



CAN RURAL COMMUNITIES SURVIVE? THE CASE OF HOPETOUN

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Agricultural productivity has increased in the Hopetoun region of the Mallee but, in spite of this, the area is facing depopulation and social stress. Causes include the global economy, drought, the poor performance of local banks, and inappropriate Government policies, including the withdrawal of services. Though Hopetoun's farmers are responding with courage and professionalism, the region's future is uncertain.

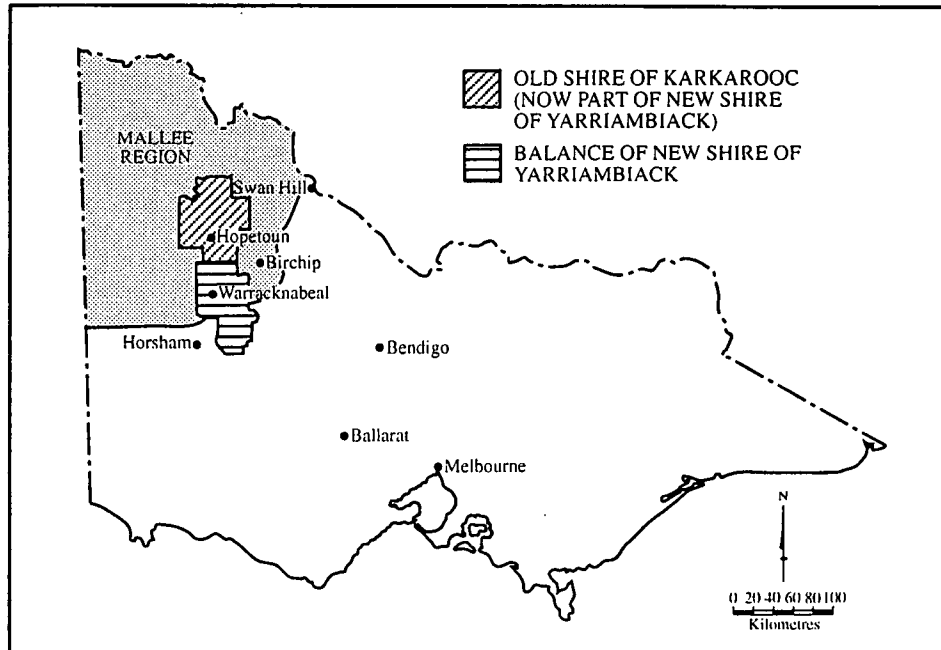
Hopetoun is a town of 700 people in the Mallee, in the North-Western Victorian Shire of Karkaroc. (See Figure 1.) It is typical of hundreds of small towns throughout the extensive regions where grain is grown and sheep are run across Australia. Growing crops and grazing sheep have been the traditional enterprises, in varying mixes, since European settlement in the Hopetoun region in the 1840s. These agricultural enterprises have been the major economic force sustaining this rural community. But the economic base is shifting and Hopetoun's community is under stress.

PRODUCTIVITY GAINS, RISING COSTS AND POPULATION DECLINE

The population of the town and of the Shire decreased between the 1981 and 1991

censuses: numbers in the town dropped from 832 to 703 and in the Shire from 3,500 to 2,710.¹ Yet production in the Shire has increased, with wheat yields doubling over the past forty years. (This figure is derived from a measure which takes into account the combined productivity of land, labour and water.²) The Shire of Karkaroc has the second highest yield trend (next to the Wimmera), in the state.³ Grain legumes (dry peas, chick peas and lupins), introduced in the early 1980s, now constitute 20 per cent of the crops grown in the Mallee and the increase in productivity is the result of the inclusion of legumes and medic pastures (clover) in the crop rotations. The Mallee region now accounts for 45 per cent of Victoria's production of both wheat and barley.

Figure 1: Location of Hopetoun and surrounding area



Farming methods have improved, production has improved, but incomes have fallen. In 1975 a standard farm of between 2,000 and 3,000 acres, run by two families, would crop 1,000 acres and run 700 breeding ewes. In 1995, one family crops 2,000 acres, and runs 1,500 sheep for wool and meat on a total of 3,000 to 4,000 acres, and yet off-farm income is now required to keep the farm going and people are being driven off the land.

There is no single cause of the population decline in Hopetoun and Karkaroc. Farm sizes began to increase in the late 1970s as farm machinery improved and labour costs increased. Australian farmers have competed to sell their product in a world market and have been acutely responsive to the need for improved productivity. The recent population decline is a combination of a run of unseasonably dry years, reduced yields per acre, the fall in commodity prices stemming from the trade wars between the European Union (EU) and the USA, and the recession in the USA, the EU and Japan. Increased production costs, including fuel, fertilizer and chemical sprays, machinery, transport and handling costs, as well as an increase in Shire rates, water rates and the cost of finance, have all led to a decrease in farm incomes and thus to the availability of jobs in the Shire.

The dramatic effect, both physical and psychological, of the 1982 drought on the people of the farming community in the Hopetoun district, still reverberates. In 1982, during the worst drought on record, Hopetoun recorded three inches of rain for the entire year. The average annual rainfall is 13 inches, with 6.5 inches recorded in the previous driest year in 1967. In 1982, some farmers did not even harvest enough grain for seed, the first time this had happened since the bad years in the 1930s and early 1940s, when poor seasons saw up to 34 per cent of the population leave the district. The season following 1982, 1983 to 1984, was wonderful, with good yields and good prices, but it has not been repeated. The next eleven years saw a run of unexpectedly dry years, with virtually no good autumn rainfalls.

The collapse of the floor price for wool in 1989, together with low cereal prices, saw the beginning of low farm incomes throughout Australia. The trade war, the collapse of world commodity prices, and the world recession all impacted on Australian farms.

At the same time the Federal Government increased bank interest rates, in some instances to 24 per cent, to attract foreign capital. This increase had a disastrous effect on the liquidity of many farms and small businesses. The most efficient and productive farmers in the Hopetoun region were often those who had borrowed to expand their operations. When the value of their land decreased as a result of the decrease in cereal and wool prices, their debt-to-equity ratio increased, thus bringing an increase in interest rates. The increases in the costs of production added to the burden of interest rates. Banks made matters worse by responding to falling prices for farm products, and the subsequent fall in land values, by raising interest rates still further.

The banks were often inconsistent with their lending. They sold up small operations whose owners could not meet payments when interest rates had been pushed to over 20 per cent, yet lent at eight per cent, and in some cases less, to neighbours whom they considered a better risk. In some cases inconsistent lending policies amounted to moments of lunacy when substantial amounts were lent for 'sunrise' industries such as ostrich and emu farming. The restructuring of banks, as a result of poor performance in the late 1980s and early 1990s often resulted in many management changes – leaving little staffing consistency and fewer opportunities to build a working relationship with one banker. The effects of low world commodity prices for cereals and wool were also exacerbated by mismanagement at the Australian Wool Corporation and the Australian Barley Board, in the latter case particularly in the 1993-94 season. Indeed, the Wool Corporation and Barley Board have seriously damaged opportunities for farm recovery.

SOCIAL EFFECTS OF THE REGION'S DIFFICULTIES

After 1989 the accumulation of economic problems reached the point where many farm families did not have enough money to pay the bills and one or other of the partners had to seek work off the farm.

There is not a lot of work available in rural towns. Although the adaptability of farmers allows them to perform a variety of jobs, there are more opportunities in larger rural centres. Contract spraying, shearing, fencing, or working with a machinery

company or a hardware store gives some off-farm employment for men. Women usually work as teachers, nurses, secretaries or as shop assistants, if the positions are available. Some people travel to larger centres and have jobs for three to four weeks, coming back on the weekends, others keep such jobs for longer. There are social welfare payments which some families apply for, while others do not believe government money should be spent in this way.

Continued and significant rainfall since May has resulted in a good season with the prospect of good yields. The dry autumn saw sheep numbers dramatically reduced in Eastern Australia resulting in high prices for sheep meat. Many wool sheep were slaughtered for meat. World grain shortages indicate improved prices for cereals at harvest.

Despite the present good season, it has been a harrowing time for many of the farmers, both men and women, who have continued their commitment to agriculture. For all their efforts they seem to have only reaped the burden of further debt and of new doubt about the future. Adjustment to the current realities of farming has not been easy.

The independent, resilient and innovative spirit which characterises the people of rural communities like Hopetoun has brought significant economic benefits to Australia. Nonetheless this spirit is treated with scorn by urban dwellers. They buy cheap food and continue to believe that farmers will stay on the land and keep on producing the cheap food as well as significant export earnings, no matter what.

Between 1981 and 1991 the town's population fell by 15.5 per cent and that of the Shire by 22.6 per cent. In 1981 there were 181 students at the high school (Hopetoun Secondary College) but in 1994 there were only 147, despite the increase in the number of students staying on to complete year 12. Almost all of the children of local farmers and business people complete year 12, especially as there are few jobs opportunities both locally and in the cities.

There has not been one new farm family coming into the Hopetoun district since 1926. All new farmers are the children of local farmers and have served their family-farm apprenticeship locally. This often involves sharefarming neighbouring land and gaining

tertiary education. This continuity is an indication of the commitment and success of these family-farm operations.

But very few young farmers now see a future for themselves in serving the old-style apprenticeship necessary for farming, with a view to eventually taking over the role of management. Furthermore, one of the effects of poor seasons and low commodity prices is that local businesses and farmers cannot afford to put on new people. There are only four traditional apprenticeships currently being served in Hopetoun, including ones with the butcher, the baker and a mechanic.

Many students complete the Victorian Certificate of Education (VCE) (the final high-school qualification) and many go on to tertiary study in the city or one of the regional centres. One of the characteristics of the 18 and 19-year olds is their lack of direction. They do not expect to get a job, as jobs available for wages significantly higher than the dole are scarce and rarely to be found in small towns. Yet, at the same time, a young Hopetoun farmer has won the Victorian Apprentice of the Year, an award which includes farm stays in America, another has won a cadetship to Melbourne University studying Agricultural Science, and a young ex-student of Hopetoun Secondary College has opened a vibrant new hair-dressing business in the old Westpac Bank building.

The 'apprenticeship' for farming requires at least six years on-farm experience and, preferably, formal tertiary education. Farmers now appreciate that farming is an expensive and sophisticated business, and they no longer expect that any of their offspring will just follow their footsteps. Yet there may be few places available on many of the Mallee farms for young farmers because the farms do not bring the financial returns which reflect their greater productivity – per acre and per farmer. This is hard to accept.

Farmers have seen opportunities for apprenticeships and jobs for their children dramatically reduced in small rural communities while large amounts of Government funding have been poured into job creation and training schemes elsewhere. It is a sad occasion when a young family packs up and leaves the district as many have done over the past thirteen years. They go to larger centres such as Horsham and Bendigo to seek new opportunities unavailable to them in the

small towns. This reduces local demand and the result is added competition for the few jobs available in the town from the men and women whose farms no longer provide the income necessary for caring for their families.

FAMILY STRESS

There is a lot of extra stress on families when the jobs on the farm are not done when they should be, because off-farm employment has first preference or because there are simply no funds. Many of these jobs are done by the women and children if the husband is away working. Initially this is not resented but, after long months or even years, a lot of tension develops, particularly when there is still so little money to cover costs and family needs.

In many rural communities there has been an increase in suicides, usually by men on farms, either the established farmer or the son who sees no future. There has also been an increase in divorce, particularly in areas where the land can be sold. There has not been much increase in suicide or divorce in Hopetoun, although there has been a lot of counselling for stress and a much higher incidence of depression, especially amongst the men.

One of the measures of the health and well-being of any community is what the young people are doing. Children who were in kindergarten in 1983 are now studying their VCE, and think differently about what options their futures might hold. The high school was established in 1963. The farmers who run the most productive farms, people now aged between 40 and 50, were educated then. The education that the school provided is one of the factors which contributed to the improvement in farm productivity.

ESSENTIAL TOWN SERVICES

In 1981 there were 3,500 people in the Shire of Karkaroc, which covered an area of 40,000 square kilometres, one of the most productive grain areas in Australia. Shire amalgamation in 1995, with the formation of the new Shire of Yarriambiack, has more than doubled the area. Warracknabeal is now the administrative centre. The impact on jobs and management style of the amalgamation is still to be revealed, yet it can be predicted that, while many services will now be contracted out, it will be the larger centres such

as Warracknabeal and Horsham which will provide the services and that is where the workers will live. Sixteen people are currently employed by the Shire in Hopetoun, yet there are no established contracting businesses to absorb a new employment structure.

The 'critical level' of a rural town's ability to sustain itself seems to be related to the medical and educational services that it must provide. When these services go, families leave. Those remaining then have to struggle to gain access to some of the facilities which our modern society holds as given.

It is with disbelief, a great deal of bitterness in some cases and resignation in others, that farming men and women have watched services being withdrawn, charges increased for freight and grain handling, Shire rates and water rates being increased and a clear Government policy to increase interest rates to the levels of the late 1980s, levels which make continued investment in the farm impossible.

The hospital, the doctor, the chemist and the high school are important institutions in the life of rural communities. Cuts in any of these services have a long-term deleterious impact. Currently the doctor resides in Hopetoun only during the week. The closest alternative doctor is at Birchip, an hour by road, or at larger centres such as Horsham or Swan Hill, over an hour and a half by car, more than a hundred kilometres. The need to travel such distances for medical help undermines the sense that a rural town like Hopetoun can look after most of the essential needs. These trips have to be made by private car as there is only one infrequent bus service to the larger centres.

The town does provide many services including agricultural supplies, hardware, groceries, two butchers and a baker, two hotels and clothing stores. While these businesses do not hold an extensive stock, they all provide a reliable service in ordering other items. There is also the Commonwealth Bank (formerly the State Bank), an office of the Department of Conservation and Lands, *The Hopetoun Courier*, the Education Centre, where a wide range of classes are held for computers, farm chemical use, china painting and aerobics, as well as two butchers, a shoe shop, a haberdashery, Post Office, and a motel.

Yet, since the 1982 drought, many services which used to place the town at the

centre of the Shire of Karkaroc have been lost. Gone are the former State Rivers and Water Supply Office, the solicitor, the Westpac Bank, the Court House, the Elders Office, the Massey Ferguson Dealership and the weekly visit from the dentist.

There is also a large number of widows and widowers – eighty – living in the town. Corrong Village was established in the 1960s as a retirement centre for aged residents. Many former residents retire back to Hopetoun as housing is cheap, the climate agreeable, although hot in the summer, and the town is friendly. There are many Clubs and Societies including the Country Women's Association, the Historical Society, Elderly Citizens, the Garden Club, and the Agricultural Show Society.

The strong commitment and voluntary service that people have always given to these groups is one of the special features of small rural communities and small towns. There is also a wide range of sporting facilities: football, netball, basket ball, golf, tennis, swimming pool, Lake Lascelles for water sports, a Pony Club, a Go-Cart Association, Pigeon fanciers, rifle club, bowling, and a new Community Recreation Centre at the high school.

ADVERSITY BRINGS CHANGE

The adversity of the recent years has resulted in farmers finding new solutions to problems such as the high cost of freight and storage by building on-farm storage and by shipping directly to end users. Farmers have also begun to choose markets more carefully for some of their grain and to sell direct to end users, such as the pork and poultry industries and to dairy farmers and feed lotters. The unresponsiveness of the traditional statutory marketing authorities has led farmers to find their own markets.

A group of farmers from the Hopetoun area initiated the formation of a farmer's co-operative in 1981 to accumulate and market a new crop, field peas, and this co-operative has become a major player in the marketing of grain legumes in Victoria. Another group of farmers from the Hopetoun area has taken over a Malt House in Ballarat, supplying barely which is malted and then supplied to Asian breweries. In the eastern Mallee there is a farm business which diversified from its traditional cropping program and is now supplying corn-fed chickens and other specialists gourmet game-birds to Melbourne wholesalers and to restaurants in Melbourne, and now in Singapore.

Optimism is one of the essential personal characteristics needed to be a farmer. 'While there is moisture there is hope.' The Hopetoun district, like many other rural areas, has seen dramatic changes to its economic fortunes and to the fabric of its social life. This period of change is again one of those crucial points in the survival of the town.

What is to become of farming? We would need a crystal ball to find a sure answer to this question. Some people believe that the resolution of the GATT talks will lift Australian grain prices but this has not happened yet. The future of agricultural production in the former Shire of Karkaroc depends on the weather, prices for products, costs of production, and the cost of finance.

References

- ¹ Australian Bureau of Statistics, Census of Population and Housing, 1981 and 1991
- ² See A. P. Hamblin and G. W. Kyneur, *Is Australia's Wheat Production Under Threat*, The Bureau of Resource Services, Canberra, 1993.
- ³ *ibid.*