

We are the Rural Crisis

Lorraine Stark

I asked the Farmer and his wife to tell me about the Rural Crisis. His wife gave me a long look, and said "We are the Rural Crisis!" This paper is dedicated to them.



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It is generally accepted that the Rural Crisis in the Mallee had its beginnings with the drought of 1982. The wheat crop failed completely. The following year was a year of bumper crop. It is estimated that the yield was three times greater than normal. Optimism ran high. Those people who had not planted decided to leave the land. Land prices were at an all-time high. Politically, it was the time of new thinking with the Labor Government returned to power. The "new economists" were encouraging farmers to get bigger. Notwithstanding the price hike, the empty farms were snatched up, as people bought adjoining properties. An example of the increase in land prices was that land that had been \$80-\$100 an acre prior to 1983 suddenly sold for \$200-\$250 an acre. In 1986 the same land was worth \$30-\$40 an acre.

The de-regulation of the banks happened at about the same time, and the

dollar was floated. Money was available and farmers were encouraged to take out loans. Much of the purchasing of land and equipment was done with borrowed money at an interest rate of 13.5%. There was a feeling of optimism, and talk of Australia moving onto the world market.

The spirit of competition amongst banks meant that money was being offered to farmers without any real investigation of their ability to repay. Machinery was updated to cope with the new larger holdings. Expansion extended when money was available.

Bank managers had always been respected in rural areas, and farmers often turned to them for advice. The advice was often "get big or get out".

The following three years were not good. There was too much rain or not enough. There were late breaks in the weather and farm yields were down. The farmers could not repay the loans that they had taken out. The dollar had lost its value and the debts began to mount.

An example of some of this debt was that farmers who traditionally had an overdraft of \$17,000 faced an extended overdraft of \$70,000. Interest rates began to escalate with interest rising by up to 10% on top of what had been negotiated. The average debt increased from about \$70,000 in 1982 to about \$200,000 in 1986.

In 1986 about 150 Mallee farmers received letters from the Rural Finance Commission informing them that they could no longer be provided with the Interest Rate Subsidy as their farms were deemed to be non-viable in the long run. The result on the Mallee Farmers was devastating! Neil

Vincent, Uniting Church minister at Sea Lake made the following observation:

To the person receiving that notice it meant that there was very little likelihood of finance being available for them to continue farming. The effect on those families was one of shock and grief, similar to the loss of a loved one; except that in this circumstance they lacked the support of relatives and friends. This was because the latter did not understand, and/or the people affected felt that they could not talk about it to anyone. Rural people are very private, the Mallee people particularly. You do not talk about personal things, and in particular you do not talk about financial problems, so 'isolated' is a word that constantly crops up.

Local people went public with items in local papers, talks to Radio stations, an appearance on TV's Countrywide, and talks to the then Minister of Social Security Brian Howe.

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This circumstance was the beginning of self-help in the Mallee, the beginning of groups like IMFAS (Isolated Mallee Families Action and Support). The outcome of these events was the announced trial for one year of an Outreach Worker from Department of Social Security to be based in Sea Lake. The then Minister for Community Services, Caroline Hogg, arranged funding for the group. It was the fresh

approach of the women involved that captured the imagination of the politicians... at a meeting with Caroline Hogg that I attended, for instance, they used coloured pins and various strands of coloured wool to show how isolated and distant outlying towns were from each other. The display was mounted on the top of a polystyrene Esky lid. Governor General, Sir Ninian Stephen, and Lady Stephen visited the group in April 1986 after watching Countrywide. The group had four main areas of focus: mutual support; public awareness of problems affecting Mallee farmers; lobbying for more just treatment for the families concerned; and accessing funds to enable the group to function and to provide much needed service within the more general community.

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A telephone network was developed for mutual support and a newsletter was established. The 'Women in Agriculture' group was later established to link women in similar situations throughout the Mallee. They have held seminars where women share their experiences and disseminate information.

The years that followed were reasonable ones, but because the debts by now were so high, many people were going backwards even though they were working and producing on their land. There were real pockets of poverty, especially in the Birchip, Wycheproof strip where rainfall was low. Some farmers had non-performing loans as their properties were non-productive. The reality was that the debt doubled in three years if the farm was non-performing. The commodity prices fell to the lowest in fifty years. Wheat farmers could not generate enough money for overheads and loans.

It must be pointed out that the banks charged extra interest on farming loans. They were charged 2.5% on top of the nominal rate plus an additional 2% charges fee. On top of this, farmers who were broad acre

farmers and received one cheque a year used to pay interest once a year. This changed to a monthly interest charge which in fact added 1.98% average on top of that. This worked out to:

$$17\% + 2.5\% + 2\% + 1.98\% = 23.48\%$$

Currently the slump in commodity prices means that farmers cannot service their debts, and may never be able to service them. In the past when wool prices were down, wheat prices were up, or vice versa. The present situation is that both commodities are at an all time low.

Factors that added to the Problem

The Australian market capitalises on things that go wrong in the Northern Hemisphere. Any major disasters to the markets of Europe or USA mean that more Australian wheat is exported.

1990 was a year where the Northern Hemisphere markets had a great year.

The European Economic Community pay over 100% subsidy to their farmers, as do the USA and Canada. The USA has been undercutting the EEC prices.

Russia, which was a big customer of Australian wheat and wool has been unable to pay.

The massacre of Tienanmen Square and the breakdown of diplomatic relations with China meant that a large market was lost to the Australian producer.

The floor price of wool went too high, and the Australian stockpile is an embarrassment.

The import of overseas foodstuff in the face of economic collapse has added to the problem of the horticulturalists. The commodity prices for fruit and grapes was also well below previous years.

The Cost

The human cost to farmers in the Mallee has been enormous! Loss of self esteem, loss of confidence and loss of identity as a coping farmer are just a part of it. Stress, worry and a sense of hopelessness prevail. Families who have been on the land for generations now face eviction. There

has been an increase in domestic violence with its consequence on the children. There have been cases of suicide and attempted suicide. Farmer's wives live in constant fear. Every farm owns guns, for putting down injured animals or to kill foxes.

Women are the ones who try to make ends meet. They suffer a sense of powerlessness. Their identity has been tied up with their husband and the farm. In some cases farm women were able to receive unemployment benefits, but the asset test cuts people off from eligibility if the assets excluding the farmhouse total \$147,000. While this figure may initially seem high, farm machinery, like a header and a tractor, soon add up to over this amount. These sorts of assets cannot be sold, because they are essential for bringing in the crop. There is a sense of loss and potential loss. Kubler-Ross's stages of grieving are very evident. Firstly denial and shock with its accompanying distress, restlessness and loss of appetite and sleep. Then anger, hostility and resentment, the idealisation of the bargaining phase, which quickly turns into depression, with isolation remorse and a feeling of no initiative or ability to plan. There is the uncertainty of either the current situation or the future. All of the changes taking place are outside the control of the family and are happening too fast to cope with.



The high petrol prices in this climate mean that women are reluctant to take the car and go and visit friends. Isolation is pervasive. A family that I spoke to said,

We had no debts in 1984, then the banks urged us to get bigger and we bought the adjoining property. Then the bad years came, and we were caught up in the interest rate spiral. We simply could not pay our loans.

This family had been forced to sell their farm. Their son has just completed a farming apprenticeship, thinking he would be working with his father. He is currently on unemployment benefit with no job prospects in sight. The marriage has broken up. The husband is in a dangerously depressed state. The wife has been seeing a psychiatrist. They have lost their farm, their home, their health, their future. They have nowhere to go, and no money to start again. Their friends are here. Their interests are here. The community does not want to lose them and they do not want to lose their community. What will they do?

In small communities loss of families mean the death of small towns. When there are not enough children in local schools, teachers are lost or the school closes. Sporting clubs are affected, as the young people move away. Without enough people for teams, outings and social events that bring families together cease, thus leading to even more isolation.

Those that are still on the land are disillusioned. They have always believed that if they work hard day after day they would make it. They plant their crops with trepidation, not knowing if it will be worth harvesting. There is a feeling of "should I bother"? With the vagaries of the weather and the tension before the rain, the air was electric! Often the farmer shuts off from his own family. This of course impacts on his wife and increases the stress level. It is for this reason that there was an attempt to get people together after the last harvest for a huge Mallee concert and the holding of seminars for farm wives to get people to mix and share their experiences. Rural counsellors and family counsellors are working long hours in an attempt to help, but at great cost to themselves.

The Future

For those farmers whose farms are non-viable there is the choice of the rural adjustment scheme. This scheme pays 'Household Support' which is equivalent to unemployment benefit. The agreement is that farmers will adjust out of farming. If they move off the land then the money does not have to be paid back. If they do not, then they pay the money back with interest. Farmers who go are given a cash payment of \$30,000 to relocate. Rural counsellors are attempting to negotiate a scheme where the home block can be sub-divided and the family can at least stay in their own home. In other cases the rural counsellor attempts to assist the family to purchase a block of land in town, and physically move the family home onto it.

Communities do not want to lose their families. These people are the life-blood of the Mallee. In small communities loss of families mean the death of small towns. When there are not enough children in local schools, teachers are lost or the school closes. Sporting clubs are affected, as the young people move away. Without enough people for teams, outings and social events that bring families together cease, thus leading to even more isolation.

To where does a farmer relocate? Where does he take his skills? If he moves to a large rural town, or to the city, where does he find work, when his skills have been in ploughing, or managing a farm or shearing? How do farm women who have been self sufficient and a respected part of a small community where everyone knows everyone, adjust to living in a strange town. Many Mallee people have never been to Melbourne, and find it fast and frightening. How will they cope?

Welfare services and State Emergency Relief outlets are reporting a change in their clients. They now also serve the new poor... people who previously were those who supported charities, now need to go to them for help. In many cases pride is all some of these people have left. It is very difficult for them to have to ask for food, or to walk into the Department of Social Security.

It is a reflection of the times that some elderly farmers are applying for the old age pension that they could have had years previously. Suddenly they put their pride away and apply. ♦

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