

# Chronic drought conditions create hardship in Australian rural areas

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One of the worst droughts of the past century is having a devastating impact on farmers and rural communities across much of Australia.

During a national water summit last month, the Murray-Darling river basin commission dramatically announced that the drought could be the worst in 1,000 years. Since records have been kept only for the past 114 years, the figure was at best an estimate. Nevertheless, there is no doubt that drought conditions in large parts of the country's farming land are serious and will get worse during the summer.

A statement issued by the Australian Bureau of Meteorology on December 4 painted a bleak picture of the drought intensifying over eastern and southern Australia. The four-month period from August to November was the driest on record across South Australia, the second driest across the Murray-Darling basin and the third driest across Australia as a whole. Significant parts of the country experienced the lowest rainfall on record—that is for the past 100 years.

As the statement noted, the deficiencies “have occurred against a backdrop of multi-year rainfall deficits that have severely stressed water supplies in the east and the southwest of the country”. Many farming areas never recovered from the 2002-3 drought and have been in drought conditions for more than five years.

Water levels have fallen dramatically in the Murray-Darling basin, which is the continent's largest river system, accounting for more than 40 percent of agricultural production. According to the December update, only 610 gegalitres of water flowed into the basin for the six months to November—56 percent of the previous low and just 7 percent of the long-term average for the same period.

Figures released by the Australian Bureau of Agricultural and Resource Economics (ABARE) in October forecast a 60 percent drop in the production of the three main winter crops—wheat, barley and canola—more than a million tonnes less than during the 2002-03 drought. Lack of feed and water has driven up the sales of sheep and cattle as farmers cut their herds. Prices have dropped correspondingly—13 percent for beef, 34 percent for lamb and 52 percent for mutton as compared to the same time last year.

The gross value of farm production for crops and livestock in 2006-07 is expected to decline by 35 percent or \$6.2 billion, compared to 2005-06. Adjusted for inflation, gross value is expected to be 16 percent less than during the 2002-03 drought. ABARE estimates the drought will have a negative impact on economic growth of 0.7 percent, even though agriculture comprises less than 3 percent of national GDP.

These raw figures, however, say little about the suffering and hardship the drought is causing in rural areas. While farmers, particularly those with smaller properties and less financial resources, have been hard hit, many rural towns and cities that act as agricultural service centres have also been seriously affected. Contractors, farm labourers, small businesses all face a drop in income or loss of jobs.

A Charles Sturt University study of the 2002-03 drought found that it had accelerated the decay of small rural towns, which have already been

hard hit by the loss of services and economic decline. The report identified a serious erosion of incomes for farmers and small businesses, a greater need for out-of-farm income, leading to increased workloads and difficulty in accessing welfare and health services. The authors concluded that a significant number of farm families experienced poverty and cited an earlier study, which observed that only 20 percent of farms linked to the global economy did well.

The report described the drought support system for farm families and rural small businesses as cumbersome, allowing “people to fall between the cracks”. The lack of welfare, together with government policy on water allocation, had led to “a significant expression of mistrust of the state and its institutions, increasing feelings of marginalisation and strong expressions of alienation”. Rural Australians on farms and small communities “feel overlooked, unsupported and forgotten”.

The most tragic expression of these difficulties is the growing number of suicides. It is currently estimated that every four days a farmer commits suicide due to the stress of failing crops, dying livestock and growing debts. The rate of suicide among male and female farmers is twice the average rate for Australian men. According to the *Land*, more than 500 people turned up to a depression awareness day at a Trangie property in October, listening silently for hours to the speakers. Even more people attended a similar seminar at Dubbo on the same weekend.

Even though the problem is widespread, mental health support services in rural areas are limited. According to NSW health official Richard Matthews, the entire psychiatric workforce in central west New South Wales operates on a “fly in, fly out” basis, with the exception of the town of Orange. He described the situation as “terribly worrying and depressing” and called for an urgent review of rural mental health services.

Like other essential services in rural areas, health services have been successively run down by governments—Labor and Liberal, state and federal. As part of its drought relief package, the Howard government allocated \$51.7 million in funding for rural mental health. The Rural Doctor Association of Australia responded by pointing out that the extra money was of little use unless more psychologists and mental health workers could be attracted to work in rural areas.

Acutely sensitive to the hostility in rural areas to the lack of assistance, the Australian government announced on October 16 the provision of \$350 million for 18 Exceptional Circumstances (EC)-declared areas in five states and territories. While the package provided limited financial assistance for farming families, many people who have been affected by the drought, including contract harvesters and town businesses, received no aid.

Australian Contract Harvesters Association president Peter Bradley said: “We’ve been asking and asking and asking the Federal Government for some assistance, but it’s got to the stage where it’s totally and absolutely critical at this stage that we do at least get interest rate subsidies on our financing.”

Paul Stephenson, mayor of the rural town of Goulburn, criticised the package as being too late. "I don't know that anyone can really benefit until the drought breaks. The drought is here now... It has been here for long, long time and the farmers will tell you that and so will people here in Goulburn and a lot of other country towns who have gone pretty hard without water."

Goulburn, a town of 22,000 people near the Australian capital of Canberra, has had severe water restrictions for the past five years. With local reservoirs either empty or at low levels, each household is allowed just 150 litres per person per day. Declining farm incomes have hit local businesses hard. Rural services agent Steve Ridley told the *International Herald Tribune*: "The main crops have failed. They're not even good enough to make hay or silage." He said many farmers were going further into debt and were "hanging on by their fingernails".

The package did not stem the criticisms. National Farmers Federation spokesman Ben Fargher pointed out that Government Exceptional Circumstances funding was only available to farmers able to demonstrate their ability to run a viable farm. For many smaller farmers struggling to survive and most in need of assistance, the funding test is impossible to meet.

The Howard government subsequently announced an additional \$560 million in aid to drought-affected farmers on October 24, including an easing of restrictions on the provision of interest rate subsidies. According to the government, the additional funding would increase the number of farmers receiving drought assistance by 10,000 to 72,000.

On November 7, Canberra promised an extra \$210 million for businesses in EC-declared areas that obtain 70 percent of their revenue in normal years from farmers. Not only is it difficult for many businesses to meet this test, but there is no guarantee that the government aid will materialise.

Until 1989, drought was officially regarded as a natural disaster and those affected were eligible for assistance under the Natural Disaster Relief program. But in 1989, the Drought Policy Review Task declared drought to be a natural and normal feature of the Australian landscape, putting the burden on farmers themselves. This approach dovetailed with the Rural Adjustment Scheme, which provided support only to farmers with the prospect of long-term viability. Limited emergency assistance for other farmers was only available in exceptional circumstances.

In other words, drought policy is not designed to assist those in need, but is part of ongoing efforts to restructure agriculture by forcing smaller, less economical farmers to leave the land. Two recent government reports have recommended phasing out interest rate subsidies for drought-affected farmers. With no income during a drought and denied financial assistance, small farmers are forced further into debt and are left without the money to plant a crop when rain does come. The only choice left is to sell up.

The impact of these measures has been a growing gap between rich and poor farmers. A 2001 study found that in good years only the top 25 percent of farmers were doing well financially. The middle 50-60 per cent only survived by having multiple incomes, including from off-farm jobs. The remainder was living in poverty with an annual income of less than \$10,000. A 2005 report published by the Australian Productivity Commission found that in the past two decades the number of farms had declined by 25 percent, while the average farm size had increased from 2,720 hectares in 1982-83 to 3,340 hectares in 2003.

The Howard government retained the Rural Adjustment Scheme set up under the previous Labor governments. The impact of its program of economic restructuring and privatisation, which further eroded services in regional areas, has created tensions with Prime Minister John Howard's coalition partner, the rural-based National Party. Support for the Nationals has slumped and the party has come under increasing challenge, including from rural-based "independents".

Howard has made a point of rejecting the criticisms of Professor Peter

Cullen, a water ecologist, who argued against providing drought assistance to keep marginal farmers on the land. The prime minister declared that the rural community was "part of the essence of Australia". Losing the rural community, he said, meant not only that Australians would suffer economically if the farm sector shrunk, but they would lose something of their national character.

The image of Australia as a country of rugged farmers and stockmen is a long-cultivated myth aimed at obscuring the essential class divide in a largely urban society. Howard's appeal to "the essence of Australia" is to cover up the fact that his government has been directly responsible for policies, including on drought, that have devastated much of rural Australia. His highly publicised "listening" trips to rural areas are designed to try to appease mounting anger, while making no essential changes to the economic measures that are producing hardship and suffering for the poorest layers of the rural population.

In the final analysis, the economic and social impact of the drought is a glaring example of the irrationality of the profit system itself. Australia is the driest continent in the world. Much of it is desert and most of the soil is shallow and infertile. Nearly half the country's agricultural output comes from a relatively small fraction of the total land area in the Murray-Darling basin. But the allocation of water from the Murray-Darling river system is not based on a rational, long-term plan but on immediate profit and the fluctuations of the market. Huge amounts of water are allocated to the production of rice and cotton on a continent that is prone to drought and water shortages.

Large areas of land have been cleared and exploited for agriculture based solely on its ability to return a short-term profit. The health of river systems has been seriously compromised by the overuse of irrigation for water, creating widespread problems with soil salinity. No long-term plan exists for the potentially disastrous consequences of global warming on agriculture, let alone a credible policy to deal with the emission of greenhouse gases.

Even when they are aware of the dangers, farmers are constantly caught in the bind of trying to make ends meet. Whenever a disaster like a drought hits, the operation of the market ensures that those least able to cope are hardest hit. The solution is not simply financial handouts, but the complete restructuring of society from top to bottom on socialist principles to plan production, including agriculture, on a long-term sustainable basis to meet the social needs of humanity as a whole, rather than the profits of a few.



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