The Australian family farm: Is it soon to be an illusive myth?

Fiona M.H. McKenzie
Edith Cowan University

Copyright Warning

You may print or download ONE copy of this document for the purpose of your own research or study.

The University does not authorize you to copy, communicate or otherwise make available electronically to any other person any copyright material contained on this site.

You are reminded of the following:

- Copyright owners are entitled to take legal action against persons who infringe their copyright.

- A reproduction of material that is protected by copyright may be a copyright infringement. Where the reproduction of such material is done without attribution of authorship, with false attribution of authorship or the authorship is treated in a derogatory manner, this may be a breach of the author’s moral rights contained in Part IX of the Copyright Act 1968 (Cth).

- Courts have the power to impose a wide range of civil and criminal sanctions for infringement of copyright, infringement of moral rights and other offences under the Copyright Act 1968 (Cth). Higher penalties may apply, and higher damages may be awarded, for offences and infringements involving the conversion of material into digital or electronic form.
The Australian Family Farm: Is it soon to be an illusive myth

Fiona M H McKenzie
The Australian Family Farm: Is it soon to be an illusive myth?

Fiona M.H. McKenzie
Lecturer, Faculty of Business, Edith Cowan University,
Churchlands Campus, Western Australia, 6018.
Fax: 61 9 273 8754
E-mail: F.McKenzie@cowan.edu.au

ABSTRACT

This paper examines the challenges faced by Western Australian rural enterprises since 1961 and the effects of economic and demographic change on the agricultural industry over the last thirty years.

Increasing capitalisation and technological advances have led to major shifts in the way the business of farming is conducted. There is evidence to suggest that these changes have contributed to an oversupply of agricultural products, the development of large-scale agri-business firms and a general depopulation of the agricultural sector.

The family farm has always been considered the backbone of Australian agriculture but there is evidence to suggest that in this state the number of family farms has halved in the last 35 years. Furthermore, women are leaving that sector at twice the rate of men despite the fact that the number of women owning small businesses in the agricultural industry is increasing.

This paper outlines a number of reasons for this examines the implications of these changes for the industry itself, government policy and society generally in this state.
Curriculum vitae in brief.

Fiona M.H. McKenzie teaches in the business school at Edith Cowan University, Perth. Her academic background is varied with several undergraduate degrees and more recently a Masters degree in Philosophy from the University of Western Australia. She is presently undertaking a PhD. at that university the topic of which is "The Effects of Economic and Demographic Changes in Rural Western Australia and How They Influence the Representation of Rural Women in Organisations that Effect Their Lives".
The agricultural sector has suffered fluctuating fortunes since the early 1970s and farming throughout Australia is going through a painful transition. Increasing capitalisation of agriculture and technological advances have led to major shifts in the way the business of farming is conducted. This change has been painful because rural Australia is a particularly conservative sector of the nation and the fundamental economic restructuring has challenged the efficacy of the family farm operation as well as traditional social values. For more than a decade, the government at both State and Federal levels has been committed to economic rationalism and non-intervention. In the early 1980s, deregulation, the removal of protection and the rapid integration of the country into the global economy were seen as the only mechanism that could maintain prosperity and quality of life in Australia. Australia however, having such a small population unevenly scattered over such a large area and a dependence upon primary industry for such a large proportion of its export earnings, is now having to re-address the government non-interventionist policy so that the agricultural sector does not suffer such high economic and social costs and can produce efficiently.

In particular, the state of Western Australia covers a huge area geographically but more than 80% of its population live in the capital city while the remainder are unevenly scattered across the rest of the state. Agriculture has always been a major employer and a very important source of export earnings. This paper presents an overview of trends and challenges in the agricultural sector over the last 35 years and how the inevitable changes effect the traditional family farm in terms of small business.

The family farm has always been considered the backbone of Australian agriculture but there is evidence that in the sparsely populated state of Western Australia the number of family farms has halved in the last 35 years. Records show that in the last twelve years as the rural population shrinks, so too does the number of farms but the total area being farmed has increased.

<table>
<thead>
<tr>
<th>Table 1:1</th>
<th>1980</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of farms in W.A.</td>
<td>13 128</td>
<td>18 165</td>
</tr>
<tr>
<td>Total area farmed</td>
<td>114 293</td>
<td>110 587</td>
</tr>
<tr>
<td>ABS August 1995 (cat.3204.5)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
While larger farms are able to survive more easily in the current economic circumstances, there does appear to be a trend developing towards larger production units at one end of the spectrum and smaller, poorer operations at the other. This has affected everyone in the rural sector.

The Australian Bureau of Statistics has regularly reported in the last five years that there has been an overall depopulation trend in the sheep/wheat belt from Geraldton in the north to Esperance in the south. To know exactly how the rural communities have changed demographically, each of the statistical subdivisions between those two centres has been examined to check population change between the 1961 census and the 1991 census.

The overall population of the region from Geraldton south to Esperance, excluding the metropolitan area, has increased in the years between 1961 and 1991. This area constitutes 12 statistical divisions as shown in Map 1 which are then subdivided into 27 subdivisions. As Table 1:2 indicates, the total number of people has increased from 199,413 to 250,785, an increase of 25.75%. The increase in population however has not been uniform with a small number of subdivisions showing a significant population increase while the majority of inland subdivisions have experienced depopulation.

<table>
<thead>
<tr>
<th>Division</th>
<th>1961</th>
<th>1991</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenough</td>
<td>24081</td>
<td>41992</td>
<td>+74.37%</td>
</tr>
<tr>
<td>Moore</td>
<td>7341</td>
<td>10762</td>
<td>+46.60%</td>
</tr>
<tr>
<td>Murray</td>
<td>7621</td>
<td>38049</td>
<td>+399.26%</td>
</tr>
<tr>
<td>Preston</td>
<td>34243</td>
<td>6090</td>
<td>+77.90%</td>
</tr>
<tr>
<td>Vasse</td>
<td>9710</td>
<td>19417</td>
<td>+99.96%</td>
</tr>
<tr>
<td>King</td>
<td>21001</td>
<td>33009</td>
<td>+57.17%</td>
</tr>
<tr>
<td>Johnston</td>
<td>5809</td>
<td>13540</td>
<td>+133.08%</td>
</tr>
<tr>
<td>Hotham</td>
<td>19086</td>
<td>15947</td>
<td>-16.44%</td>
</tr>
<tr>
<td>Pallingup</td>
<td>12512</td>
<td>12528</td>
<td>+0.12%</td>
</tr>
<tr>
<td>Blackwood</td>
<td>15468</td>
<td>16226</td>
<td>+4.90%</td>
</tr>
<tr>
<td>Campion</td>
<td>15937</td>
<td>12023</td>
<td>-24.55%</td>
</tr>
<tr>
<td>Lakes</td>
<td>6505</td>
<td>5336</td>
<td>-17.97%</td>
</tr>
<tr>
<td>Avon.</td>
<td>20099</td>
<td>25866</td>
<td>+28.69%</td>
</tr>
</tbody>
</table>

Total 199413 250785 +25.75%
Those divisions which are limited to agricultural production and can be defined as completely rural show a quite different demographic picture. These subdivisions are Hotham, Pallingup, Blackwood, Campion and the Lakes. The population change of the town and the surrounding areas should be examined separately.

Table 1:3 Total Population of Rural Divisions 1961-91

<table>
<thead>
<tr>
<th>Division</th>
<th>1961</th>
<th>1991</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotham</td>
<td>19086</td>
<td>15947</td>
<td>-16.44%</td>
</tr>
<tr>
<td>Pallingup</td>
<td>12512</td>
<td>12528</td>
<td>+0.12%</td>
</tr>
<tr>
<td>Blackwood</td>
<td>15468</td>
<td>16226</td>
<td>+4.90%</td>
</tr>
<tr>
<td>Campion</td>
<td>15937</td>
<td>12023</td>
<td>-24.55%</td>
</tr>
<tr>
<td>Lakes</td>
<td>6505</td>
<td>5336</td>
<td>-17.97%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>69508</td>
<td>62060</td>
<td></td>
</tr>
</tbody>
</table>

This de-population trend is exacerbated when the populations of regional centres in these more rural districts are excluded. In table 1:4, the major regional centres which have shown an increase in population over the thirty years have been omitted. These are Katanning from the Pallingup division, and the town of Narrogin from Hotham. Furthermore, when the town of Northam and York are excluded from the Avon division, it also shows a depopulation trend. Manjimup in the Blackwood division has had an overall fall in population since 1961, while the population statistics for Merredin from the Campion
division have consistently fallen for both men and women since 1971. The Lakes division does not have a regional urban centre.

Table 1:4  **Rural Divisions with Regional Centres Withdrawn, Total Population**

<table>
<thead>
<tr>
<th>Division</th>
<th>1961</th>
<th>1991</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avon</td>
<td>17446</td>
<td>16806</td>
<td>-3.66%</td>
</tr>
<tr>
<td>Hotham</td>
<td>14466</td>
<td>11309</td>
<td>-21.82%</td>
</tr>
<tr>
<td>Pallingup</td>
<td>8219</td>
<td>7911</td>
<td>-3.74%</td>
</tr>
<tr>
<td>Blackwood</td>
<td>15468</td>
<td>16226</td>
<td>4.90%</td>
</tr>
<tr>
<td>Campion</td>
<td>15937</td>
<td>12023</td>
<td>-24.55%</td>
</tr>
<tr>
<td>Lakes</td>
<td>6505</td>
<td>5336</td>
<td>-17.97%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>78041</td>
<td>69611</td>
<td></td>
</tr>
</tbody>
</table>

There are a variety of changes that have occurred in the agricultural sector since 1961 which have influenced the demographic changes in this state. They are in response to government policy of deregulation, agricultural globalisation and increasingly competitive overseas markets, falling commodity prices, an oversupply of agricultural products, the development of large-scale agri-business firms, changing environmental conditions and increased technological intervention into agricultural production. These factors have all attributed to far-reaching change and the demand for efficiency and their impact are now briefly analysed.

**Multi-nationals and Agri-business**

Multi-national agri-businesses have been courted by government often at the expense of the family farm which further aggravates the problems of depopulation and social continuity. Agri-businesses have the potential to tie up entire communities. Even if they do not own the properties, they often supply the farmer all that he or she requires to grow the crop or flock, and then will be responsible for selling the herd, clip or crop in an all encompassing deal. In the first instance the deal is usually attractive but leaves the farmer with limited latitude and bargaining power.

As acknowledged by Lawrence¹, it is difficult to assess the direct impact of agri-business in Australia. Corporate involvement in agriculture has been blamed for environmental...  

pollution, cost/price pressure, the undermining of community social relations and to the extent that agri-business has forced increased borrowings and financial commitments, stress and social violence.

The combination of scientific advances particularly in the area of bio-technology, and corporate investors, especially foreign investment, interested in Australia’s primary sector make it feasible to derive more profits and export earning dollars from fewer and larger foreign-connected primary production units. Some analysts argue\(^2\) that the introduction of new agricultural biotechnologies into Australia will heighten dependence upon those foreign firms that control these innovations. Industries dependent on foreign investors and trans-national corporations are obligated to export their profits. The leakage of these profits from the rural areas responsible for their creation removes a vital stimulus for the local economy. Furthermore, local communities will lose out when these large conglomerates buy their inputs elsewhere and add value to their products wherever in the world they can get the best deal. Agri-business’ focus is economies of scale and efficiency. The economic power which is exerted by agri-business is much greater than that of any individual farmer or even farm organisation. It therefore has the potential to influence the structure of agriculture, environmental issues, other corporate activities and government decisions. The Australian government has allowed agri-business a corporate free rein, but one must consider the social responsibility that such organisations have to the tenuous agricultural communities in this state and country.

**Farm Aggregation and Economies of Scale**

A parallel development in agriculture is the increasing size of farms. Large farms are taking over smaller ones, with the result that farms have become bigger on average, over the last 50 years. While larger farms are able to survive more easily in the current economic circumstances, there does appear to be a trend developing towards larger production units at one end of the spectrum and smaller, poorer operations at the other. The latter struggle to remain viable and keep out of the clutches of banks and finance corporations. Those smaller, more marginal family farms are holding on by adopting survival measures such as 'belt tightening', whereby they reduce their purchases of consumables and the entire family is expected to contribute their labour. Off-farm work is also sought by whoever can get it.

In many cases, research has found that an initial loss of population in Australian rural areas has had a cumulative effect. (See o/h) This trend is magnified in Western Australia as has been shown earlier. Overall the sheep/wheat belt from Geraldton to Esperance forms a band of rural depopulation. The rural population has always been relatively scant with a few small towns linking the landscape and only a handful of towns with a population exceeding 1,000 people. Lower farm incomes and fewer farms means less clients for businesses in rural towns and therefore fewer jobs. Deregulation, for example banking, has meant the withdrawal of such services to large regional centres, often a long distance away. Similarly, private services such as retail establishments likewise fall victim to falling population levels within their catchments particularly when large retail chains open in the bigger regional centres undermining the viability of the ‘family owned and operated’ retail outlets. As depopulation occurs, towns shrink and basic government services such as health provision, education, communications and transport are reduced. One survey calculated that in 1966 the public and private services available in 15 small wheatbelt towns totalled 76. By 1994 that number had fallen to 37. This shows how a vicious cycle of depopulation can develop, as outmigration leads to reduced service demand, reduced employment opportunities and further outmigration.

The Effects of Technology

Decades of technological progress in agriculture have improved productivity per hectare and per labour unit to such an extent that the number of people working in agriculture has fallen dramatically during this century. In just two years in the mid 1980s 600 farms were lost in Western Australia alone. Furthermore, the 1994 ABARE Outlook papers show that the Australian average real farm cash income declined by about 50% between 1989-90 and 1991-92 due to the combined effects of drought, the collapse of the wool market and the general downturn in rural commodity prices. From the 1970s the terms of trade for Australian agriculture have consistently worked against the industry. The strategy paper, 'New Horizons', published in 1993 by the National Farmers Federation notes that the number of Australian farms have declined by about 34% since 1950. Part of it involves a trend to aggregation, with successful farmers taking advantage of economies of scale. The

---

Federation expects that rising farm costs and poorer commodity prices will continue to reduce the number of people engaged in agriculture.

Technological advances have led to increasing control over product inputs by agribusinesses which have already been discussed, and to what has been referred to as the 'technological imperative', or the need to continually pursue the latest innovations in order to maintain profits. Geoffrey Lawrence describes farmers trapped by the technological imperative as rural "junkies", hooked on agricultural chemicals aboard the agribusiness treadmill. The 'technological imperative' and the development of capitalist agriculture have had, and will have, devastating effect on family farming and on the social relations of production. The immediate imperative for families is to increase the size of their holdings and/or to increase their production to cover costs, and in order to do this, they must acquire bigger machinery and make greater use of chemicals in cropping and animal husbandry. All these adaptations tend to be capital-intensive replacing previously labour-intensive practices, causing enormous structural changes in rural communities. Inevitably this cycle tightens the cost-price squeeze on family farms, increases over supply of products and necessitates a greater cash flow. The 'technological imperative' has entered chemical control of weeds and pests, larger and more sophisticated machinery and livestock technologies such as embryo transplants, artificial insemination and hormone implants. Nonetheless, farming families are finding the 'technological imperative' in agriculture a treadmill from which they cannot escape easily if they are to remain viable.

**Economic rationalism versus social equity.**

As Taylor explains, restructuring and regional change does not only involve job loss, it also involves loss of services and arguably, loss of quality of life. The requirement to either eliminate or 'properly' cost community service obligations will have a major impact on rural communities, particularly women. The effects are most visible in essential service delivery, where falling population numbers make many schools, hospitals and transport networks less viable. The closure of a school, hospital or general store has direct employment impact on women who are often extremely vulnerable in their reliance on a few employment sources. Furthermore it is women, disadvantaged ethnic groups and the aged who are more likely to be effected by any change to welfare, transport and communications. It is women who usually commute their children for long distances to

---

school or for medical attention. They also use telecommunications more than men and are 50% more likely to receive welfare assistance than men. The aged are also vulnerable when transport, telecommunications and health services are withdrawn.

The Federal government seems determined to introduce competition in the provision of telecommunications services because of significant gains to be made in efficiency. Based upon economic rationalism, the distances to be covered for so few customers is likely to place telecommunications services in most regions of Western Australia in jeopardy. Over and above the role of telecommunications in operating a business, it is also a very important instrument in combatting a sense of isolation which is particularly critical for women and the aged in rural and remote areas.

The Federal Labour government earlier this decade imposed assets tests on the aged pension and more recently, an assets test on family allowance. These measures have disadvantaged farming families because even though their income is negative and probably has been for some time, their asset, (the land) which in the present economic climate is not saleable, is potentially above the set limit. Older people face the pressure of continuing to farm into their old age in order to secure some income. They cannot retire with dignity or assurance that once one partner has passed away the other will have an income or viable asset.

The Impact on Women
One of the most evident changes in the pattern of work has been the move away from subsistence production and the production of goods for consumption. At the same time as this change was occurring, the development of cheap, factory-produced goods meant that clothes and goods previously produced on the farm could be bought at supermarkets and department stores. Better roads and faster transport made access to these goods easier. Consequently, the farmhouse has changed from a site of production to a site of consumption. This means that to eat and live on a daily basis, there must be an available expendable income. In difficult markets when farm incomes are negative, the dependence upon manufactured goods as basic as food creates great pressure and as result there is an escalating trend towards at least one adult, usually the woman, moving off the farm to work, wherever possible.

---

For agricultural rural women, off-farm work in the last ten years has often been a financial lifesaver for the economic viability of the farming household. The difficulty in Western Australia however is that long distances must be travelled between towns and as already discussed, there are only a handful of towns with a population of more than 1,000 people. This means then that there are few job opportunities for agricultural women to work off the farm. In addition, the cost of travelling to and from the job may be such that it does not represent good economics. Another problem is one few outside the agricultural sector appreciate and that is the cost to a farming operation of having an unwaged able worker off the property. The cost of replacing that worker is often such that the enterprise cannot afford for that person to take off-farm work, particularly if the job is part-time and/or at the lower level of job classifications.

Farm women's roles are intense and varied. The domestic sphere is still deemed theirs alone, but their farm labour is indispensable although their legal position is often tenuous. In many circumstances where wives are made partners in the business of farming they are not partners in the ownership of land the real asset, by virtue of patrilineal inheritance. The law is such that should the wife be made a partner in the land as well as the business, the farm must pay such high capital gains taxes that the farm would have to be sold in order that the tax be paid. There is a national groups of farm women fighting for recognition of just this dilemma at a Federal parliamentary level. West Australian women look on with interest and are participating in this lobby, but broadly communicating the issues and outcomes and making rural women aware is difficult without a powerful co-ordinating body to disseminate such information.

In the past two years there has also been dedicated push for the legal recognition of rural women for another reason. Rural women are the unpaid employed. Agricultural women married to farmers are rarely paid for the work they do and therefore are considered ineligible for compensation for loss of income when injured in the course of farm work. Furthermore, even if a wife is paid, rarely are they compensated equal to their husband in the event of the same injury. It is automatically assumed by society and the courts that women's work contribution is not equal to that of her husband. Largely through the efforts of these women this matter has now been referred to the Law Reform Commission to consider as part of its examinations of equality before the law.
Potential Outcomes

Women are increasingly being recognised as having an important role to play. Not only are they an important source of labour but they are often the linkpin which holds rural communities together. Their voluntary labour in community activities often ensure the survival of those communities.

While farms continue to have on average, negative incomes\(^9\), the next generation of farmers are unlikely to want to, or be encouraged to, return to the farm. Statistics show that women are less willing to marry into a farm enterprise when they are unlikely to be recognised financially or legally. Alston's\(^10\) research shows that younger women are not as accepting of prescribed patriarchal gender roles as the older women. With limited opportunities for her to work off the farm it is unlikely the wife will have any financial independence or choice. Nor are they encouraged when legally, they have only tenuous property rights and limited injury compensation and no superannuation provisions, unlike all other Australians, by law. The agricultural industry generally and government departments in particular have overlooked their legal status and as a result whole communities are failing. The government must move swiftly to remove the impediments to women being treated equally in the ownership of assets and compensation for injury.

While 'diversification' rhetoric abounds in government, there has been a general unwillingness by government to support rural Australia's latent economic diversity. Effective strategies and adequate support to promote rural diversity have not been forthcoming. Diversity would cushion the impact of market fluctuations in any given industry. Tourism is now one of Australia's leading industries. Rural and remote Australia have huge potential and offer unique experiences unlike those encountered in the cities, which afterall, are not unlike many others throughout the world. Tourism creates new wealth by generating foreign earnings beyond those acquired through the export of both primary and value-added products and is an occupation that can be combined with the agricultural industry. Rural and remote Australia is also a primary location of renewal and recreation for most Australians. A recent report noted that 70% of all Australians choose to spend their vacations somewhere in rural Australia.\(^11\) As explained by Sher and Sher\(^12\),


\(^{11}\) *Issues and Approaches in Ecotourism*, Commonwealth Department of Tourism, Canberra, 1993.

this saves leakage of Australian dollars overseas which also means those funds have a beneficial multiplier effect on the domestic economy, creating jobs and a favourable impact on the nation's balance of trade. For this to have a meaningful impact, the government must make a firm commitment to meaningfully support such a strategy.

Providing essential services is an emotive issue but creative strategies can provide them to rural and remote communities. Most of these are dependent upon a wide and accessible telecommunications network. There have been a number of community run and government sponsored telecentres set up in several West Australian towns. The centres have a four-point charter: education, training, communications and employment. Education and training are well advanced with the support of universities and TAFE. From an employment perspective, telecommuting is not yet common in rural Western Australia but there are several examples of rural women telecommuting. An example is a lawyer who married a farmer and lives 250 kilometres from Perth. She uses the local telecentre to conduct research through AARNet (the Australian part of the worldwide Internet computer network), and communicate with an office in Perth.

Another example of creative use of technology was pioneered earlier last year. South Australian district nurses introduced a service whereby they are able to service patients at home in sometimes isolated areas, while maintaining those patients records as well as having access to on-line literature such as the MIMS medication guide by way of wireless modems, cellular phones and laptop computers.13

These facilities offer a work alternative as well as opportunities for women to upgrade their qualifications and/or maintain work links and have huge potential but once again the government must be committed to an equitable and accessible telecommunications service. They also provide opportunities for people and communities to stay in touch with each other. Farm women's networks in the US, UK and Canada have provided farm women exposure, credibility and a political base. In a state where the rural population is so isolated, the Internet and electronic mail facilities have enormous potential.

---

Conclusion

Not only is the economic viability of the family farm and agricultural sector of Western Australia being threatened and therefore an important source of foreign earnings, but so too is the social fabric. It is now acknowledged that one cannot be helped without addressing the other. Rural development policies must be generated from rural-based people themselves in conjunction with the city-based bureaucrats so that co-ordinated and properly sponsored policies be formulated that build on rural strengths and encourage diversity, autonomy and commitment to the agricultural sector. Policies cannot afford to depend upon government, but rural based people must be able to look to government for positive encouragement and recognition of their potential.
REFERENCES


