is mediated by inherited structures, creating complex patterns, spatially and temporally differentiated.

Australian farmers are being disadvantaged by this unevenness in trade liberalisation.

Climate and Environment

The further pressure faced by many Australian farmers as a result of climatic problems, particularly drought. Australia has the lowest level of rainfall of any continent. Approximately 30 per cent of the continent is either arid or semi-arid, receiving an average of less than 200 mm of rainfall per annum. Another 50 per cent receives no more than 300mm. Only 11 per cent of the continent has what is considered to be rainfall levels suited to agriculture (Lester 1994).

There has been a shift in the approach to drought policy over recent years. Rather than being seen as a natural disaster, the focus now is on managing the risk of drought as one of the risks associated with primary production. This change is accompanying substantial alteration to government policies and programs related to drought in rural Australia. These changes were initiated by the Drought Policy Review Task Force in 1990. The Task Force argued that drought should be treated like any other business risk, suggesting that farmers be more self-reliant and incorporate risk management practices. This places greater responsibility for reaction to variable weather conditions with farmers (Gray, Stehlik and Lawrence, 1997, p.2).

Another relatively recent shift in agricultural policy has been the focus on land care. Environmental problems threaten farm productivity. Large areas of Australia suffer from land degradation. Australia's soils are thin, lack nutrients and are easily eroded. They also suffer salination, acidity and loss of structure as a result of a long history of productivism (*op cit.*, p.1).

The most significant response to these environmental concerns has been the Landcare Program which links agricultural production and resource management. The aim of this movement is to develop systems that are both profitable and protect the resource base, that is, that link conservation and production. Landcare operates at a community level and aims to involve the entire community in managing change in a way that protects the environmental, economic and social integrity of their area (Alexander 1995, p.55).

RURAL TOWNS

The decline in the fortunes of agriculture is reflected in the condition of rural towns. According to Lawrence (1993, p.335), of the 37 economically poorest electorates in

Australia, some 33 are located in rural regions. Rural regions have fewer job opportunities for workers. Often towns will be dominated by a single industry or company and will not have the diversity of work options to attract a diverse and skilled workforce. Unemployment is often higher in rural regions.

Some of the impacts of structural adjustment on farms over the long term have been manifested in rural communities. Richard Stayner (1995, p.54) argues that structural changes in other primary industries represented in rural areas, such as mining and forestry, have also had an effect on some rural centres. But that these communities have also been changing as a result of forces quite unconnected with the changes in the primary sector. Technological and other changes in manufacturing, retailing, transport, communications, and other service industries have also contributed to changes in the spatial distribution of population, economic and social activity in rural areas. Stayner believes this indicates that rural areas are highly developed and do not in general fit the stereotype of decline as portrayed in the media at times of severe cyclical stress in the farm sector.

Government reports have shown that, in relation to access to social services, people living in communities of between 5,000 and 10,000 face what they describe as 'considerable' disadvantage, while those living in communities of below 5,000 people face 'extreme' disadvantage. Those living in isolated areas are especially affected. They face a 'lack of information' about what is available; the absence or inaccessibility of many services; poorer quality services; higher costs associated with accessing services; inappropriate urban service and funding models and poorly motivated staff. (Lawrence 1993, p.335)

Micro-economic reform which has been underpinning policy development at all levels of government in Australia, has had a huge impact on rural communities. As governments seek to use their resources more efficiently they cut costs by closing services such as schools and hospitals which are deemed unviable as they do not have enough students or clients to justify their existence in monetary terms. This becomes a vicious cycle as rural populations are declining, which results in the closure of services, which in turn makes it difficult to attract new populations.

The recent review of the Rural Communities Access Program found that in rural towns there is a general lack of services for farmers and small businesses, due to rationalisation and regionalisation. Regionalisation of services in many areas has increased the need for STD telephone calls that may involve considerable waiting time and shuffling between operators. Visiting services may only go to larger centres, and the withdrawal of banks has had negative impacts on local businesses, since rural families tend to shop where the bank is, to avoid duplicating travel time and cost.

The recent announcement of the proposed full privatisation of Telstra has been met with some concern by a number of politicians representing rural constituents. Their concern is related to the quality of, and access to, telecommunications services in the bush under a fully privatised system. The Commonwealth Government is proposing to address this concern by enforcing large fines to service providers who do not meet the customer service guarantee. Many rural residents are yet to be convinced of the benefit to them of a fully

privatised telecommunications service.

Withdrawal of government services has also resulted in fewer opportunities for rural women who are traditionally employed in schools, hospitals and government services. Continued withdrawal of services has resulted in a general feeling of isolation and neglect. Furthermore, shrinkage of services is not necessarily limited to 'declining' towns. Even centres experiencing growth are being affected by changes in the nature of service provision (Rural Division, 1997, p.6)

Declining populations, reductions in services and agricultural restructuring have left many rural communities feeling abandoned and vulnerable. A recent Community Audit undertaken by the People Together Project in Victoria highlighted the extent of concern in rural communities. As stated in the Audit (1997, p.71),

The country way of life is being threatened by an onslaught of service closures and a loss of industry and employment. When services are closed or workers retrenched, the entire community is affected. The audits exposed that country people feel angry, and deserted by all level of government. They are beginning to question the benefits of country living; they are uncertain that their communities can survive.

There seems to be a pattern emerging in the inland regions - with a decline in population being matched by a decline in services. How might we explain some of these developments? Is the further decline of much of rural Australia 'inevitable'? What is and what should be the role of government in supporting or in halting these shifts?

SECTION TWO - TOWARDS A NEW RURAL POLICY FRAMEWORK

RURAL DEVELOPMENT POLICY

Much of the change in the construction of rural communities is as a result of the changing environment of government policy formation. This formation has been based on the theory of economic rationalism which has informed policy formation at all levels of government. According to this theory the only way to achieve greater economic growth in the long term in a global economy is to become more efficient in our use of resources so that our goods and services will be cheaper and better than those produced in other countries and therefore there will be more demand for them both home and abroad.

Greater economic growth under this theory is achieved through both macro and micro economic reform. Macro economic reform includes developing a favourable investment climate for business. Such conditions include: low inflation, low cost of capital, low business, government and consumer debt, an appropriately priced currency, steady economic expansion and moderate taxation. Policy in this area is largely the responsibility of the Commonwealth. At a recent conference on rural issues, the Deputy Prime Minister, Mr Tim Fischer acknowledged this role, and stated that 'getting the macros right' should be the primary focus of Commonwealth policy. (Rural Australia: Towards 2000 Conference)

Micro-economic reform involves the establishment of a level playing field through the reduction of state support to industry, including agriculture. It is a response to the perceived need to create competition in service delivery (in order to give people the incentive to be more efficient) and for government to become more efficient. Thus micro-economic reform has resulted in cutting the costs of, or even closing, hospitals and schools which do not provide good value for money because they do not have enough students or clients to make it financially viable.

Rural development issues have largely remained off the public policy agenda of the Commonwealth Government. This argument was clearly articulated by Sher and Sher (1990) in the influential article, *Beyond the Conventional Wisdom: Rural Development as if Australia's Rural People Mattered*. They argue that there has been little interest by the Commonwealth Government in an integrated development policy for rural Australia incorporating both economic and social concerns. At the Commonwealth (as well as State) level, rural development programs have frequently been aimed towards specific industries - particularly agriculture - taking either the form of subsidies or tax incentives. The majority of residents who earn their living from something other than farming have largely been ignored (Higgins 1997, p.2).

According to Higgins (1997, p.2), the gradual decline in government assistance to agricultural industries, combined with the loss of rural population and services, made

Australian governments recognise that rural regions face problems which concern not only farm families but those not living on farms. The Commonwealth Government's Statement on Rural and Regional Australia (1989) marked a major turning point in this respect for rural and regional Australia, and the need to have policies which addressed such diversity (Kingma, Zanderigo and Moxham 1995).

Responsibility for policy development relating rural Australia is a jointly shared between the Commonwealth and the State Governments. While the State Governments have constitutional responsibility for agriculture, the Commonwealth is active in this area in relation to its responsibility in macroeconomic, trade and welfare policies which impact on and interact with other rural policy. Policy development specifically focussed on rural Australia is the responsibility of the Commonwealth Department of Primary Industries and Energy (DPIE).

In spite of a greater recognition of rural communities in recent policy statements, the focus of the Commonwealth's policy directions remains largely agricultural industry rather than rural communities. Rural communities are considered in the context of primary industry. The media statement from the Minister for Primary Industries and Energy on the 1997/98 Budget included the following statement: *Despite continuing constraints on Government spending, this Budget shows we are strongly committed to rebuilding Australia's primary industries and the rural and regional communities they support.*

The Government sees the health of rural communities as dependent mainly on 'getting the fundamentals right' in terms of efficient operation of the markets. It recognises that major rural industries face risky economic and bio-physical environments. The policy prescriptions, therefore, are about encouraging self reliance and adaptiveness on the part of individual farm businesses and communities.

The key policy directions which promote this self reliance can be seen in the Rural Adjustment Scheme and the Rural Communities Access Program.

Farm Adjustment became a key policy initiative of the Commonwealth Government in response to the greater exposure of industry to the impact of international trade.

According to Stayner (1996, p.167), Farm Adjustment gains prominence in public discussion at times when the farm sector is experiencing severe or widespread reductions in farm incomes. For example, when droughts, slumps in commodity prices and/or high interest rates are exerting more than the usual pressure on farm families, attention is drawn to whether there are things that Government can and ought to do to reduce the damage of events that are seen as transitory.

Adjustment is concerned with ensuring industries of all kinds are able to respond to changing circumstances. It is considered vital for farmers to structure their business in such a way that they are able to adjust to variability in the economy, the environment and technological change.

The main Commonwealth Government vehicle for facilitating structural adjustment within the farm sector has been the Rural Adjustment Scheme. In 1992, the Federal and State Governments agreed to the implementation of a new Rural Adjustment Scheme (known as RAS '92) with greater emphasis on providing support to the adjustment process. This scheme was based on the objective of promoting improved profitability, productivity and sustainability in the rural sector. The key components of this package were:

- short-term interest rate subsidies for the purpose of productivity improvement
- grants to upgrade farm business and property management skills; and
- grants to help farm families on unviable farms leave in offer to re-establish elsewhere.

RAS '92 was also used as a key instrument for the delivery of exceptional drought assistance.

In September 1996, the Minister for Primary Industries and Energy announced a review of this scheme. The result of this review was published in May 1997. The review found that while RAS '92 assisted some farm businesses on a short-term basis through the RAS interest rate subsidy, the scheme had not had a significant positive impact on the adjustment process and had not met the goal of fostering the development of a profitable and competitive farm sector.

Another key policy initiative for rural Australia is the Rural Communities Access Program (RCAP). This program consists of six components administered by DPIE. The program was established in 1994 with the aim of *assisting people living in rural and remote Australia to access services and information by empowering rural communities to develop innovative solutions* (Rural Division 1997, p. 9). The various components of the program seek to promote the sustainability of rural communities by offering advice or information to rural dwellers. Included in these components is the Rural Counselling Program which has a high profile and acceptance within rural communities. The Rural Community Access Program is designed to assist rural communities to respond to the changing nature of economic development through access to information and advice.

The RCAP was subject to a review process in 1996. The findings of the review were released in May 1997. The principal finding was that the Rural Communities Access Program was an efficient and effective program which met a strong felt and ongoing need for assistance for rural Australians to access information and services (*op.cit.*, p.vii).

The most recent policy directions of the Commonwealth Government are contained in the document *Agriculture - Advancing Australia* which was launched by the Prime Minister and the Minister for Primary Industries and Energy in September 1997. The following statement made in the announcement of that package emphasises the main thrust of government rural policy:

Over the past year, a series of reviews of existing government policies and programs have been conducted. The reviews have covered rural adjustment, drought policy, farm family welfare, the role of women in agriculture and rural community development. They have provided a clear direction for future rural policy - a direction

that will see the Government working closely with the people of rural Australia, drawing on their knowledge, experience and determination to achieve a change in national focus from the 'family farm' to the 'family farm business'.

The new package largely reconfigures the previous programs into one package, however it does not substantially shift the focus of policy from supporting rural communities through focussing on primary industry. The use of the term 'family farm business' is a clear indication of the economic underpinnings of current rural policy development.

A number of commentators have been critical of the policy directions inherent in these packages.

According to Richard Stayner (1996), the focus of rural adjustment on economic activity is limited in its effectiveness. He believes farm adjustment policy has usually been discussed within an economic framework. In that framework farmers are assumed to be motivated mainly by economic objectives, and adjustment is seen as the process by which they respond to the changing environment in various ways. The economic framework stresses that a responsive farm sector constantly striving for economic efficiencies is essential to maximising national economic growth.

This framework, however, is insufficient for understanding the actual behaviour of farmers, and therefore for developing adjustment policies. Neither farmers, nor the wider community, nor governments apparently view farming as a purely economic pursuit, despite the stated economic rationale for farm adjustment policy. Stayner argues that if there are other rationales or beliefs about the nature of farming, then they should be made explicit, so that they might be openly tested and, if valid, factored into adjustment policy.

Sher and Sher (1994) support the assistance to farmers through the Rural Adjustment Scheme, however they are concerned about the restriction of such assistance to only farm businesses. Their point is that we should continue to help farmers as Australia has a vital interest in their well-being that far exceeds the sheer number of farmers. However, they argue that there is a peculiar blindness and injustice of government policies and programs based on the misconception that assisting the nation's rural population can be accomplished solely by aiding Australia's farmers.

REGIONAL DEVELOPMENT POLICY

Regional Development policies has been one area of policy development which has had some impact in rural communities. There have been a number of inquiries and reports into regional development including, the Taskforce on Regional Development (1993), the Industry Commission (1994), the Bureau of Industry Economics (1994), and McKinsey and Company (1994). In 1994, the Commonwealth Government released its Regional Development Strategy (RDS) as part of the Employment White Paper *Working Nation*.

The (RDS) was the responsibility of the then Department of Housing and Regional Development. The aim of the RDS was to advance community self reliance through the

integration of economic, social and environmental objectives. The RDS placed strong emphasis on continuing micro-economic reform, the integration of economic, social and environmental objectives, and community self-reliance. Self-reliance and leadership was particularly emphasised with regions recognised as being in the best position to identify their own strengths and opportunities for economic growth.

The proper role for the Commonwealth was seen to be to provide a regional policy framework, and, to remove any impediments to development. Community self-reliance and empowerment were encouraged through the establishment and funding of a network of Regional Economic Development Organisations (REDOs), whose role was to develop a common vision and plan of action for development. Local government was also invited to play a role through regional groupings of councils (Higgins, 1997, p.3).

The present Commonwealth Government have made some changes to the RDS. From March 1998, REDOs will become private business enterprises which will be required to operate on profit-making principles. The Coalition Government clearly believes that governments should play a diminished role in directly supporting regional developments and that such initiatives are better served by relying on market principles rather than state intervention. Such a position is questionable.

It is the view of the Australian Catholic Social Welfare Commission that an invigorated approach to regional development policy is essential for the ongoing development of rural Australia. However, as many commentators have noted such policies are politically difficult to develop in the current economic climate. As Stilwell (1993) notes, there are a number of difficulties surrounding the endorsement of government policies which may help to direct business investment in regional Australia - in the face of economic forces which appear to lead to the centralisation of economic activity in the major cities.

The dependence of governments of all persuasions on market forces and the subsequent reluctance to intervene except in cases of market failure or in the provision of a safety net, has resulted in a lack of coherent and comprehensive development of policies for rural Australian communities.

It is recommended that the Commonwealth develop a Regional Development Strategy which supports regional structures for decision making and which includes social as well as economic considerations. The strategy should be financially supported through a regional development fund.

SOCIAL CAPITAL AND RURAL COMMUNITIES

Gray, Stehlik and Lawrence (1997), have identified contradictions in the directions of rural public policy recent years. They argue fundamental alterations in national public policy under the principles of economic management have been occurring in parallel with the

dilemmas posed by the economy, the environment and climate. New policies are presented and older measures revised as avenues towards sustainable rural communities, but there is evidence emerging that the unintended consequences of such policies place rural communities under further pressure.

The main rural public policy initiatives including the Rural Adjustment Scheme (including drought assistance), the Rural Communities Access Program, the Landcare Program and the Rural Partnership Program, all espouse principles of promoting self-reliance and empowerment among farm families and rural communities to equip them for periodic climate-based problems. As Gray (*et al.*, 1997), note, contradictions emerge when consideration is given to promoting self-reliance as an ideal:

Self-reliance is an imperative of the agrarian ideology which has provided the social rationale for the development of Australian agriculture and the persistence of farm families through successive economic and climatic disasters. Promoting self-reliance under conditions which necessitate productivism would seem likely to do little but push farm families into the void created by the farm economy-environment nexus as it promotes the belief in the individual as capable of survival through perseverance and hard work. Self-reliance seems to bring only certain failure and inevitable abandonment of farm and home when any amount of hard work and sound judgement can only bring further land degradation as the terms of trade continue to decline

Both farm adjustment and regional development policies draw heavily on the self reliance of individuals, families and communities. The resources available to rural people to enable their self-reliance thereby become crucial. They need material resources in the form of economic infrastructure and access to finance (economic capital). They need environmental resources in the form of productive land and means of exploiting it in a sustainable manner (environmental capital). They need a capacity to organise themselves and work cooperatively (social capital). The call for self-reliance to meet the forces of restructuring fails to acknowledge or take account of the many ways in which restructuring is depleting community resources.

(*op. cit.*, p.3)

The concept of social capital, and particularly how it applies to and within rural communities, is one worthy of further examination. Social capital refers to those stocks of social trust, norms and networks that people can draw upon to solve common problems. The term derives from the notions of physical and human capital which enhance individual productivity. Social capital then facilitates coordination and cooperation for mutual benefit. It enhances the benefits of investment in physical and human capital (Putnam 1993).

Robert Putnam's work in identifying the important relationship between social capital and economic development has been central to the further development of this concept. Putnam presented compelling evidence for the decline in social capital in the United States over the past generation, measured by a variety of indices of participation in church-related groups, labor unions, traditional women's clubs, fraternal organisations and mainline civic organisations (Sirianni and Friedland 1997).

Putnam argues that rebuilding social capital is as important as investing in human and physical

capital. He has argued that the focus on 'community self-reliance' in American politics during the Bush administration, was often used to cut funding in the name of community autonomy. However, Putnam's point is that *social capital is not a substitute for effective public policy but rather a prerequisite for it, and, in part, a consequence of it* (Putnam 1993).

What does such a view mean for rural Australia? Many of the current Commonwealth Government policies for rural communities assume a level of social cohesion and trust. For example, the revamped Rural Communities Program (RCP), announced as part of the *Agriculture - Advancing Australia* package, provides grants to communities for assessment of community needs with regard to financial and telecentre services as well as seed funding for community services for children and the aged. Individual rural communities will be able to apply for these grants.

Underpinning the Government's strategy of submission based access to funding is a presumption that a certain level of cohesiveness, time, and community resources are available in rural communities. Such presumptions may not always be correct. Gray (1991) identified differentials in power within rural communities. He argues that there is extensive evidence of social division within rural communities which challenges the common held perception that such communities are sites of social interaction and mutual support. He found that business and farm people were more able than others to make local politics work in their interests, by raising issues and having them acted upon. Women, Aboriginal and Torres Strait Islander peoples and working class people had particular difficulties. This was explained partly in terms of community social structures and cultural tradition, but the institution of local government and the culture surrounding it also contributed.

Other factors which limit the ability of rural communities to develop social capital include the loss of population, particularly among professional people who are leaving towns because of the closure or relocation of services. Also, the decline in the on-farm labour force and the need for off-farm income has meant farming families are often unable to contribute to local activities and organisations at previous levels of commitment or involvement due to the priority of survival.

There is no doubt that social capital can be very strong in rural/regional communities, but its strength should not be assumed. While rural policies encourage, as they depend on, social capital in the form of trust and cooperation, the same policies are also reducing social capital. No attempts are being made to develop social capital at the community level.

Sometimes the state needs to nurture the development of social capital by making strategic interventions in local communities to enhance opportunities for its development (ACSWC 1997a). The approach would mean that decisions to close hospitals, schools and other valued community resources, which often act as sites of social capital development, would not be made on a simple commercial viability criteria.

The attack on social capital has largely resulted from the 'economic rationalist' approach to the provision of public goods and services which has been adopted by governments at all levels and of all political persuasion. The contracting out of government services has meant that local organisations often find it difficult to compete with larger organisations which are based in cities or large regional towns. Such an approach has been experienced most severely in Victoria, where the Victorian State Government has instituted a rapid agenda of micro-economic reform. A

Community Audit undertaken in Victoria in 1997 by the People Together Project, found that people were finding it more and more difficult to fulfil their civic duties as a result of the Government's unwillingness to recognise its responsibilities and role within local communities. *Communities have seen service closures and relocations remove much local expertise and leadership. That local knowledge has been hard to replace. Community bonds are beginning to disintegrate* (People Together Project, 1997, p.5).

If rural communities are to face the issues of globalisation, land degradation and drought, they requires a level of social capital that will enable these communities to make decisions on the basis of stability and certainty about the future. Economic initiative requires an environment of social trust in which to thrive, and where trust has broken down, it requires a 'nurturing state' to provide resources and support to enable community groups to start taking their first steps towards rebuilding social capital (ACSWC 1997a).

The dilemma is summed up by Gray (*et.al*), 1997, p.10

The current direction of public policy under economic rationalism assumes the strength of collective social capital in rural communities at the same time as it both depends on it and threatens to destroy it. No conscious attempts are being made either to monitor collective social capital or to foster it. While attempts to offer rural communities some opportunities for self determination are admirable, the social basis upon which the success of such attempts rests is being ignored.

It is recommended that the Commonwealth Government fund a research project examining the state of social capital in rural Australia. The project could examine factors associated with both the decline of social capital and areas where social capital is strong. The project could identify indicators for use in determining the impact of Government policy on the existence of social capital.

A QUESTION OF VALUES

An evaluation of the current issues facing rural communities from the perspectives of the principles derived from Catholic Social Teaching leads us to some positive strategies for intervention. In developing these there is a need to be quite explicit about what sorts of non-market benefits or values rural places actually do deliver. And, what and what emphasis can and should be given to sustaining and developing those benefits and values through deliberate policy.

Catholic Social Teaching is clear on the important place of rural communities in society. Calls for the provision of public services, the gradual development of the economic system, access to capital at suitable interest and opportunities for rural people to have a say in the

issues which affect them, are made as a means of preventing the continuing decline of rural populations.

Rural communities have been experiencing the results of a period of massive restructuring. For those communities who have been largely dependent on agriculture this has meant a period of declining returns, declining numbers of farms and a decline in agriculture's share of the production of our nation's wealth. This has combined with the withdrawal of services, both government and private, under the guise of micro-economic reform, on the basis that they are no longer 'profitable' to maintain.

The current 'survival of the fittest' mentality means many communities will have difficulty in just surviving. Those communities with the greatest resources will thrive, whilst those that are smaller and less able to adapt to the new environment brought about by the 'level playing fields' will continue to decline.

As Higgins highlights, the increasing focus on productivity, efficiency and 'the market', brought about through a neo-liberal policy-making framework, has caused rural regions to compete against one another for government funding and economic development, inevitably resulting in regional inequalities (1997). He states,

The emphasis of current policies and programs on community self-reliance might be seen as an attempt to 'level the playing field' so that no community is unduly disadvantaged. While this strategy could be argued to give communities greater autonomy, it also places the responsibility for development squarely in the hands of community members. If rural regions and communities are to survive and be developed sustainably, how do their people achieve this goal when market forces favour fewer farmers and the centralisation of production? Moreover, how are regions and communities to help themselves if government services which support them and their families continue to be 'streamlined' and 'rationalised'.

(*op. cit.*, p.8)

HOLISTIC POLICY FRAMEWORK

There have been a number of calls for a more comprehensive policy development for rural communities. Sher and Sher (1993), argue for an *explicit, powerful, and comprehensive rural development policy rather than continuing to rely on its old amalgam of industry and social policies*. The policy goals they call for in a rural development strategy include a growing rural population base, a growing rural employment base and stronger more cohesive rural communities.

The Centre for Rural Social Research at Charles Sturt University hosted a conference in July 1997, *Rural Australia: Towards 2000*. The delegates at the conference developed a series of recommendations which expressed their concern about the ongoing plight of rural people. These recommendations include:

- The Commonwealth, State and Local Governments together with rural communities, industry, business and individuals to work together in partnership to

develop and/or disseminate explicit policies affecting rural areas. This includes the need to develop policies according to the notion of a 'four-legged chair' which incorporates social, cultural, environmental and economic considerations.

- The Commonwealth Government to establish an Office of Rural Communities which would give direction to the establishment and implementation of explicit rural policy. An Office of Rural Communities would seek to ensure that all policies affecting rural and regional Australians would be coordinated within all levels of government to provide maximum impact and coherence.

A comprehensive rural policy would include the need for ongoing development of an efficient and effective primary sector. However it would also acknowledge the links between social, economic and ecological considerations in policy formation. Crucial to the development of such a policy is the inclusion of rural people in decision making programs. In this regard the notion of 'partnership' can be a valuable one.

RURAL DEVELOPMENT PARTNERSHIPS

A partnership approach to rural development issues would promote a collaborative and co-operative strategies to the long-term development of rural Australia. Overseas examples of such approaches presents some possibilities for rural development policy in Australia.

In the United States the Department of Agriculture (USDA) is responsible for the National Rural Development Partnership (NRDP). The NRDP aims to bring local communities and all levels of government together to promote strategic development. The mission of the Partnership is to strengthen rural America through collaborative partnerships. The objectives of the program are:

1. To encourage the creation of collaborative relationships among federal, state, local and tribal governments, private profit and nonprofit organisations, and community-based organisations within each state and some territorial areas, to foster and facilitate cooperation and to undertake a comprehensive strategic approach to rural development efforts within in each state.
2. To encourage and support innovative approaches to rural development and the more effective resolution of rural development issues at all levels of government and within the private sector.
3. Create and maintain a cooperative national framework to support State Rural Development Councils and the National Rural Development Partnership.
4. Identify, resolve, or eliminate intergovernmental and interagency impediments, bureaucratic red tape, turf issues, language problems and other barriers that hinder effective rural development efforts.

Under the NRDP approach State Rural Development Councils are established representing

diverse interests in each state or territory. The Federal Government has recognised that it has the prime responsibility to take the leadership, through intervention, of United States farming and rural communities are to survive.

The role of the Federal Government in the Partnership is as partner, coach and facilitator. *Federal government agencies are empowered to cooperate closely with the States and Territories as they implement the Partnership, providing them with the technical and administrative support needed to plan and implement tailored rural development strategies to meet local needs. Federal agencies are encouraged to delegate decision-making to lower levels* (National Rural Development Partnership's Homepage, 1998).

Complementary to the NRDP is the Empowerment Zones and Enterprise Communities (EZ/EC) initiative. This is a Presidential initiative designed to afford communities real opportunities for growth and revitalisation. *Its mission is to create self sustaining, long term economic development in areas of pervasive poverty, unemployment and general distress, and to demonstrate how distressed communities can achieve self-sufficiency through innovative and comprehensive, strategic plans developed and implemented by alliances among private, public and nonprofit entities* (Empowerment Zones and Enterprise Community Homepage, 1998). The rural portion of the program is administered through the Office of Community Development which is part of the United States Department of Agriculture's Rural Development mission area.

The program is designed to assist local communities to develop the resources necessary to work together in rebuilding their community. The framework of this program is embodied in 4 key principles:

- economic opportunity** including job creation within the community and throughout the region, entrepreneurial initiatives, small business expansion, and training for jobs that offer upward mobility;
- sustainable community development** to advance the creation of livable and vibrant communities through comprehensive approaches that coordinate economic, physical, environmental, community and human development;
- community based partnership** involving participation of all segments of the community including the political and governmental leadership, community groups, health and social service groups, environmental groups, religious organisations, the private and non-profit sector, centres of learning, other community institutions and individual citizens; and
- the development of a strategic vision** that identifies what the community will become and a strategic map for revitalisation.

(EZ/EC Homepage, 1998)

These approaches and others being implemented in Europe were included in the final report of the Evaluation of the Rural Communities Access Program (1997). The report quotes a study

undertaken by the OECD (1996) in which it was noted that rural development in the future will require a recognition of:

- great diversity in rural areas, requiring flexibility in rural policy and programs: one size does not fit all;
- a need for greater decentralisation to bring decision making closer to rural areas; rural development is more sustainable when driven by the grass roots rather than by top down policies and programs;
- an increasing need for collaborative and co-operative mechanisms to plan for the strategic long-term development of rural areas; and
- agreement that declining budgets and resources at all levels of government making it necessary to look for more innovative ways to accomplish development objectives.

Previous policies which involved top down approaches and government departments working independently of each other are now outdated and unable to respond to contemporary society. As stated in the RCAP evaluation:

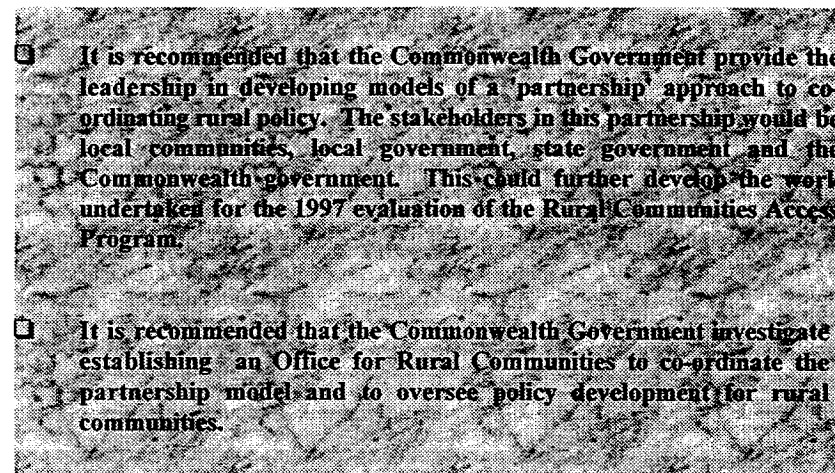
The emphasis now is on integration - recognising that people and structures do not exist in isolation of each other; that economic, social and cultural development are bound intrinsically together; that policy can only be effective if it is informed by the views of the people it is going to affect; that government departments have an obligation to communicate in order to deliver the most effective services to people they represent and that communication and co-operation is the only way barriers are going to fall and obstacles are overcome. Working in partnership at a local level facilitates this integration and ensures that local developments are both effective and sustainable in the long term.

(1997, p.116)

The RCAP evaluation concluded that the RCAP has partially adopted a 'partnership' model in its links between government and local communities and in its promotion of the principle that communities seek their own solutions to problems. The report then presents three models which build on this approach. These models ranged from a minimalist model which resembled the approach at that time, up to a more comprehensive model which required a much greater commitment from government.

The Commonwealth Government announced its response to this and a number of other reports in the *Agriculture - Advancing Australia* policy package in September 1997. The approach to rural community development includes the option of communities obtaining funds for community planning processes which will underpin the funding of other aspects of the Rural Communities Program.

The point to be made here is that the present approach taken by the Commonwealth Government is a minimalist one. It depends on community networks applying for funds in the first place without providing any direct government support for building these networks. Nor does it link social, economic and environmental development in a comprehensive way, and it does not attempt to include other government departments or other levels of government in a partnership approach.



ENCOURAGING SOCIAL COHESION - ROLE OF THE CHURCHES

The revitalisation of rural communities cannot be simply dismissed as the responsibility of government. The very nature of the rejuvenation called for in this paper requires a whole of community approach. Governments at all levels have the responsibility to provide leadership and resources, however the churches must also engage in this process. In many rural parishes and dioceses, the church provides a focal point for the community. Church groups have been responding to the challenges being faced by their community in many and varied ways.

For example, in late 1997 in the Diocese of Armidale, a workshop was held on rural poverty. The program was designed to examine the way the church could respond with action to the facts of population decline and falling levels of income in the small communities surrounding the Gunnedah region. The facilitator used a social analysis model which analysed the reality of the situation in this community along five dimensions: economic, political, cultural, social, and ideological.

The participants in the workshop developed a number of pro-active responses including, the investigation of the extension of church-based social services for support of rural communities; assisting rural families to access new technology; investigating the provision of banking and investment services to ascertain the possibility of church investment funds providing these; and the organisation of a 'Festival of the Land' to be celebrated in all communities throughout the region.

This is just one example of the many ways churches can be active in the life of the community. The development of strong, healthy and vibrant rural communities is essential for the nation's

economic, social and environmental well-being. A concerted effort must be made by governments at all level, by churches and by rural and urban communities, to ensure the construction of the 'rural' in Australia is not left merely to market forces.

Rural development is not somebody else's concern - nor does the answer about whether rural communities will survive rest solely with those in political office. The answer lies in a broad consensus about the importance of 'rural' in our society, about the strength we all gain from thriving rural communities and about the right of every member of our community to have access to goods and services. In the words of Pope John XXIII:

Indeed rural dwellers should be convinced not only that they can strengthen and develop their personalities by their toil, but also that they can look forward to the future vicissitudes with confidence.

(*Mater et Magistra*, n.125)

The following case study was undertaken in order to 'tell a story' of a rural community. The case study highlights the impact the broad economic and social changes outlined in the front of this Discussion Paper, have had on one Australian community.

Case Study Southern Grampians Region - Southwest Victoria

Over the last decade, there has been a sense that a 'revolution' is taking place in the bush. The opening up of Australian agriculture to global market forces, changes to price supports and other government assistance to agriculture, combined with the withdrawal of services from rural towns and centres has fundamentally changed the nature of rural communities. The following case study is an attempt to tell the story of one such community. It aims to highlight how these many changes have impacted on the people of one region in Australia. This information was gathered through interviews with local residents of the Southern Grampians Region in October 1997.

Southern Grampians is a region in Southern Victoria. The local government area which now constitutes the Southern Grampians Shire comprises the former municipalities of Hamilton, Dundas, Mount Rouse, Wannon and portions of Heywood and Kowree. The population of the Shire is 18,070. Hamilton is the main service centre for the district and has a population of 10,000 people.

As with many other rural regions, the Southern Grampians area has experienced a period of rapid change over the last decade. The area is based on the wool industry and since the bottom dropped out of wool prices and the cessation of the reserve price scheme, local farmers and the businesses that they support have been experiencing some difficult times. This has been combined with a rapid withdrawal of government and other services from the towns in this region, leading to a decline in population, a reduction in services and pressure being placed on the social fabric which has for so long been the hallmark of rural communities generally.

This section will present a story of the Southern Grampians region from the perspective of the many stakeholders in the community. This story is designed to highlight how the major forces of change outlined above have impacted on this community, and how this community is responding.

The Farmer

The market and the weather are such cruel bosses

Under the policies of economic reform, agriculture has undergone some major reforms in the 1980s and 1990s. The focus of the Australian Government's rural policies in the present decade has been to provide a package of policies and programs which enhance

farm profitability and international competitiveness and to encourage sustainable agricultural practices. The orientation of Australia's agricultural policies is therefore facilitation of market responsiveness, risk management and self-reliance.

According to the Commonwealth Department of Primary Industries and Energy,

Producers must now respond more directly to export market conditions and organise their business enterprises so that adjustments to the output and input mix can be rapid in order to avail themselves of emerging opportunities and earn the maximum return on resources employed.

(Wonder, 1995)

The Southern Grampians Region has a long tradition of wool growing and selling. A number of local people made the comment that this area was once known as the wool capital of the world. The area is a mixture of large well established family properties, sometimes called the 'rural elite' and smaller farms, many of which were established under soldier settlement schemes after World War II. Wool is still the principal product of the region. Some 120 million kilograms of greasy wool is produced within a 200 kilometre radius of Hamilton, which represents about 15% of the Australian clip and 10% of the world's apparel wool. Wool types range from ultra fine to carpet wools and are noted for being soft handling and free of fault and vegetable matter.

The production of sheep meat is the Shire's second largest industry behind wool growing. There are about 1 million cattle and 20 million sheep in the region.

The area suffered from a major drought in 1982, and a number of extended dry periods since, such as the one currently being experienced as a result of the El Nino effect. These seasonal variations raise the stress levels of many farmers.

A major and unrelenting pressure on wool farmers is the uncertainty in their levels of income. These pressures stem from the uncertainty about future prices. Growers no longer have the floor price that they had when the reserve price scheme operated in varying forms between 1971 and 1991, which reduced the need to hedge against price fluctuations (ABARE 1997).

The removal of the floor price scheme which had evolved into a price indicator had a widespread effect throughout the wool industry. It removed price certainty for farmers and damaged the wool processing industry because purchases had been made on the basis of a government guaranteed continuance of this scheme. Its removal had disastrous financial effects on processors which led to a decline in the purchase of wool. Thus, oversupply which had been encouraged by an artificial scheme and had resulted in the accumulation of the stockpile, was compounded by decreased demand in the wool pipeline. Farmers and the processing industry are now struggling to recover. The collapse in wool prices had a huge impact on the economy and morale of local towns.

There has been a general recognition by local farmers that farming is primarily a business and that it is important for farms to run as efficiently and profitably as possible. The need

for farming to become internationally competitive, profitable and sustainable was acknowledged and is actively pursued by the farmers interviewed for this study. However, they also highlighted the many difficulties they face in achieving these aims.

With the drop in commodity prices and the corresponding increase in costs, farms are having to become more productive. A viable sheep farm now would be about 5,000 head of sheep. This is a 50% increase on 6-7 years ago. This has placed pressure on many farmers in this district, particularly those with soldier settlement blocks which are often too small to be viable. Many farmers have responded by purchasing neighbouring blocks which increases their debt levels. When prices were good, this debt was manageable, however, a number of farm families are now struggling to make ends meet.

The emphasis on rural adjustment focuses on managing risk. Farmers are required to store reserves of money and feed in the good times, in order to prepare for unexpected and unpredictable events such as drought and a drop in prices. This adjustment is largely promoted by government in terms of self-reliance, and this form of risk management is the responsibility of the farmer. The Commonwealth Government argues that it cannot afford to come to the rescue of farmers in need. Self-reliance is a term many farmers readily identify with. Most farmers desire to be self sufficient, this is a long standing tradition in the farming culture. However, as many farmers indicated, it is difficult to reach the point where the farm's income is such that reserves are possible. As commodity prices continue to drop and production costs continue to increase many farmers are living from year to year, using their income to pay their immediate farm and living expenses.

Past surveys have indicated that up to seventy percent of farm families supplement their income through off-farm employment. This is reflected in the Hamilton district with many families having one or sometimes two partners working off the farm. This is a financial necessity for many families and one which places added pressure on other activities including farm work and the caring role of families. A further related shift is the phenomena of many women now taking on the roles on the farm that would previously been undertaken by paid help. Hiring on farm labour is now largely a financial impossibility for many farmers. This increases the workload on farm families as well as reducing employment opportunities in the area.

The farmers who took part in the present research were very active both in environmental programs and in taking advantage of educational opportunities to find out about agricultural innovations and farm management practices.

The Rural Counselling Program (RCP) was established by the Minister for Primary Industries and Energy in 1986 to assist farm families who were experiencing financial difficulties. The recent review of the Rural Communities Assistance Program (1997), of which the RCP is one component, indicated that the program "is a key contributor to the ongoing structural adjustment process in rural areas." The program is perceived to be an independent source of information and advice for farm families wishing to develop sustainable livelihoods and businesses.

The two rural counsellors who work in the Southern Grampians region have witnessed first hand the many hardships facing families on the land. Whilst the role of Rural Counsellors is to provide financial advice, the nature of their contact with some families highlights the many complex issues these families are facing.

An ongoing issue of contention for many people with an interest in both the social and economic aspects of agriculture is finding the balance between assisting farms to become viable, and accepting when viability is no longer a possibility. This is particularly difficult when farming is seen by most farmers as much more than a business, it is a way of life. Reducing farming to a mere economic activity seems to ignore the very reasons why farming is such an integral part of a society. When farmers have to leave their land they are leaving their home, their community and their business.

Rural Counsellors are in the difficult position of often having to help farmers recognise that they have to leave the land. The rural counsellors in this community have seen many stories of heartbreak over recent years. They have witnessed the impact of the stress and strain which often occurs for farmers who are having difficulty making ends meet. This despair is often expressed through depression and alcoholism. The financial hardship facing many farming families can lead to isolation, as resources are no longer available for social interactions or to cover transport costs.

Succession planning, that is, the passing on of the farm to the next generation was identified by both rural counsellors as a major issue in rural communities. The recent initiatives announced by the Federal government in its *Agriculture - Advancing Australia* package will go some way to addressing this issue, but are fairly limited in applicability.

The Towns

This town has a population of 210 with 6 halls, 6 churches and 48 committees

The interdependence of the farm and town is an integral part of rural community life. In past years, if the farm was doing well, the towns were doing well. With the changing the nature of farming, the impact of technology, and improved transport and communication systems, this relationship has changed.

While Hamilton is the major service centre for the region, the smaller towns are still the focal point for community activity and many still provide some basic services for the surrounding farm population.

Aside from agriculture, the other main industries in the area are manufacturing, community and health services, education and training, retail and tourism. The main manufacturing industries in the region include: wool and meat processing, twist drill and cutting tool production, commercial and architectural joinery and, structural engineering.

It was reported by many in the consultations that it has been the policies of the Victorian State Government which have negatively impacted on rural towns most explicitly. The economic reform agenda which has been pursued so vigorously by the Kennett Government has, in the view of many, irreversibly changed the place of rural communities in the broader community.

Population Decline

A very real pressure on all the towns in this area is population decline. The decline in the number of farm families in the area, combined with the centralisation of government and other services in cities and regional centres has led to a downward spiral of population decline. As the population decreases, it is more and more difficult for small businesses to survive. It also results in further closure of services such as schools as the numbers of children enrolled fall below what is seen to be cost efficient. As businesses and services close it becomes more difficult to attract new populations to the area.

The Southern Grampians Region has experienced a fairly pronounced population decline over recent years. Figures from the 1996 Census indicate that there has been an overall population decline in the Southern Grampians Shire between 1991 and 1995 of 1055 people. This represents 6 percent of the entire population or 1.2 percent per year. Comparisons with other areas highlight the significance of this figure. The annual decrease in the population of the Western District of Victoria is 0.5 percent. In comparison to this negative growth, Victoria in this period has seen an increase in population of 0.6 percent, 0.8 percent in Melbourne and 0.2 percent in country Victoria.

The impact of this decline can be seen in education services, which have a strong tradition in this region. There are 18 primary schools in the area and five secondary schools. Three out of the five secondary schools having boarding facilities. The local council is working with these schools on a promotion strategy to encourage enrolments from students outside the area. The population decline is having an impact on the viability of these schools. Declining enrolments and reduced income makes it difficult for all of these schools to survive.

The local Lutheran secondary school is currently under threat of closure due to declining numbers. However, if the spirit of the public meeting held to discuss this closure is any indication, this will not occur without a battle. At this meeting the local Lutheran church was full to capacity with people with grave concerns about the potential closure of the school. This was an example of the depth and breadth of the commitment of the local community to an institution which is considered an integral part of that community.

Even more adversely affected by population decline are businesses based in the small surrounding towns. These businesses suffer from the population decline as well as increased competition from bigger centres and from technological change which allows people to purchase goods and receive information from the Internet. It is difficult to see how these family businesses will remain viable in the long-term unless the present movement away from rural areas is reversed or halted and the outlook for the farming

sector improve?

One family who have operated a small business in a town in the area have witnessed a dramatic decrease in population and hence business in the town over the last nine years. This has also placed pressure on the future of the local school. It appears that once a school is closed in a small town, there is a sense of impending doom about the future of any businesses that remain in these towns. Schools are the focal point of a community, closure of a school is a huge blow to a small community.

Withdrawal of Services

A downsizing epidemic has taken place in both public and private institutions in the 1990s under the theory that it will make businesses more efficient and more profitable. Downsizing by banks and other financial institutions have led to the closure of over 400 bank branches between 1991 and 1996 nationwide. Non-metropolitan areas have borne a disproportionate share of this reduction in access to bank branches. Over the same period, the profits of the major banks increased, with the National Australia Bank's profit increasing from \$500 million in 1991 to \$2 billion in 1996. Between 1991 and 1996 over 23,000 jobs were lost in the banking and finance sector in Victoria.

The impact of the removal of services and employment opportunities from the towns in the Southern Grampians Region was of great concern to local residents. The closure of the local Telstra office resulted in the loss over 100 jobs. The withdrawal and centralisation of Victorian Government departments have resulted in similar job losses and a reduced level of service to local rural communities.

A cogent example of the negative impacts of such decisions on this community is the closure of the Victorian Government Veterinary Laboratories. The laboratories were locally based and provided veterinary laboratory services to local agricultural industry. In 1994 the State Government privatised the laboratory and contracted out service provision to the company that leased the laboratories. In 1996 the contract for service provision was re-tendered, and the successful tenderer for the contract was a company operating from Melbourne. The private company leasing the laboratories was unable to continue operating without the Government contract and so closed down.

The outcome of these decisions for the local Hamilton community has been the loss of the staff of these labs from the local population, as well as a reduction in the quality and accessibility of the service itself. Such services provide vital industry support and making these services less accessible to local farmers is a very short-sighted policy decision.

It is difficult to see how the people of Hamilton benefited at all from the decision to outsource the Laboratory. It is clear that the impact of these decisions on the local community is not a high priority in the decision making process.

The introduction of competition in providing most public services in Victoria has impacted upon the provision of electricity through to the provision of basic community services.

The benefits of the privatisation of utilities to rural population is questionable. For example, with electricity after the year 2000, when the Regulator General will cease price regulation of power prices, domestic consumers in rural Victoria who receive their energy from Powercor and Eastern Energy will be paying higher prices than Melbourne households. The city/rural cross-subsidy will be abolished, because the theory of economic rationalism means that consumers should pay prices based on actual cost. Because the cost of providing power in rural areas is higher than urban ones, country people will pay more for their electricity in the same way they presently pay more for petrol.

There has also been a reduction in post school education services. TAFE runs courses tailored to the needs of local industries and others targeted to general community needs and interest. It provides access to further education for people unable to leave the area to attend tertiary institutes and assists those in employment to increase their skills. The recent funding cuts and the increase of minimum class sizes to levels that are impossible to attain in rural areas has led to loss of jobs in TAFE, (more professionals leaving town), and reduction in access to further education for rural people.

A lack of access to health services has often been identified as a major issue facing rural communities. The focus of health care in this community is the Hamilton Base Hospital which provides a range of general and specific health care services. Hospitals are also located in Coleraine and Peshurst which provide emergency assessment, acute care, respite care and medical services.

Most of the smaller towns in the region no longer have a local doctor in permanent residence. The Bush Nursing Service which is located in Balmoral also provides nursing and respite care. This model of service does go some way towards meeting the needs of the local community, particularly with an aged population. However, concern has also been raised about the pressure which can be placed on the staff of such services as the first point of contact for medical emergencies.

Community Workers

Community workers based in Hamilton expressed concern about the issues facing the local community. There is a sense that demand for services has increased at the same time that funding has been cut or funding models changed, all of which make services more difficult to deliver. Representatives for the Hamilton Community Services Group recently addressed the local council with their concerns about the unravelling of the district's social fabric. Unemployment, gaming machines, and lack of education, combined with the long lasting problems facing agriculture were identified as some of the issues facing an increasing number of families in the local community.

Local welfare agencies such as the Society of St Vincent de Paul indicated there had been an increase in requests for basic assistance. Most of these requests come from young families who are facing long term unemployment and poverty. A number of community workers raised concerns about the State Department of Housing policy of relocating city-based families to rural communities because of the availability of cheap housing. This

relocation occurs without any accompanying package of assistance and many of these families are left isolated without transport and other supports.

New models of funding community services which uses processes such as competitive tendering and output based funding present difficulties for small towns who do not have the population base to meet funding requirements or the infrastructure of community service agencies who can tender for government contracts. The result of this is that often services are not provided at all, or a limited outreach service is provided from a centre such as Geelong or Warnambool.

The impact of the decline in the quality of service which must result from such arrangements is, as yet, unknown. However, there is little doubt that the increase in the number of outreach service is detracting from the sense of community which usually develops and displays itself in locally based services.

Local Government

Local Government must take the lead in enabling local communities to deal with change

Local government has always been an important level of government in rural communities. With State and Federal bureaucracies located in urban areas, local government has been a focal point for community leadership. The structure, operations and functions of local government in Victoria has been under a process of rapid and sweeping reforms in recent years. The major aspects of this reform have been the sacking of all councils in successive stages and the appointment of Commissioners who assumed administrative responsibility.

Second, there was a reduction in the number of councils from 210 to 78 with amalgamations of former councils. As a consequence, this has led to a reduction in staff numbers, buildings, plant and equipment, services and capital reserves. There has also been an requirement imposed on all new Councils by the Victorian Government, that an increasing percentage of budget be exposed to Compulsory Competitive Tendering (CCT) over three years; 20 per cent in 1994-95, 30 per cent in 1995-96 and 50 per cent in 1996-97.

All functions of local government, including personal and community services have been deemed suitable for CCT. (Munro, 1997, p.77)

The Southern Grampians Shire Council became a reality on 23 September 1994, after the amalgamation of Hamilton, Dundas, Mount Rouse, Wannon and portions of Heywood and Kowree. The Council now has seven elected representatives. The Shire's rate revenue is \$6.6 million (1995/96) with a total expenditure of \$19 million. The Council's Corporate Plan for 1995-2005 articulates the new vision for this region:

Southern Grampians - a place where

- The natural and built environment is attractive, accessible, safe and healthy;
- all people feel a sense of belonging and pride in the community and are provided with leadership, support and representation;
- there is access to essential services and employment

(Southern Grampians Shire Council, *The Way Ahead*, 1995, p.6)

The changing nature of local governance has brought both opportunities and difficulties to the Southern Grampians Region. There is a general feeling from both Council staff and local community members that the previous system required some reform as the former local government boundaries were established prior to modern transport and communication systems. As such, there was an element of overlap and excessive bureaucracy which may have hampered the development of the region. There is a general feeling that the amalgamation of the previous councils has resulted in a more streamlined and efficient structure.

Notwithstanding this view however, there has been concern expressed that the implementation of the broad vision articulated in the corporate plan appears to be constrained by some major factors. For example, the increased pressure placed on local government to encourage economic development has been coupled with a decrease in autonomy, with the State Government still maintaining strong controls over council business. One of the major forms of this control was rate capping. The Victorian Local Government Minister recently announced that the cap would be lifted but he would maintain a close watch to ensure no Council lifted rates to a level deemed unacceptable by the Victorian Government.

Local government's ability to respond to market forces and maintain its focus on serving the local community is strained under these current arrangements. The economic development leadership role of the Council is characterised through the Economic Development Unit. The unit attempts to identify potential areas of industry development which build upon the strengths and competitive advantages of the area.

As with many other rural areas, the Southern Grampians Region potential is hampered by isolation, population decline and transport difficulties. The reliance on market forces makes it difficult for small communities to attract industry and business, which are more likely to locate themselves in cities or large regional centres with access to support services and a larger population base. The unique industries which are located in this region, such as cutting tool production, initially located themselves in this region because of personal connections.

Prospects for the Future

Some of the residents of this region were confident that as wool prices are improving, so too will the fortunes of the whole community. Others were more cautious about the dangers of relying on improving terms of trade as the panacea for the region's problems. It is clear that the level of support previously available for agriculture will not be reinstated, no matter which party is in power. Competing in the global economy is now the environment rural communities find themselves in.

The way forward would seem to be first the recognition by all levels of the Australian community, including government, business and the churches, that strong, healthy functional rural communities are an important part of our society. From there policies can be developed which alleviate some of the worst excesses of the market and allow rural communities to survive and thrive. Leaving the future of these communities to the whims of the market, will only lead to further population decline, further reduction of service and the loss of such an important part of our cultural, economic, social and environmental life.

While the picture may appear bleak, the greatest resource the Southern Grampians Region has is the spirit and commitment of the people who reside there. The people of the region do have a strong sense of pride in their community and most are optimistic about its future.

Future policy directions must recognise, and tap into this huge reservoir of social capital. Policies which focus solely on economic gain and the budget bottom line have already wreaked havoc on the towns and communities in this region.

The task is to establish which developmental paths are possible within a global economy and to inform political action aimed at improving social development, equity and justice within rural Australia. (Lawrence, 1996, p.344)

CONCLUSION

The issues facing the residents of the Southern Grampians Region mirror those facing rural communities generally. While the diversity of these communities must be recognised, the broad forces which are shaping their development should also be acknowledged.

Rural Australia is at a challenging time in its development. While some communities are thriving due to a diverse industry base and a centralisation or regionalisation of services, others are declining. Should we accept that the market will decide which communities will survive and which won't? Should we accept that these communities with the greatest resources and capacity to respond to market forces will continue to grow, while those with less resources will continue to die? Or, should we debate the meaning of 'rural' in the future development of Australia.

This debate should be based on not merely the economic benefits of rural Australia, but the social and environmental goods which strong rural communities provide to this nation. The needs and aspirations of rural communities must be heard in the policy development environment, they must be heard with regard to specific rural policy and they must be heard in the application of general policies to rural communities.

Lawrence (1996) poses some crucial questions in this regard,

It does appear that some form of decentralisation will, of necessity, be a crucial element in the social development of rural communities in Australia during the rest of this decade. The extent to which decentralisation and regional planning may relieve significant parts of rural Australia of their decline will be based on the political struggles waged over the meaning and purpose of the 'rural' in contemporary Australian society and the extent to which neo-conservative economic policies, and the impacts of these policies, can be reversed (p.343).

Catholic Social Teaching guides us in the approach we need to take. In *Populorum Progressio*, Pope Paul VI speaks of the role of the state in guiding successful development. He states,

Individual initiative alone and the mere free play of competition could never assure successful development. One must avoid the risk of increasing still more the wealth of the rich and the dominion of the strong, while leaving the poor in misery and adding servitude to the oppressed. Hence programs are necessary in order to encourage, stimulate, coordinate, supplement and integrate. It pertains to public authorities to choose, even to lay down the objectives to be pursued, the ends to be achieved, and the means for attaining these, and it is for them to stimulate all the forces engaged in this common activity.

(n.33)

The Australian Catholic Social Welfare Commission calls on the Commonwealth Government to take up its leadership role in developing a new policy agenda for rural

communities. An invigorated approach to rural development policy is one which is strong and courageous; one which recognises the threat which unfettered market forces pose to many of our rural communities; one which recognises the value rural communities provide to our national well-being; and one which seeks to find the way forward by engaging the whole community in a real and enduring way.

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