NSW PARLIAMENTARY LIBRARY RESEARCH SERVICE

NSW Rural Communities: The Impact of Change and Strategies for Assistance

by

John Wilkinson

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NSW Rural Sector: The Impact of Change and Strategies for Assistance

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EXECUTIVE SUMMARY

- Whereas once New South Wales was predominantly a pastoral and agricultural state, and primary producers (and the country towns which served them) enjoyed an era of relative prosperity, the presence of the rural sector in overall production has declined, primary producers have encountered an era of difficulties and a number of country towns have suffered similarly (pp.4-11,20)

- Although, in the past, government has provided inputs into primary production and has provided support to uphold producers' prices, this has been scaled down in recent years (pp.12-26)

- Small, particularly inland, NSW country towns have been losing population and losing services (pp.26-29)

- Approaches have been developed to address this - both on an overall level (through regional development) and in particular ways (pp.30-49)

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1 INTRODUCTION

Over the two hundred years of settlement in Australia, rural New South Wales has gone from relative prosperity to decline. Whereas as once the wealth generated by the colony's, and subsequently the state's, rural industries sustained the country towns in New South Wales, the decline in the fortunes of primary production has seen a corresponding decline in the country towns themselves. As Graham Blight, then president of the National Farmers Federation, declared in 1992, "Australian farmers now are in their worst position this century. . .The whole structure of rural Australia is under great threat. The services in our rural towns, our education and health facilities are all under pressure".[1]

This briefing note looks at the rise and fall in rural prosperity and at the impact on country towns in New South Wales. Finally it looks at some of the solutions which have been put forward to address the issue.

1 Robert Milliken, *On the Edge: The Changing World of Australia's Farmers* (Simon and Schuster, Sydney, 1992), p.152.

2 THE CHANGING FORTUNES OF PRIMARY PRODUCERS

(a) The Past Years of Prosperity in NSW Primary Production

The basis and direction of primary production in New South Wales - which became, for many years, the main form of production in the state - was laid not long after settlement when the Secretary of State for Colonies, Earl Bathurst, sent the former chief justice of Trinidad (John Bigge), to investigate the state of the colonies of NSW and Van Diemen's Land and to recommend means by which they could become self-sustaining, viable entities. Bigge, after arriving in Sydney in 1819, took note of the progress already made in wool growing and, in his report on the *State of Agriculture and Trade in the Colony of New South Wales*, presented in 1823, remarked that,

> the growth of fine wool. . .creating a valuable export. . .to Great Britain. . .appears to be the principal, if not the only source of productive industry within the colony from which the settlers can derive the means of repaying the advances made to them from the mother country, or supplying their own demands for articles of foreign manufacture. The great extent of pasturage that is now opened between the course of the river Hastings on the north, and the country that has been discovered in the neighbourhood of lakes and George and Bathurst on the south, affords the most favourable opportunities for individuals disposed and capable of entering upon an extensive scheme of agricultural speculation.[2]

To assist the development of wool growing in the colony the British government lowered the duties on imports of colonial wool.[3] British investors began to put their money into pastoral undertakings, most notably the Australian Agricultural Company (AAC), formed in London in 1824 to run sheep on a million acres of land, north of Newcastle. The nominal capital of the AAC was £1,000,000 and was mainly contributed by London financiers.[4]

By 1826 exports of wool from New South Wales to Britain, by weight, had reached 1,106,300 pounds. By 1836 the amount of wool exported, by weight, had reached nearly

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2 John Bigge, *State of Agriculture and Trade in the Colony of New South Wales*, report of the commissioner of inquiry, 1823, reprinted in Australiana Facsimile editions, no.70 (Library Board of South Australia, Adelaide, 1966), p.18.

3 Stephen Roberts, *The Squatting Age in Australia 1835-1847* (Melbourne University Press, Melbourne, 1935), p.42.

4 Gordon Wood, *Borrowing and Business in Australia: A Study of the Correlation between Imports of Capital and Changes in National Prosperity* (Oxford University Press, London, 1930), p.10.

7 million pounds and by 1839 the amount exported had reached 10 million pounds.[5]

A subsequent slump in production amongst the woollen mills of Yorkshire - the owners of which were the largest buyers of NSW wool - led to a corresponding slump in wool growing in New South Wales, and during the 1840s the price of sheep dropped from 60 shillings to one shilling.[6]

During the 1850s, however, production revived and, with a massive increase in the mechanisation of woollen textile production in Britain, wool growers in New South Wales dramatically expanded their operations. By the late 1880s the amount of British money invested in New South Wales, both for government and business operations, totalled £77 million. As a result of land purchase or selection, more than 35 million acres of land had been acquired by wool growers. At the beginning of the 1870s there were just over 16 million sheep in the colony; by the late 1880s the number of sheep in New South Wales had expanded dramatically to a total of just over 40 million.[7]

Another slump struck the wool growing industry during the 1890s and the price of wool sank to 8 pence a pound in 1891. A large number of wool growing properties came into the hands of the banks as the latter foreclosed on overdue loans. A rationalisation of the wool industry then took place. Less pastoral stations stocked less sheep: the total number of sheep kept on properties in New South Wales fell by nearly half and wool growers changed their focus to producing a larger amount of wool per sheep. Despite this, wool continued to be the prime rural commodity produced in NSW with over 300 million pounds, by weight, produced in the now state of New South Wales in 1901.[8] In 1907 the export value of the wool produced in the state amounted to £12,000,000.[9]

On an overall level, Australia had by now become the largest producer of wool in the world. William Woodruff has commented that, “In 1913 half the world’s wool supply

5 Roberts, op.cit., pp.42-43.

6 Eric Evans, *The Forging of the Modern State: Early Industrial Britain 1783-1870* (Longman, London, 1983), p.227; Roberts, op.cit., pp.189-192.

7 Noel Butlin, *Investment in Australian Economic Development 1861-1900* (Cambridge University Press, London, 1964), pp.67,115. Commercial Banking Company of Sydney, *A Century of Banking: The Commercial Banking Company of Sydney* (Art in Australia, Sydney, 1934), p.49; Wood, op.cit., p.77.

8 Edward Shann, *An Economic History of Australia* (Cambridge University Press, London, 1930), p.314315,342.

9 NSW Intelligence Department, *Notes for a Lecture on the Mother State of Australia* (NSW Government Printer, Sydney, 1907), p.8.

was drawn from Australia and New Zealand".[10]

The surge by primary producers in New South Wales to stock sheep on their land led to a decline in the holdings of beef cattle in the colony. The British settlers had brought beef and dairy cattle to the colony by the 1790s and by 1871 there were 2 million cattle in New South Wales. By 1890, however, as Professor Robert Wallace noted figuratively, at the time, "sheep have actually driven [beef] cattle out the colony".[11] By 1913 beef production was centred in Queensland which, in that year, produced 80% of beef exports from Australia.[12]

One further effect of the 1890s slump, however, was that a number of primary producers moved into other areas of production. A number moved into wheat production. By 1896 over 900,000 acres of land were planted to wheat in New South Wales and, by 1911, NSW became the leading wheat producing state in Australia.[13]

Other primary producers moved into dairy production, clearing the dense forests along the south and north coasts of New South Wales. The first dairy co-operative factory was established at Kiama, in the Illawarra region, and dairy production then spread northwards along the coast. Britain, once more, took the dairy product that was sold overseas. By 1910, Britain imported more than 4 million tons of butter and Australia, as a whole, accounted for 15% of those imports.[14]

Wool, however, continued paramount amongst the commodities produced in rural New South Wales. During the First World War the British government, to secure supplies of wool for uniforms and army blankets, arranged with the Australian government for large bulk purchase supplies. During the years 1917-1920 the British government bought over £160 million worth of wool from Australia as a whole.[15]

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10 William Woodruff, *The Impact of Western Man: A Study of Europe's Role in the World Economy 1750-1960* (MacMillan, London, 1966), p.272.

11 Robert Wallace, *The Rural Economy and Agriculture of Australia and New Zealand* (Sampson, Low, Marston and Company, London, 1891), pp.390-391.

12 *Illustrated History of Australia* (Paul Hamlyn, Sydney, 1976), p.964.

13 Edgars Dunsdorfs, *The Australian Wheat Growing Industry 1788-1948* (Melbourne University Press, Melbourne, 1956), p.205.

14 Warwick Frost, "Government, Farmers and the Environment: Australia's Wet Frontier 1870-1920", paper presented at the *Economic History Society of Australia and New Zealand Conference*, Armidale, July 1994, pp.2,19-20.

15 *The House of Were: The History of J.B. Were and Sons* (J.B. Were and Sons, Melbourne, 1954), p.181.

Wool became even more profitable during the 1920s reaching a peak price of £34 a bale in 1924.[16] The total yearly value of wool production in New South Wales, during the 1920s, amounted to around £40 million.[17] Wool continued to be the state's major export, contributing at least one-third of export earnings during the 1920s.[18]

Wheat growers also gained from bulk purchase contracts similarly concluded between the British and Australian governments. Around 330 million bushels of wheat, from farms throughout Australia, were bought by the British government during the First World War.[19] By the end of the 1920s the amount of land planted to wheat in New South Wales had reached over 5 million acres.[20]

Despite the third slump - which occurred during the first half of the 1930s, when the price of wool fell to around £12 a bale - rural industries continued to remain pre-eminent in NSW production. As the *National Handbook of Australia's Industries* observed, in 1934,

> New South Wales is predominantly a pastoral and agricultural state.[21]

By the 1930s the number of acres on which sheep and cattle, and other livestock, were being raised amounted to 155 million acres. The number of sheep in the state amounted to around 53 million, although, with the dramatic drop in the price of wool, the value of wool production in New South Wales, during the 1930s slump, fell to around £20 million. The amount of land planted to wheat remained at just over 5 million acres and the value of the wheat crop, for financial year 1931-1932, amounted to about £8½ million. There were also just over 15,000 dairy farms in the state, producing, in 1932, around 298 million gallons of milk. From this, in the same year, just over 114 million pounds of butter were produced with 44 million pounds being exported, mainly to Britain.[22]

The onset of the Second World War once again revived the fortunes of wool growers.

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16 Ibid., p.220.

17 Ambrose Pratt (ed.), *The National Handbook of Australia's Industries* (Specialty Press, Melbourne, 1934), p.100.

18 Kevin Burley, *British Shipping and Australia 1920-1939* (Cambridge University Press, London, 1968), pp.151-152.

19 *House of Were*, p.238.

20 Dunsdorfs, op.cit., p.206.

21 Pratt, ibid.

22 Ibid.

In 1939 the price of wool was around 10 pence per pound. In financial year 1939-1940 the British government concluded a bulk purchase agreement with the Australian government to buy the entire Australian wool clip at a price of just over 13 pence a pound. According to Kosmas Tsokhas, “In 1939-40 growers earned a record wool cheque, and the turnover of wool handled was the highest yet.”[23] Wheat growers also benefited from increased production for wartime. In September 1939 the federal government, under the National Security Act, compulsorarily acquired all marketable wheat. Up to February 1940, 63 million bushels of wheat had been sold to the British government from all farms in Australia and, during the whole of the war years of 1939-1945, the federal government acquired around 228 million bushels of wheat from farmers in New South Wales.[24]

(b) The Present Years of Decline in the New South Wales Rural Sector

Despite a temporary boost to the wool industry in the early years of the 1950s - when American government bulk purchases of wool, for the Korean War, raised the price to around 144 pence (12 shillings) a pound, with the value of the wool sold by all Australian growers between 1950 and 1951 reaching £636 million - the years from the 1950s to the 1990s have seen a decline in the rural sector.[25]

Australia continued to be the world’s largest producer of wool, producing, in 1960, 47% of the world’s supply of wool. But wool’s place in world trade in primary products was declining.[26] This is illustrated by the following table:

Composition of World Trade by Sector 1913-1973

	1913	1953	1973
Manufactures	44%	49%	63%
Primary Products	45%	36%	21%
Minerals	8%	13%	14%[27]

23 Kosmas Tsokhas, *Markets, Money and Empire: The Political Economy of the Australian Wool Industry* (Melbourne University Press, Melbourne, 1990), p.160.

24 Dunsdorfs, op.cit., pp.292-295.

25 *House of Were*, p.464.

26 Woodruff, ibid.

27 Frederick Clairmonte and John Kavanagh, *The World in Their Web: The Dynamics of Textile Multinationals* (Zed books, London, 1983), p.28.

Part of the reason for the diminishing place of wool in world trade was the chemical industry's development of synthetic fibres. Clairmonte and Kavanagh have written that,

> Synthetic fibres' encroachment on fibre markets since. . .1940 has been unrelenting ...Synthetic fibres, led by polyester (representing 46 per cent of synthetic fibres in 1976), have spurted ahead since their entry into the global market. . .polyamid (33 per cent of synthetic fibres) and acrylic (about 20 per cent) have grown less swiftly, but continue to flow into new markets, thus eroding the share of natural fibre.[28]

As the ouput of synthetic fibre increased, the share held by wool, in the total world output of fibre, declined: as the following table also illustrates:

Percentage Shares of Combined World Output of Synthetic and Natural Fibres

	Synthetics	Wool
1955	2.1%	9.8%
1965	11.3%	8.1%
1975	29.8%	5.6%
1979	35.6%	5.1%[29]

Widespread use of washing machines to clean clothes has only inclined people more towards synthetic fabrics and cotton. Although wool is still widely used in the manufacture of suits, blankets and carpets, sales of woollen garments seem likely to decline still more unless they become machine washable.[30]

These developments were, in turn, reflected in the gradual decline in the prices obtained by wool growers, as a third table illustrates:

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28 Ibid., pp.26,102. Some of the large chemical companies producing polyester, acrylic and other synthetic fibres are Du Pont (USA), Courtaulds (Britain), Rhone Poulenc (France) and Hoechst (Germany). See ibid., p.17.

29 Ibid., p.27.

30 Julian Roche, *The International Wool Trade* (Woodhead Publishing, Canbridge, 1995), p.207.

Prices for Australian Wool 1950-1965

1950-1951 (Korean War)	144 pence a pound
1954-1955	79 pence a pound
1964-1965	57 pence a pound[31]

Wheat farmers were also experiencing difficulties. During the mid-1960s both the USA and Russia increased production of wheat and during the late 1960s the price received by Australian farmers for their wheat fell by 19 cents a bushel.[32]

The only primary producers who appeared to fare better were beef farmers. Bruce Wright, a primary producer in northern NSW, wrote in 1960 that "Since the advent of improved pastures on the tableland, landholders have begun to realise the necessity of running cattle with sheep to keep pasture growth in order." Beef cattle numbers in New South Wales rose from around 2 million in 1950 to a peak of 9 million in 1976.[33]

Meanwhile, as the returns to Australian primary producers began to decline, other sectors of production - such as mining, financial services and manufacturing - surged ahead. Wheareas the contribution of the rural sector to gross domestic product, in 1950-1951, had been 29%, by 1962-1963 the contribution of the rural sector to gross domestic product had fallen to 13% and by 1969-1970 it had fallen to 8%.[34]

By 1970 many Australian farmers were having difficulties staying in production. Out of an estimated total of 189,400 farms throughout the nation, it was estimted that about 80,000 had net incomes of less than $2,000.[35]

31 Fred Gruen and others, *Long Term Projections of Agricultural Supply and Demand: Australia 1965-1980*, vol.2 (Department of Economics, Monash University, Melbourne, 1967), p.9-9.

32 Ronald Hefford, *Farm Policy in Australia* (University of Queensland Press, Brisbane, 1985), p.207.

33 Bruce Wright, "Northern New South Wales" in Frank O'Loghlen and Frank Johnston (eds.), *Cattle Country: An Illustrated Survey of the Australian Beef Cattle Industry* (F.H. Johnston Publishing Company, Sydney, 1960); Peter Schmidt and Neil Yeates, *Beef Cattle Production*, second edition (Butterworths, Sydney, 1985), p.302.

34 Andy Stoeckel and Geoff Miller, "Agriculture in the Economy" in D.B. Williams (ed.), *Agriculture in the Australian economy*, second edition (Sydney University Press, Sydney, 1982), p.168.

35 Hefford, op.cit., pp.271,290.

A further complication for Australian primary producers was that, as a result of the consequences of its involvement in the First and Second world wars, Britain was forced to relinquish its empire and place its overall destiny in Europe. It formally applied to join the European Economic Community (formed in 1957) in 1961 and was finally admitted to the EEC in 1973.

As indicated above, Britain had been the principle overseas export destination for Australia's wool, wheat and butter. In anticipation of Britain's orientation towards Europe, Australian primary producers had already begun to develop alternative export destinations. By the mid-1960s, although Britain still remained Australia's main export market, Japan and China had become Australia's second best, and fourth-best, customers. By 1967, Japan, for the first time, became Australia's leading export market. By 1973, when Britain finally joined the EEC, Britain was taking only 10% of Australia's exports whereas Japan was taking 31%.[36]

Although Australia had therefore been developing exports markets to replace Britain, as 1973 approached, the entry of Britain into the EEC, with Britain's having to agree to a much greater intake of continental European primary produce, significantly affected Australian primary producers. Australian butter exports to Britain, for example, declined from around 79,000 tonnes in 1972-1973 to just 7,000 tonnes in 1981-1982 and dairy cattle numbers throughout the nation fell from 4 million in 1973 to 2.4 million by 1988.[37] Beef cattle producers, who had traditionally exported their produce mainly to Britain, also found their market in Britain reduced and, although they succeeded, to some extent, in expanding their exports to the USA, and subsequently to Japan, primary producers in New South Wales reduced their holdings of beef cattle from 9 million in 1976 to around 5½ million by the early 1980s.[38]

The impending significance of these developments on rural communities in New South Wales is indicated by the nature of employment in the countryside in the mid-1970s:

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36 "Australia Looks to Asia" in Far Eastern Economic Review, Vol.XLIII, no.5, 30 January 1964, pp.207-264; Brian Pinkstone, *Global Connections: A History of Exports and the Australian Economy* (Australian Government Publishing Service, Canberra, 1992), p.382.

37 Bruce Davidson, "History of Farming" in National Farmers Federation (ed.), *Australian Agriculture*, fourth edition (Morescope Publishing, Melbourne, 1993), pp.43-44.

38 Schmidt and Yeates, ibid.

Employment in non-Metropolitan NSW by Industry in 1976

Agriculture and Agricultural Services	21.8%
Retail and Wholesale Trade	16.2%
Health, Education etc.	11.8%
Manufacturing	9.7%
Building	7%
Miscellaneous	6.4%
Hotels and Recreation	6%
Public Administration	6%
Transport and Storage	4.7%
Finance	4.4%
Mining	1.9%
Communications	1.9%
Electricity, Water and Gas	1.7%[39]

Throughout the 1970s and the 1980s the rural sector continue to experience difficulties and farmers began to agitate against the government. In 1985, 40,000 farmers demonstrated outside Parliament House in Canberra.[40]

In the meantime the rural sector's contribution to gross domestic product declined even further - falling to 4% by 1990.[41]

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39 *Australian Communities in Danger (ACID)* workshop, reprinted in the Australian Rural Adjustment Unit bulletin no.2 (Australian Rural Adjustment Unit, University of New England, Armidale, 1980), p.32.

40 Geoffrey Lawrence, *Capitalism and the Countryside: The Rural Crisis in Australia* (Pluto Press, Sydney, 1987), p.12.

41 Bernard Wonder and Brian Fisher, "Agriculture in the Economy" in D.B. Williams, op.cit., third edition, p.50.

3 THE RISE AND FALL OF GOVERNMENT SUPPORT FOR THE RURAL SECTOR

(a) The Introduction of Government Supplied Inputs for Rural Production

From the second half of the 1800s onwards, government began to supply inputs for rural production.

Initially, government involvement was in the form of road building and Godfrey Linge has written that, "During the 1820s and 1830s the lines of some of the main roads were surveyed and a start made on their construction." In 1837, Governor Bourke, according to Linge, "reported that for 400 of the 570 miles between Sydney and Melbourne the route passed through little traversed or known country and that even on horseback the journey took ten days."[42]

With the inauguration of railways, in Britain, during the 1830s, attention was turned in New South Wales to railway construction as a means to facilitate commerce. In 1848, Governor Fitzroy wrote to Earl Grey, Secretary of State for Colonies, observing that,

> I know of no country where the total absence of water communication with the interior, the great difficulty of forming and keeping in repair the ordinary roads, and the consequent expense and delay which is entailed upon the inhabitants of the more remote districts in conveying their various articles of produce to market or for exportation, which would render the formation of railways more advantageous to its general interests. . .[43]

Between 1848 and 1849 a group of business people in Sydney formed the Sydney Railway Company and, in 1849, the NSW Legislative Council passed an Act authorising the company to build a railway from Sydney to Goulburn. By 1855, however, the Sydney Railway Company had run out of funds and it was bought out by the New South Wales colonial government which completed the company's half-finished line as far as Parramatta..[44]

By the 1880s the effect on rural production in the colony was significant and continued to be so into the early years of the twentieth century. John Gunn has written that,

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42 Godfrey Linge, *Industrial Awakening: A Geography of Australian Manufacturing 1788-1890* (Australian National University Press, Camberra, 1979), pp.72-73.

43 Dunsdorfs, op.cit., p.161.

44 Robert Lee, *The Greatest Public Work: The New South Wales Railways 1848-1899* (Hale and Iremonger, Sydney, 1988), pp.15-23.

> The actual length open for traffic at the end of 1881 was. . .996 miles. . .rolling stock consisted of 223 locomotives, 530 coaching and 4,849 goods vehicles. . .The effect on all economic activities in the colony was pervasive. Over a million head of livestock, almost a quarter of a million bales of wool. . .were carried. . .The wheat industry, in fact, owed its expansion almost solely to rail transport. . .In 1904, of almost two million acres throughout the state under wheat, only some 27,000 acres was in areas not served by the railways.[45]

Rail lines were particularly extended to country areas and Gunn has noted that, in the years 1897-1899,

> 51 miles of line were handed over in the year to 30 June 1898 (Nevertire to Warren, and Bogan Gate to Condobolin); 13 miles in the year to 30 June 1899 (Berrigan to Finley); and 69 miles in the calender year 1899 (Broken Hill to Tarrawingee, and Tamworth to Manilla). . .[46]

Other forms of inputs to rural production were also provided by government. During the severe drought of 1895-1902 landholders appealed to the colonial, and then the state, government to take action to increase the amount of water supply for rural production. A year after federation, the See government secured passage of the *Water and Drainage Act 1902* which made provision for the establishment of trusts to administer irrigation works. Four years later the Carruthers government obtained passage of the *Barren Jack Dam and Murrumbidgee Canals Construction Act 1906* which inaugurated construction of what was to eventually become known as the Burrinjuck Dam. Another four years after the Carruthers government's intiatives, the McGowen government secured passage of the *Water Act 1912* (dealing with water policy and administration) and the *Irrigation Act 1912* (dealing with irrigation). Under the provisions of the *Irrigation Act 1912* the McGowen government established a Water Conservation and Irrigation Commission.

Following the opening of what was eventually named the Burrinjuck Dam, in 1927, during the Lang government's term in office, successive New South Wales governments constructed other dams for rural production. The Wyangala Dam was completed in 1936 during the Stevens government's period in office.

During the 1950s this commitment to rural water provision continued and the McGirr government either embarked on, or declared its intention to embark on, the following projects, as outlined by David Clune:

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45 John Gunn, *Along Parallel Lines: A History of the Railways of New South Wales* (Melbourne University Press, Melbourne, 1989), pp.173,235, 245.

46 Ibid., p.235.

> the Glenbawn, Burrendong, Keepit, Blowering and Warkworth Dams; the enlargement of the Burrinjuck Dam, the Menindee Lakes scheme, a series of weirs on the Darling River ultimately planned to number thirty or forty, a major storage at Lake Ballyrogan (later renamed Lake Brewster) and a number of irrigation projects.[47]

Roads were another input which government supplied to rural production - one the use of cars, and particularly, began to become widespread, during the 1920s. In the mid-1920s the Fuller government, in New South Wales, secured the passage of the *Main Roads Act 1924* under the provisions of which the state government oversaw the building of roads in NSW through the establishment of a Main Roads Board which distributed funds to the councils for roads. The strategy behind road building in New South Wales was particularly directed towards a benficial effect in country areas. In 1926, when the Main Roads Board was examining applications by local councils for proclamations of various roads as “main roads”, the criterion used by the Board was, according to a history of the NSW Department of Main Roads, that such routes should,

> connect the great provinces of the state with the commercial and political capital, connect each producing district with its natural port or railway station, connect the Western Plains with the Tableland, connect the Tableland with the Coast, and connect each large town with its neighbouring large towns.[48]

Between the 1920s and the late 1930s - during the terms of office of the Fuller, Lang, Bavin and Stevens governments - over 1,600 miles of main roads were added to the NSW road system with additions to the Princes, Hume, New England, Oxley and Gwydir highways.[49]

Besides main roads, money had been used during the 1930s to build “developmental” roads in rural areas, and this was continued during the late 1940s during the term of office of the McKell and McGirr governments. The official history of the NSW Department of Main Roads notes that,

> Before the war, developmental funds had mainly been used to open up the western wheat lands (e.g. in the vicinity of Condobolin, Hillston and Wyalong)

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[47] David Clune, *The Labor Government in New South Wales 1941 to 1965: A Study in Longevity in Government* (PhD Thesis, University of Sydney, 1990), p.53.

[48] *The Roadmakers: A History of Main Roads in New South Wales* (NSW Department of Main Roads, Sydney, 1976), p.85.

[49] Ibid., pp.159-165.

> and also the coastal dairying country (especially to the north). In the post-war period. . .funds were spent on roads serving well-watered grazing land being developed by pasture improvement, on roads serving irrigation areas (in the Wakool, Deniliquin and Coleambally areas), and on roads serving the northwest wheat belt (in the Yallaroi, Boolooroo and Namoi Shires). . .assistance was directed primarily to the promotion of agricultural and pastoral activities. . .[50]

During the 1950s and 1960s, during the term of office of the Cahill and Heffron governments, progress continued on improvements to state highways through country areas. Bitumen surfacing was carried out on sections of the Pacific and Newell highways and a new state highway, the Mount Lindsay highway, was proclaimed. The Department's official history noted that,

> The spread of the Department's work throughout the state is indicated by the fact that by 1960 works offices were established at over 30 country centres, including Ballina, Bega, Bellambi, Bourke, Broken Hill, Bulahdelah, Cobar, Coonamble, Dubbo, Gibraltar Range, Glen Innes, Hay, Ivanhoe, Jackadgery, Macksville, Mittagong, Mudgee, Murrurundi, Mullumbimby, Narooma, Narrabri, Narrandera, Nyngan, Picton, Port Macquarie, Singleton, South Grafton, South Tamworth, Tooraweenah, Wentworth, West Wyalong and Yass.[51]

b) The Introduction of Government Support of Producer's Prices

Those who engaged in rural production in the 1800s did so alone and accepted the risks involved. During the drought of 1885, for example, one property in the Australian colonies, the owners of which had borrowed £60,000, lost 53,000 out of 65,000 sheep and lambs.[52] Naturally those who had the capacity to deal with these adversities, and to deal with the strength of the buying and finance agencies, were the wealthier producers. B.D. Graham, in his study of the founding of the Country Party, observed that, in the case of wool selling through the auction system, for instance,

> small graziers found that [they] worked to the advantage of the large grower; he, because of the size of his clip, could sell his wool in relatively uniform lots, while the small man was forced to offer his in mixed lots which were often

50 Ibid., p.202.

51 Ibid., pp.218-219.

52 Trevor Sykes, *Two Centuries of Panic: A History of Corporate Collapses in Australia* (Allen and Unwin, Sydney, 1988), p.132,

> poorly graded and ignored by important buyers.[53]

Until the Great War of 1914-1918, however, small-scale primary producers could see no alternatives to the existing commercial arrangements for buying and selling of primary products.

During the Great War, however, with Britain concluding large-scale bulk purchase contracts with the Australian government for supplies of wool and wheat, the then Federal ALP government instituted temporary government purchasing agencies. An Australian Wheat Board AWB) was established in 1915 and a Central Wool Committee (CWC) in 1916.

The Australian Wheat Board consisted of the Prime Minister and a Minister from each of the major wheat producing states (New South Wales, Victoria, South Australia and Western Australia). As described by Graham, this temporary AWB,

> was entrusted with the task of fix ing the purchase price, allotting shipment to each port, and realising the crop. It was assisted by various state authorities. . .and was counselled by an Advisory Board consisting of representatives of Darling and Co., Bell and Co., Dalgety and Co. and Louis Dreyfus and Co. These pre-war trading firms. . .were appointed as receiving agents and, according to several accounts, were assured that the open market would be restored once the war was over.[54]

The Central Wool Committee, according to Graham, "consisted of nine members representing growers, brokers, buyers and manufacturers" and its operations created a new, temporary marketing arrangement whereby,

> within four days of his lot's appraisement, that is, well before the wool's realisation, the grower had been paid 90 per cent of the price from funds provided by the British government.[55]

After the war, sale of commodities returned to a conventional commercial basis but small-scale primary producers remained attached to government involvement in this arena. One South Australian farmer commented in the *Farmers and Settlers Bulletin*, in

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53 B.D. Graham, *The Formation of the Australian Country Parties* (Australian National University Press, Canberra, 1966), pp.101-102.

54 Ibid., pp.97-98.

55 Ibid.

1919, that small-scale producers should not

> relinquish a system that is just getting a sound foundation, for one whereby we know the merchants get the better of the deal by their rings, combines and 'honourable understandings'. . .[56]

ALP governments in the states, in response to these concerns of small producers, sought to re-introduce government involvement in maintaining prices for small-scale producers. In New South Wales the Lang government obtained passage of the *Marketing of Primary Products Act 1927* under the provisions of which, if one hundred producers of any particular commodity petitioned the state government to set up a marketing board, a ballot would be conducted amongst producers and a board established if half of 60% of those voting were in favour. The essential feature of this arrangement was as follows:

> A marketing board so established would be under the control of the producers and would have legal power to acquire all of the particular commodity produced in New South Wales and to sell it at a price determined by the board.

By the end of the 1920s marketing boards had been established in New South Wales for eggs, honey, wine grapes and rice.[57]

Conservative governments preferred to leave trade on a traditional commercial basis but the conservative federal government of Stanley Bruce, which held office during the second half of the 1920s, also had a policy of national development which entailed expanding the number of small-scale producers on the land. Bruce even supported using the "powers or resources of the state" in this regard. During the mid to late 1920s, therefore, the Nationalist-Country federal government of Bruce and Page also established marketing boards for a number of lesser commodities being developed for export: the Dairy Products Control Board, the Canned Fruits Control Board, the Dried Fruits Control Board and the Wine Overseas Marketing Board.[58]

The predominance of conservative governments in Australia during the 1930s, both at a federal and a state level, precluded the established of government involvement in the selling of heavily traded commodities.

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56 Ibid., pp.100,147-151.

57 Bruce Davidson, "Rum Corps to IXL: Services to Pastoralists and Farmers in New South Wales" in the *Review of Marketing and Agricultural Economics*, vol.60, no.3, December 1992, p.336.

58 W.H. Richmond, "S.M. Bruce and Australian Economic Policy" in the *Australian Economic History Review*, vol.23, no.2, 1983, pp.242-243; Davidson, op.cit., p.335.

Once again it was an ALP government which, this time, saw the introduction of a marketing board in a major commodity.

During the 1939-1945 wars in Europe and in the Pacific, a Wheat Board, and a Central Wool Committee, had once again been established to handle renewed bulk purchase contracts from the British government. After 1945 the Central Wool Committee was wound down but, three years later, the Chifley government obtained passage of the *Wheat Marketing Act 1948-1953* which established the Australian Wheat Board as a permanent institution. Under the provisions of the Act, wheat farmers were to sell directly to the Board and no longer had to deal with the traditional trading companies. According to Greg Whitwell and Diane Sydenham, the mechanisms which Chifley established for government involvement in the selling of wheat entailed,

> a guaranteed price and a home consumption price. . .a stabilisation fund and compulsory pooling. . .The Board was made the sole buyer of wheat from growers and the sole marketer of Australian wheat on both the domestic and export market. It was also the Board's responsibility to administer the stabilisation fund and to make payments to growers.[59]

Wool trading continued to remain in the hands of the commercial agencies but wool prices declined even further during the late 1960s until, in 1970, according to Hefford, they were "lower than at any time since the [1930s] Depression."[60] Small-scale wool producers appealed to government to intervene to uphold the prices they received. In late 1970 the Liberal-Country Party federal government, under John Gorton, responded by securing passage of the *Wool Industry Act 1970* which established an Australian Wool Commission. The aim of the Commission was to procure a "floor price" for wool. To achieve this the government was to lend the Commission funds to purchase wool when prices dropped dramatically. According to Julian Roche, however, the arrangement was "flexible. . .with no fixed and publicised minimum price."[61]

Only three years later the Whitlam government obtained passage of the *Wool Industry Act 1973* under which an Australian Wool Corporation (AWC) was established and, as Roche has described,

> the reserve price system [was]. . . introduced on 2 September 1974. At all approved public wool sales, AWC staff valued each individual sale lot at the

59 Greg Whitwell and Diane Sydenham, *A Shared Harvest: The Australian Wheat Industry 1939-1989* (MacMillan, Melbourne, 1991), p.137.

60 Hefford, op.cit., p.149.

61 Julian Roche, *The International Wool Trade* (Woodhead Publishing, Cambridge, 1995), p.14; see also Hefford, op.cit., p.165.

> floor price level. Any lot which failed to reach this level was bought by the AWC at the floor price. This expensive scheme was funded by the growers from a levy. . .[62]

Although, as shall be outlined in the following sub-section, governments, both federal and state, have since lessened their support for rural production, the following marketing authorities existed in New South Wales at the beginning of the 1990s:

- Banana Industry Committee
- Barley Marketing Board
- Central Coast Citrus Marketing Board
- Chicken Meat Industry Committee
- Dairy Corporation of New South Wales
- Dried Fruits Board of New South Wales
- Fish Marketing Authority
- Grain Sorghum Marketing Board
- Kiwi Fruit Marketing Committee
- Meat Industry Authority of New South Wales
- Milk Marketing (New South Wales) Pty Ltd
- Murray Valley Citrus Marketing Board
- Murrumbidgee Irrigation Area Citrus Fruit Marketing Order
- New South Wales Grain Corporation Limited
- Oats Marketing Board
- Oilseeds Marketing Board
- Processing Tomato Marketing Committee

62 Roche, ibid.

- Rice Marketing Board
- Sydney Marketing Authority
- Tobacco Leaf Marketing Board
- Wine Grape Processing Industry Negotiating Committee
- Wine Grapes Marketing Board[63]

(c) The Decline of Government Support of Rural Production and the Decline of Government Support of Producer's Prices

Despite the intervention of government, in both the nineteenth and twentieth centuries, in both providing inputs to production, and in attempting to legally sustain prices for primary products, the overall decline in the prices of commodities continued during the 1970s and the 1980s. As this happened, governments began to review their support for rural production.

The first indication of this came when the McMahon government obtained passage of the *States Grants (Rural Reconstruction) Act 1971*. Professor Warren Musgrave later remarked that,

> the Rural Adjustment Scheme represents an important development in Australian rural policy making. First, it represents an explicit ackowledgment by government that structural change requires the movement of human resources out of agriculture.[64]

According to Hefford, quoting from the Act, the *States Grants (Rural Reconstruction) Act 1971* provided for assistance in the following three ways:

> (1) debt reconstruction ('to assist a farmer who, although having sound prospects of long-term commercial viability, has used his cash and credit resources and cannot meet his financial commitments'); (2) farm build-up ('to supplement, without discouraging, the normal processes under which properties which are too

63 Industry Commission, *Statutory Arrangements for Primary Products* (Australian Government Publishing Service, Canaberra, 1991), appendix E.

64 See Warren Musgrave, "Rural Adjustment" in D.B. Williams, op.cit., second edition, pp.297-300,307.

> small to be economic are amalgamated with an adjoining holding. . .or to assist a farmer with a property too small to be economic to purchase additional land to build up his property to at least economic size'); (3) rehabilitation ('to provide limited assistance to those obliged to leave the industry where. . .this is necessary to alleviate conditions of personal hardship').[65]

After Britain's joining the EEC, in 1973, the returns gained by many primary producers deteriorated even further. Three years later, the Fraser government obtained passage of the *States Grants (Rural Adjustment) Act 1976* providing for the exit of even more people out agriculture. As summarised by John Longworth, writing in 1978,

> Under the new arrangements, 85 per cent of the money made available to the states will be repayable over twenty years. . .In simple terms, money for debt reconstruction, farm build-up and short-term carry on finance will continue to be available to viable producers. The unviable operator will be able to obtain relocation assistance up to $5,000 without a means test. Furthermore, household support equivalent to unemployment benefits for up to one year will be available to applicants ineligible for debt adjustment or farm build-up assistance.[66]

Under the following ALP government of Bob Hawke, which came to power in 1983, the approach was continued of letting matters take their own course in the rural sector.

In response to the huge demonstrations, by farmers, in 1985, the Hawke government, as a temporary measure, obtained passage of the *States and Northern Territory Grants (Rural Adjustment) Act 1985* under which, according to Warren Musgrave, the Hawke government introduced

> interest subsidies. . .This meant that a state could borrow funds and on-lend them to farmers at a maximum discount of 50 per cent on the interest rate or it could provide an interest rate subsidy of up to 50 per cent on existing or new loans held by farmers from financial institutions.[67]

However, the Hawke government's overall response was to confirm its commitment to re-positioning production in the rural sector on a purely commercial basis. In 1986 the Hawke government released a major statement on rural policy in which it declared that,

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65 Hefford, op.cit., p.275.

66 John Longworth, "The Australian Rural Sector: Protection of Reconstruction?" in Theo van Dugteren (ed.), *Rural Australia: The Other Nation*, proceedings of the 43rd summer school of the Australian Institute of Political Science (Hodder and Stoughton, Sydney, 1978), p.94.

67 See Musgrave, op.cit., in D.B. Williams, op.cit., third edition, p.255.

> It is important for rural producers to recognise. . .the government has gone as far as it can to assist the sector. . .There can be no further significant increases in government spending on new programs which might be proposed by the farm sector in the forseeable future.[68]

A year later, while campaigning for the 1987 election, Hawke made a major policy announcement which indicated an even stronger commitment to letting matters take their own course in rural production. As outlined by Paul Kelly,

> The origins of Labor's micro-economic reform agenda are found in Hawke's speech in Ballarat on 6 July 1987. . .Hawke identified a new theme for his third term - transforming 'the complacent Lucky Country to the Productive Country'. . .[this was] a landmark for the Labor Party. The technical meaning of micro-economic reform was to allow prices to change relative to each other. . .thereby using the price mechanism to re-allocate resources on a more efficient basis.[69]

A year later the Hawke government introduced further emergency assistance for primary producers, under the rural assistance scheme, when it obtained passage of the *States and Northern Territory Grants (Rural Adjustment) Act 1988*. The provisions of the Act, according to Warren Musgrave, quoting from the legislation, included

> the introduction of limited land trading to facilitate the exit of non-viable farmers from the industry. . .and the provision of re-establishment assistance to provide 'farmers whose businesses are clearly not capable of surviving without assistance into the long-term to leave the sector with dignity'. . .[70]

Financial assistance under the rural adjustment scheme has, indeed, been significant, as A.G. Kenwood has outlined:

> From its inception in 1971 until 1987/8, financial assistance under the rural reconstruction and adjustment schemes totalled $882 million. Almost 15,000 applications for assistance were approved, with debt reconstruction being the largest category (45.6 per cent of successful applicants), followed by farm build-up (20.6 per cent) and household support (17.6 per cent). Successful applications

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68 Lawrence, op.cit., pp. 199-200 citing Commonwealth Government of Australia, *Economic and Rural Policy* (Australian Government Publishing Service, Canberra, 1986), p.23.

69 Paul Kelly, *The End of Certainty: The Story of the 1980s* (Allen and Unwin, Sydney, 1992), pp.387-388.

70 Musgrave, op.cit., in D.B. Williams, op.cit., third edition, p.255.

> for farm improvement and carry-on assistance together totalled 14.1 per cent, and rehabilitation 2.1 per cent.[71]

Despite this further provision of assistance, overall ALP policy remained as before. At the same time as providing further, temporary, relief to primary producers, the Hawke government continued to affirm its commitment to letting matters take their course. In 1988, for instance, the Hawke government also issued a major statement on tariff reform in which it stated that, in the realm of primary production,

> domestic price supports should be progressively lowered. . .[72]

In early 1991 the strategy of maintaining an Australian Wool Corporation to sustain the price of wool was abandoned when the corporation failed to stop the price of wool dropping from 870 cents a kilogram to 700 cents a kilogram - despite the corporation's massive purchases of wool which did not fetch the reserve price.[73]

Small-scale primary producers continued to argue for the maintenance of marketing boards to uphold the prices they received for their produce. In late 1991, Graham Blight, then president of the National Farmers Federation, declared that the boards,

> provided individual producers with market power when dealing with a relatively small number of buyers. . .[74]

Nevertheless the reversal of the ALP's original policy towards small-scale producers continued under the following Keating government. In March 1993, in an interview on a talk-back radio program in Sydney, Keating replied to a query from a farmer on the state of the rural sector, by saying that,

> Everybody who starts a business, be it on the land or otherwise, has to make the numbers work.[75]

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71 A.G. Kenwood, *Australian Economic Institutions since Federation: An Introduction* (Oxford Universitry Press, Melbourne, 1995), p.56.

72 Roger Mauldon, "Price Policy" in D.B. Williams, ibid., p.325.

73 Roche, p.15.

74 Tim Stevens, "NFF to Oppose Protection Cuts" in *The Australian*, 20 November 1991, p.4.

75 Lenore Taylor, Tim Stevens and Jonathan Porter, "Farmers to Blame for Plight: PM" in *The Australian*, 10 March 1993, p.4.

d) The Decline of Government Supply of Inputs into Rural Production

During the 1960s, with the beginning of decline in the prominence of rural production, governments began to decrease the level of inputs they had previously made towards production in the countryside.

In New South Wales the wind down of government provided railway inputs was foreshadowed in 1963 by John McMahon, Minister for Transport in the Heffron government. John Gunn has remarked that,

> The future metamorphosis of the railways was, in a minuscule manner, anticipated by the. . .Jerilderie Towards Deniliquin Railway Bill, introduced into the House by McMahon on 23 February 1963. Its object. . .he said. . .[was]. . .'to repeal the Jerilderie Towards Deniliquin Railway Act of 1924, which authorised the construction of a railway between these points'. . .the line from Jerilderie [he said] was never likely to be constructed.[76]

Just over a decade later, the Minister for Transport in the Askin government, Milton Morris announced much more significant cuts to country services. According to Gunn, in

> May 1974. . .Morris. . .told the Chartered Institute of Transport [there would be] massive cuts in uneconomic country rail services. . .Air-conditioned road coaches were to replace abandoned country train services. . .[77]

Railway services were, indeed, to become centralised. The then Chief Commissioner of the Public Transport Commission, in a report delivered in late 1974, wrote that,

> The Commission has adopted the principle of concentrating freight into main country centres by rail and distributing by road to the outlying districts.[78]

Although, in 1982, during the Wran government's period in office, the fast service XPT trains were introduced for passenger traffic in to the major country centres,[79] country train services elsewhere continued to be wound down.

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76 Gunn, op.cit., p.446.

77 Ibid., p.482.

78 Ibid., p.488.

79 Ibid., p.517.

Under the Greiner government, elected in 1988, and the Fahey government, formed in 1992, further cuts were made to railway services in rural New South Wales. According to Asa Wahlquist, writing in *The Land*, between 1986, when the Unsworth government came to office, and 1996, the second year of the present Carr government, "The State Rail Authority cut train services and depots and closed branch lines, resulting in the loss of 10,200 jobs".[80]

Inputs in the realm of road provision were also been reduced. According to Wahlquist, from 1991, the third year of the Greiner government, "the Roads and Traffic Authority has cut at least 1,500 jobs in rural areas in both labouring and management."[81]

Water provision was also modified. Until the 1960s the collective contribution of landowners towards the overall provision of water (including dam construction, piping and channels) had been estimated to be much less than the government's contribution. Professor Samuel Wadham commented in 1964 that, "All the state authorities dealing with irrigation on the grand scale have been compelled to acknowledge severe losses at some stage of their operations."[82]

In 1978, when the Fraser government held office federally, the federal and state ministers responsible for water issued a policy statement entitled *A National Approach to Water Resources Management*. In one section of the statement the ministers declared that it should be the aim of a framework of water resources management to adopt,

> water pricing policies which enable water needs to be met at a fair and reasonable price, but which. . .encourage the most efficient allocation of resources.[83]

In 1986 the Unsworth government, in New South Wales, obtained passage of the *Water Administration Act 1986* which established a Water Administration Ministerial Corporation. One of the principal objects of the Ministerial Corporation was that it should,

> provide water and related resources to meet the needs of water users in a commercial manner consistent with the overall water management policies of the

80 Asa Wahlquist, "The Gutting of Rural NSW" in *The Land*, 8 August 1996, p.6.

81 Ibid.

82 Samuel Wadham and Gordon Wood, *Land Utilisation in Australia*, fourth edition (Melbourne University Press, Melbourne, 1964), p.248.

83 Australian Water Resources Council, *A National Approach to Water Resources Management* (Australian Government Publishing Service, Canberra, 1978), p.2.

government.[84]

In 1990 the following Greiner government changed the pricing arrangements for water provision to landholders requiring them to pay operating and maintenance costs; to pay 70% of the costs of running the rivers; and to provide a contribution, in the form of a levy, towards asset refurbishment.[85]

(e) Reduction of other Government Services

4 THE IMPACT ON RURAL COMMUN ITIES OF THE RISE AND FALL OF RURAL PROSPERITY

84 *Water Administration Act 1986*, section 4(b).

85 See *Rural Water Pricing Policy and 1989/90 Water Charges*, as amended April 1990 (NSW Department of Water Resources, Sydney, 1990).

(a) The Past Prominence of Country Towns in Australia

During the 1800s, and in the first half of the 1900s, country towns featured prominently. Graeme Hugo has noted that, "At the 1933 census, 37.4 per cent of Australians lived in rural areas".[86]

(b) The Present Decline of Country Towns

During the 1960s, and onwards, the number of people living in country towns has declined. Graeme Hugo has also observed that,

> by. . .1976 only 13.9 per cent of the population was classified as rural. . .[87]

Not all country towns are declining, of course, but it would appear that those that are not are the coastal provincial towns which associated with urban activities: such as tourism. This emerges from information in a table provided by Professor Richard Blandy:

Country Town	*Average Growth Rate between 1976 and 1981 Censuses*
Ballina	6.6
Coffs Harbour	6.0
Dubbo	3.8
Nelson Bay	9.5
Port MacQuarie	9.3
Singleton	4.2[88]

Research by others corroborates some of these trends. Richard Stayner and Ian Reeve have highlighted the following country towns which, between 1981 and 1986,

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86 Graeme Hugo, "Australia's Changing Non-Metropolitan Population", paper presented at the *Rural Australia Symposium*, Albury 1987 (Rural Development Centre of the University of New England, Armidale, 1987).

87 Hugo, ibid.

88 Richard Blandy, "Employment in Tomorrow's Rural Australia", paper presented at *Rural Australia Symposium*.

experienced the following percentage declines in population:

Country Town	*Percentage Decline in Population between 1981 and 1986*
Cootamundra	-3.5%
Crookwell	-4.7%
Jerilderie	-11.3%
Junee	-6.8%
Kyogle	-3%[89]

Ian Burnley, currently Professor of Geography at the University of NSW, observed at a workshop on rural communities in 1980, that

> In the 1970s there were some distinct changes in population trends. . .in NSW. . .42 non-coastal localities under 500 persons experienced net migration loss. . .Of those between 500-999, 23 experienced loss. . .41 non-coastal towns between 1,000 and 10,000 had net migration losses. . .[90]

(c) Loss of Employment and Reduction of Government and Business Services in Rural New South Wales

A significant manifestation of this decline has been the loss of jobs and business services in small towns in country NSW. Asa Wahlquist has remarked that, in recent years,

> There have also been massive job losses in the private sector as abattoirs closed or moved to single species, mines shut (shedding 2,000 jobs in Broken Hill alone, and another 3,500 from the coal industry, forestry operations ceased and banks pursued the policy of closing down agencies in catchments of fewer than 3,000 people.[91]

89 Richard Stayner and Ian Reeve, *Uncoupling: Relationships between Agriculture and the Local Economies of Rural Areas in New South Wales* (Rural Development Centre of the University of New England, Armidale, 1990), p.9.

90 Ian Burnley, "Population Change in Country Districts of Australia", paper presented at the *Australian Communities in Danger* workshop, pp.27-30.

91 Wahlquist, ibid.

As a result of the loss of jobs, from the mid-1970s to the mid-1990s, school-leavers in NSW rural communities have been leaving their country towns to look for work in Sydney or in the larger provincial cities in New South Wales. Ian Burnley also remarked, in 1980, that, "A study by the NSW Department of Decentralisation and Development of 6,000 school leavers in country districts found that 60-70 per cent of them were going to leave their country town."[92]

Government services in rural New South Wales have also been reduced. Wahlquist has also written that,

> The Greiner government closed down many local courts. . .The Greiner government also closed down many shopfront and several district offices of the Department of Community Services. . .Seven regional offices of the Department of Education and Training Co-ordination have [recently] been closed. . .[93]

Just recently Burnley has observed that, amongst 15 to 24 years olds in small NSW country towns, "Many. . .are moving now because of rationalisation of services, particularly hospital services, banking and shopping."[94]

92 Burnley, ibid.

93 Wahlquist, ibid.

94 Wahlquist, op.cit, in *The Land*, 15 August 1996, p.11.

5 GENERAL STRATEGIES TO ADDRESS RURAL DIFFICULTIES : REGIONAL DEVELOPMENT

(a) The Emergence of Regional Development Policies

As the 1940s wars in Europe and Pacific were drawing to a close, the ALP federal government began to prepare plans for national development once the war had ended. Charles Harris and Kay Dixon have outlined how the then Prime Minister, John Curtin, wrote to the premiers of each state, drawing to their attention "a tendency for local authorities to associate themselves with regional organisations to advance proposals for the development of their areas."[95]

In December 1943, the ALP state government in New South Wales, under William McKell, established a division of reconstruction and development in the Premier's Department and created a regional boundaries committee to investigate the division of the state into regions.[96]

At the October 1944 Premiers Conference, Curtin continued to pursue the strategy of regional development. Meanwhile, according to a history prepared by the McKell government, during the same year, the regional boundaries committee set out to,

> divide the state into 'regions' - each region to be a sub-division of the state according to geographical considerations, community of economic interests, transport linkages and other factors, The 'region' thus marked out was to be regarded as a geographical and economic unit in all planning of future

95 Charles Harris and Kay Dixon, *Regional Planning in New South Wales and Victoria since 1944 with special reference to the Albury-Wodonga Growth Centre* (Centre for Research on Federal Financial Relations, Australian National University, Canberra, 1978), p.15.

96 *Regional Boundaries Committee, Report on the Determination of Regional Boundaries* (NSW Government Printer, Sydney, 1944).

developmental works.[97]

The regions which were eventually devised for New South Wales by the regional boundaries committee were as follows:

Region	*Population Size (1947) and Principal Towns*
Sydney	1,773,000 - Sydney
Newcastle	239,600 - Newcastle, Cessnock and Maitland
Murrumbidgee	98,300 - Wagga Wagga
Mitchell	93,600 - Orange and Bathurst
Richmond-Tweed	89,800 - Lismore
Illawarra	82,800 - Wollongong
Lachlan	77,100 - Parkes, Forbes and Cowra
Namoi	69,800 - Tamworth and Moree
Oxley	65,900 - Taree and Kempsey
New England	63,800 - Armidale, Glen Innes and Inverell
Macquarie	55,600 - Dubbo
Clarence	54,500 - Grafton and Coffs Harbour
Southern Tablelands	47,200 - Goulburn
Upper Murray	36,700 - Albury
Central Darling	31,000 - Broken Hill
Upper Hunter	29,200 - Musswellbrook and Singleton

97 *Five Critical Years: Story of the McKell Labor Government in New South Wales, May 1941-May 1946* (Australian Labor Party, Sydney, 1946), p.50.

Monaro-South Coast	28,300 - Cooma and Bega
Central Murray	21,000 - Deniliquin and Hay
Upper Darlimg	11,700 - Bourke and Cobar
Murray-Darling	8,500 - Wentworth[98]

(b) The Initial Withdrawal of the Federal Government from Regiona l Development

Once Germany and Japan had surrendered, however, and conditions returned to normal, some of the states began to lose interest in regional development. Furthermore, the following Liberal-Country Party federal government, which gained office in late 1949, withdrew its support from regional development. Harris and Dixon have described how,

> in September 1947 the last of this long series of conferences on regional development was held. By this time the enthusiasm of some of the states was waning, and Queensland was not represented at the conference. . .Not long afterwards the Labor Party lost office in Canberra. . .the new Liberal-Country Party government under R.G. Menzies decided not to proceed with an integrated Commonwealth/States approach to regional planning and development. With withdrawal of the Commonwealth regional planning was left to the initiatives, if any, of the individual state governments.[99]

(c) The Continued Pursuit of Regional Development by New South Wales

Despite the withdrawal of the Menzies government from regional development, the state government in New South Wales continued with the policy. Harris and Dixon have described how, at the same conference in 1947, mentioned above,

> The conference agreed to publish a report on regional planning in Australia, to establish a committee to determine the major statistics required to implement regional planning, and to standardise land use surveys. Each state government in due course carried out the recommendations to divided the state into regions.

98 Harris and Dixon, op.cit., p.18.

99 Ibid., pp.16-17.

> In all 97 regions were delimited in the six states and the Northern Territory. However, Regional Development Committees were established in only three states - New South Wales, Victoria and Tasmania. . .[100]

During the second half of the 1940s and the first half of the 1950s, the NSW Premier's Department, under the McGirr and Cahill governments, produced reports for each of the regions.[101]

Although Harris and Dixon have characterised the regional development committees, which were established for each of the regions, as "'ad hoc groups with part-time secretaries'", they nevertheless, in turn, produced future development plans.[102]

In 1958 the then Premier, Joe Cahill, combined the regional planning division of the Premier's Department with the department's secondary industries division to create a new division of industrial development. In 1963, under the Premiership of Robert Heffron, this division was re-established as a department within the Treasury.

In 1965 the new Liberal-Country Party state government, led by Robin Askin, established a separate Department of Decentralisation and Development. The following year the Askin government obtained passage of the *State Development and Industries*

100 Ibid.

101 *Preliminary Survey of Resources for the Richmond-Tweed Region* (1945); *Preliminary Survey of Resources for the Clarence Region* (1945); *Preliminary Survey of Resources for the Upper Murrary Region* (1947); *Preliminary Survey of Resources for the Central Murray Region* (1947); *Preliminary Survey of Resources for the Illawarra Region* (1948); *Preliminary Survey of Resources for the Macquarie Region* (1948); *Preliminary Survey of Resources for the Murumbidgee Region* (1949); *Preliminary Survey of Resources for the Lachlan Region* (1949); *Preliminary Survey of Resources for the Southern Tablelands Region* (1949); *Preliminary Survey of Resources for the Monaro-South Coast Region* (1949); *Preliminary Survey of Resources for the Namoi Region* (1950); *Preliminary Survey of Resources for the New England Region* (1951); *Preliminary Survey of Resources for the Oxley Region* (1952); *Preliminary Survey of Resources for the Mitchell Region* (1953). Preliminary surveys of resources for the other regions of rural New South Wales were produced during the remaining years of the 1950s. All were printed by the NSW government printer.

102 The Macquarie Regional Development Committee produced a *Report on the Future Development of the Macquarie Region* in 1955; the Mitchell Regional Development Committee produced a *Report on the Future Development of the Mitchell Region* in1956; the Upper Murray Regional Development Committee produced a *Report on the Possible Future Development of the Upper Murray Region* in 1956; and the Southern Tablelands Regional Development Committee produced a *Plan for the Future Development of the Southern Tablelands Region* also in 1956.

Assistance Act 1966 which, according to Harris and Dixon, provided for the following measures:

> the establishment of a Country Industries Assistance Fund; the vesting of the Minister with the necessary powers to encourage and assist the establishment and expansion of country industries; powers allowing local government councils to participate in stimulating industrial development and expansion within their areas; and the constitution and operations of the Development Corporation of New South Wales.[103]

Financial assistance to regional industries by the Askin government during the period from the mid-1960s to the early 1970s was, however, relatively modest. Expenditure by the Country Industries Assistance Fund in financial year 1965-1966 amounted to $1.7 million and reached $5 million by financial year 1970-1971. The main areas of assistance under this program were as follows: *Factory Loans, Leases and General Loans* - for the acquisition of land and/or factory buildings; *Housing Loans* - to enable an employer to build new houses (or acquire houses already built) for rental or procurement by key personnel; *Industrial Land* - acquisition and development of land by the Department of Decentralisation and Development for later sale to eligible industries, on a long term finance basis; *Freight Subsidies* - in the form of concessional rates for goods consigned by rail to and from country centres; *Additional Subsidies* - subsidies were also provided for such purposes as establishment costs, training employees, access roads to the industrial site and transfer of staff from city to country locations; *Five Per Cent Preference* - introduced by the Askin government in 1970 to allow for rural manufacturers to be given a preference of up to 5% when tendering, in competition with city businesses, for supply to state government departments; *Miscellaneous Items* - including education for managers and assistance with factory design.[104]

In 1971 the Askin government decided not only to re-configure the number of regions in the state, but to re-structure the regional development committees. The Askin government implemented this by securing passage of the Regional Organisation Act 1972. Harris and Dixon have written that,

> These. . .regions consisted of eight country regions and the metropolitan region which comprised the central coast area from Newcastle to Wollongong. These regions were to be used for decentralisation policies and statutory planning purposes. . .It was proposed that in each region. . .a Regional Advisory Council be appointed, consisting of representatives from local government (one-third of the total number of members), citizens appointed by the Minister (also one-third of the members), and senior regional representatives of departments and

[103] Harris and Dixon, op.cit., p.26.

[104] Ibid., pp.27-30.

> authorities most concerned with regional development. In due course ten Regional Advisory Councils were formed, one in each of the eight country regions. . .[105]

The charter of the Regional Advisory Councils, according to a presentation in 1978 by the then director of the NSW Department of Decentralisation and Development, was

> to encourage, promote and stimulate the socio-economic development of the region by a process of research of its resources, co-ordination of local government, state government and community interests and by the advancement of recommendations designed to foster growth.[106]

(d) The Renewal and Decline of Federal Government Interest in Regional Development in the 1970s

Meanwhile, at a federal level, federal government renewal of interest in regional development occurred with the re-election of an ALP federal government, in late 1972, led by Gough Whitlam. The Whitlam government's pursuit of regional development was undertaken by establishing a Department of Urban and Regional Development, under Tom Uren, and by obtaining passage of the *Cities Commission Act 1972-1973* which established a Cities Commission. This commission produced a report in mid-1973 listing 13 areas to be designated as growth centres but, in the end, the program was reduced to the encouragement of 4 centres - 3 of which were in New South Wales: MacArthur (Campbelltown-Camden-Appin); Bathurst-Orange; and Albury-Wondonga.

The main vehicle for realising the growth centres was the development corporation, one for each of the centres: the Albury-Wodonga Development Corporation, for example, was a statutory authority consisting of development bodies from the Federal, New South Wales and Victorian governments. The main instrument in the federal government's regional development strategy was land acquisition. According to Tom Uren, "The program provided the states with funds for land acquisition" and he later recalled that, "We put a lot money into Albury-Wodonga: a total of $83.7 million between 1974 and 1976 - with the overwhelming part of it in land purchase". In the case of the Bathurst-Orange Growth Centre, according to Uren, "The federal government put in a total of $13.6 million between 1974 and 1976" and the Bathurst-Orange Development

105 Harris and Dixon, op.cit., pp.40-41.

106 T. Cappie-Wood, "The Role of Policy in Regional Innovation and Adjustment", paper presented at a conference on *Regional Innovation and Economic Adjustment*, University of Newcastle, 1978.

Corporation "acquired 209 properties at a cost of almost $22 million".[107]

After the election of the Liberal-Country Party federal government, led by Malcolm Fraser, at the end of 1975, there was once more a lessening of federal government interest in regional development. In the case of the Albury-Wodonga growth centre, for instance, Tom Uren has written that the Fraser government provided a total of $41.4 million over the period 1977-1983 (roughly about $7 million a year).[108]

(e) The Further Pursuit of Regional Dev elopment in New South Wales in the late 1970s and early 1980s

The ALP government, led by Neville Wran, not only initally preserved the Askin government's Department of Decentralisation and Development but, indeed, according to a director of the department, "came to power with very ambitious ideas in the field of regional development". Although, as the same director remarked, "It soon became apparent that it would be impractical to aim for such a dramatic innovation in the short term", the Wran government did succeed in implementing some of its policy innovations in regional development.[109]

In 1977 the Wran government increased assistance to rural industries by obtaining passage of the *Country Industries (Payroll Tax Rebate) Act 1977* which granted payroll tax rebates for for manufacturing or processing industries outside metropolitan areas.[110]

Once again, the Wran government moved to re-structure the regional development committees/councils. In 1980 Wran transformed the former Department of Decentralisation and Development into the Department of Industrial Development and Decentralisation, under Don Day. This department became responsible for initiating, co-ordinating and implementing the Wran government's economic development and decentralisation policies in Sydney and in the country regions. In implementing the department's policy in rural New South Wales, the Minister created Industry Development Boards which absorbed the work of the former Regional Advisory Councils.[111]

Three years later, according to a report by the Bureau of Industry Economics, the Wran

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107 Tom Uren, *Straight Left* (Random House, Sydney, 1994), pp.263-266.

108 Ibid., p.265.

109 Cappie-Wood, op.cit.

110 Ibid.

111 *New South Wales Year Book 1982*, p.309.

government introduced

> a number of changes to the state's decentralisation program. . .Interest rate subsidies and a rental subsidy scheme were introduced to facilitate relocation. The loan guarantee scheme was amended to support loans for the acquisition, construction or extension of factor premises or the purchase of plant, machinery and equipment for the conduct of a country industry. Finally the payroll tax rebate scheme was modified to increase incentives for companies adding to employment.[112]

(f) Continued Withdrawal of Federal Government Involvement in Regiona l Development during the 1980s

Although, in 1983, the ALP was once more returned to office at a federal level, the new Hawke government did not believe that the federal government should play a part in regional development - unlike the Curtin, Chifley and Whitlam governments. According to Tom Uren,

> When the ALP regained government in 1983. . .John Button, the Minister for Industry, Technology and Commerce. . .believed that decentralisation and regional development were not the responsibilities of the Commonwealth, but should be left up the states.[113]

In 1986, however, the Hawke government, as part of its Economic and Rural Policy statement, delivered during that same year, introduced what Tom Murphy and Greg Walker have described as

> the lightly funded and essentially remedial regional economic policy called the Counbtry Centres Project. The Central West [of NSW] was the recipient of two of these projects, one at Lithgow at the eastern edge of the region and one in the Parkes-Forbes-Cabonne area in the central slopes of the region. Both involved considerable community consultation and the production of a feasibility study for a small-scale project.[114]

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112 Bureau of Industry Economics, *The Regional Impact of Structural Change - An Assessment of Regional Policies in Australia* (Australian Government Publishing Service, Canberra, 1985), p.160.

113 Uren, ibid.

114 Tom Murphy and Greg Walker, "A New Phase in Australian Regional Development?" in the *Australasian Journal of Regional Studies*, vol.1, no.2, 1995, p.122.

(g) *Reduction of Regional Development Initiatives in New South Wales in the late 1980s*

In 1988 the Liberal-National Party coalition, led by Nick Greiner, gained office in New South Wales. A more restrained stance was taken towards regional development and it was transferred to a new Department of Business and Consumer Affairs. The principal incentive scheme and primary focus for regional development in New South Wales became the Regional Business Development Scheme which was established in 1989 and administered by the department. The Greiner government's approach became one of moving away from overall assistance for regional development, towards a case by case approach. The Greiner government began to reduce entitlements under the Payroll Tax Rebate Scheme.

Despite this reduction in assistance, however, between 1989 and the second year of the following Fahey government's term in office, 1993, the Regional Business Development Scheme was reported as having assisted over 300 firms and provided over $17 million (around $3.5 million a year) in assistance for relocation and expansion. Some instances of firms or organisations assisted have been as follows:

> *Tamworth Flying College*: In 1989 joint funding from the Hawke government, the Greiner government and the Tamworth Council laid the basis for the establishment of a flying college at Tamworth. This was to be a joint venture between British Aerospace and Ansett. The Civil Aviation Authority provided $2.7 million, the NSW government provided $6.36 million and the Tamworth Council provided $2.6 million. The project involved building a new parallel runway, and installing new technical equipment, at Tamworth Airport.[115]
>
> *Berlei (Lithgow)*: Regional Business Development Scheme payroll tax concessions allowed Berlei's Lithgow operations to expand to cope with the impact of the Hawke government's reduction of tariff protection for the textile, clothing and footwear industries.
>
> *Riverina Wool Combing (Wagga Wagga)*: Regional Business Development Scheme payroll tax and removal cost subsidies assisted the company, a subsidiary of Chargeurs of France, to expand its operations in Wagga.[116]

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115 *Press Release*, the Deputy Premier and Minister for State Development and Public Works, the Hon. Wal Murray MP, 9 November 1989.

116 NSW Parliamentary Standing Committee on State Development, *Achieving Sustainable Growth: Regional Business Development in New South Wales*, vol.2, *Initiatives for Implementing Policy* (NSW Parliament, Sydney, 1994), pp.128-133.

Once again, changes were made in the realm of the advisory structures in regional development. In 1990 the Greiner government transformed the Industry Development Boards (which had replaced the previous regional advisory committees/councils) into Regional Development Boards (RDBs). The RDBs were to consist of representatives of firms in the region, representatives from local government and representatives from the NSW Department of Business and Regional Development. According to the annual report of the then Department of Business and Consumer affairs for financial year 1990-1991:

> Boards have been created for the following regions and operate from the centres shown in brackets: Northern Rivers (Grafton), Mid North Coast (Port Macquarie), New England (Armidale), Orana (Dubbo), Far Western (Broken Hill), Murray (Albury), Riverina (Wagga Wagga), Central Western (Orange) and South Eastern (Goulburn). During the year, Regional Development Boards managed the production of individual regional strategy plans. . .These strategy plans provide a basis to identify particular needs and opportunities for economic development at a regional level. . .Individual regional plans were completed by May 1991, with a draft Country NSW Strategy (representing a synthesis of these plans) completed in June 1991.[117]

(h) Renewal of Regional Development Initiatives at a Federal Level in the 1990s

Renewal of focus on regional development, at a federal level, was an outcome of the Keating government's response to the recession of 1990-1992. In his Federal Budget for 1992-1993, the then Federal Treasurer, John Dawkins, declared that,

> A Local Capital Works Program will be introduced for a two-year period, providing local governments with grants for economic and social infrastructure projects. An amount of $251.7m has been allocated for this purposed in 1992-93, with a further $100m in 1993-94. Local government in regions and areas idenditified as having above average levels of unemployment during the last year will be able to receive funding for worthwhile projects.[118]

After the ALP retained federal office in the 1993 election, the Keating government expanded the former federal Department of Industry and Technology into the Department of Industry, Technology and Regional Development, under Alan Griffiths. Griffiths's first step was to establish the regional development task force, chaired by the

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117 Department of Business and Consumer Affairs, *Annual Report 1990-91*, p.21.

118 Commonwealth of Australia, *Budget Statements 1992-93* (Australian Government Publishing Service, Canberra, 1992), pp.3.131-3.132.

secretary of the Australian Council of Trade Unions - Bill Kelty.

A year later, in 1994, the Prime Minister delivered his *Working Nation* statement on employment and economic growth. Keating reiterated his view of the importance of focusing on the development of regions:

> The opportunities Australians have to work and prosper are, in large part, determined by the economic prosperity of their local area. While many regions are growing strongly, others need assistance to realise their full potential. . .The regions of Australia are partners in the nation's growth. The realisation of their ambitions is crucial to meeting Australia's economic and social objectives. . .The government will support Australia's regions in their ambitions and assist them with the problems many of them face.[119]

Responsibility for regional development, within the federal government, was subsequently transferred to the portfoloio of the Minister for Housing, Brian Howe, someone with a particular interest in development on a regional basis. A statement of policy subsequently issued in 1994, by what became the Deparment of Housing and Regional Development, declared that,

> The Commonwealth Government has committed $150 million over four years for a Regional Development Program to better harness regional economic potential. This assistance provides practical support for regions at different stages of economic and organisational development.[120]

Once more changes were introduced into the realm of the advisory structures in regional development. Whereas, before, it had only been the states which had established regional development committees/councils, the federal government proceeded to inaugurate its own bodies: Regional Development Organisations (RDOs). According to the Department of Housing and Regional Development, in the same 1994 policy statement, RDOs were not to be defined prescriptively, but were to be defined on an emerging basis. As the statement explained,

> to qualify for assistance, a regional development organisation would need to have ...A prime focus on economic development which would include business growth, expansion of economic activity and a global focus. . .[and would need to have] A core group of business, union, local government, and education and

119 *Working Nation*, white paper on employment and growth, presented by the Prime Minister, Paul Keating, 4 May 1994 (Australian Government Publishing Service, Canberra, 1994), pp.17-18.

120 *Guidelines for the Regional Development Program: Growth through our Regions* (Department of Housing and Regional Development, Canberra, 1994), p.iii.

> training representatives. . .[121]

(i) Renewal of Regional Development Initiatives at a State Level

The Fahey government, which took office in 1992, also endeavoured to increase the focus on regional development and, in 1993, it established a Department of Business and Regional Development under Ray Chappell.

With the elevation of regional development to portfolio status in 1993 the department's activities were expanded to include further initiatives. These include the following: *Regional Business Development Scheme* (which could provide subsidies for relocation and establishment); *Regional Business Infrastructure Program* (which could provide a contribution towards costs incurred directly by firms in augmentation of local infrastructure
such as sewerage, natural gas and roadworks); *Assistance towards Business Establishment or Expansion at a Regional Site*; *Resources for Regional Development* (assistance for regional development boards, industry associations and the like); *Main Street Program* (through which the department could assist in promoting business in rural areas); *Business Expansion Program* (through which the department could provided technical advise to regional firms considering expansion).

Although the Fahey government, by elevating regional development to ministerial prominence, indicated its intention to place greater emphasis on this policy, rural New South Wales still felt that the orientation of the policy, even in the areas outside of Sydney, was towards the larger provincial cities and not towards smaller rural towns. In 1993 the Central Western Regional Development Board prepared a submission which summarised some of the frustrations of rural NSW:

> In 1991 the NSW Department of Business and Consumer Affairs funded each non-metropolitan Regional Development Board to develop an economic strategy for its region. These strategies were prepared by the Boards and submitted to the Department of Business and Consumer Affairs on the understanding that Business and Consumer Affairs staff would integrate these strategies into an overall Country New South Wales Strategy. To date no Country Strategy has been produced.[122]

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121 Ibid., p.8.

122 Submission by the Central Western Regional Development Board to the Inquiry by the NSW Parliamentary Standing Committee on State Development into Regional Business Development, 1993.

In 1994, in response to these reproaches from rural NSW, the Fahey government's Department of Business and Regional Development did produce a final Country NSW Strategy as part of its *Statement on Regional Development* published in the same year.

In late 1994 the Fahey government instituted a regional co-ordination pilot program (RCPP): administered by the Premier's Department. This was program was based on a similar initiative inaugurated in Queensland. Its purpose, in regard to rural NSW, was to attempt to forestall unintended repercussions arising from decisions made individually by government departments. Such an instance might be where the closure of a railway line, for example, could in turn affect the capacity of children to attend school. Establishing the RCCP was seen as a means to overcome these kinds of eventualities in rural NSW, by inducing New South Wales governments to adopt a co-ordinated approach to their initiatives in the countryside.

In 1995 the newly elected Carr government announced its intention to maintain state government commitments to regional development. The former Department of Business and Regional Development was transformed into the Department of State and Regional Development. In his first budget speech the new NSW Treasurer, Michael Egan, declared that,

> 1996. . .will be regarded by the government as the Year of Regional Development ...the Department of State and Regional Development, in conjunction with regional industries and local government, will be required. . .to undertake an audit of the current economic strengths and potential of all the regions. . .we will then be identifying the industries and firms, national and international, for which our regions offer natural synergies.[123]

At the end of August 1996, the current Premier of NSW, Bob Carr, announced the introduction of Rural Communities Impact Statements. He declared that,

> I want to be sure that the potential impact of any changes is fully understood before State Cabinet makes a decision. The preparation of Rural Communities Impact Statements will force government departments to think carefully about the likely results of any proposed changes. These statements will give Cabinet an understanding of the full extent of the impact of any changes in services, staff numbers or facilities in regional areas.[124]

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[123] NSW Treasurer, *Budget Speech 1995-96*, Budget Paper no.1 (NSW Treasury, Sydney, 1995), p.22.

[124] *Cabinet to Receive Rural Communities Impact Statements*, press release, the Premier of New South Wales, the Hon. Bob Carr MP, 29 August 1996.

At the same time the Carr government has established an Office of Rural Communities, within the NSW Department of Agriculture, and a Rural Communities Consultative Council.

(j) Recent Decline in Federal Government Assistance for Regional Development

The new Howard government, elected to federal office in March 1996, announced later in August, during the delivery of the federal budget, that it would reduce the level of federal government involvement in regional development - established during the Keating government's term in office. In a press release issued on 18 July 1996, the new Minister for Transport and Regional Development, John Sharp, declared that there would be

> savings to his portfolio of about $150 million in the coming financial year. . .The changes will involve the loss of approximately 220 jobs within the Department of Transport and Regional Development. . .Regional Development and Urban management overlap with state and local governments. . .There is no clear rationale or constitutional basis for Commonwealth involvement. . .[125]

Sharp also added that the Regional Development Organisations, established federally by the Keating government, while being kept in existence, would have have to rely less and less on federal funding. He declared, in the same press release, that "The new arrangements mean Regional Development Organisations will need to rely less on bureaucratic functions and more on developing effective links with business, state and local governments. . .The Labor government's funding for RDOs was always intended to be transitional with each RDO expected to ultimately stand on its own two feet after three years."[126]

In a further press release, issued just before the new Howard government tabled its first budget, John Sharp declared that,

> the government will not be funding new projects under the former Regional Development Program [but] will honour all existing commitments. The government will allocate more than $80 million in 1996-97 to projects under the Regional Development Program and other urban and regional programs. . .In addition, we will allocate $10 million over the new two years to new projects.

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125 *Regional Development*, press release, the Minister for Transport and Regional Development, the Hon. John Sharp MP, 18 July 1996.

126 Ibid.

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6 INDIVIDUAL STRATEGIES TO ADDRESS RURAL DIFFICULTIES : ASSISTANCE WITH FARM MANAGEMENT, TAXATION REDUCTION , DRY SEASONS, EDUCATION AND WOMEN'S SERVICES

(a) Assistance with Farm Management

As well as the general strategy of regional development, as a means of addressing rural difficulties, both the federal and state governments offer assistance in particular ways to address difficulties in the rural sector.

The federal government has established the Business Advice for Rural Areas (BARA) program, jointly funded by the federal, state and territory governments. The program provides business advice to people in rural areas. During the 1990s funding of $1.8 million has been given to support 37 BARA cousellors throughout Australia. BARA funding has also been provided to nearly 40 regional community groups throughout Australia.[128]

The New South Wales government during the 1990s, through the NSW Department of Agriculture, has provided business and marketing assistance through a number of programs such as the following:

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[127] *Rebuilding Regional Australia: Budget Initiatives in Regional Development*, press release, Minister for Transport and Regional Development, the Hon. John Sharp, 21 August 1996.

[128] Information provided by the rural division of the Department of Primary Industries and Energy.

Farm Monitoring and Management. Advice on farm monitoring and management has been available through the Farm Cheque Program run by the department. The program is aimed at improving producers' farm management skills.[129]

Beef Breeding and Management. The NSW Department of Agriculture's Beef Advisory Officers have been available to advise on breeding and selection programs. Beef Marketing Workshops have been presented by the department's beef advisory section.[130]

Milk Production. Dairy farmers have been assisted by financial and administrative advice provided through the "milkonomics" program run by the department. The department has also provided advice on improving dairy herds through the department's dairy herd improvement scheme.[131]

Marketing Information. Information on marketing rural products has been provided by the department's market intelligence unit.[132]

(b) Taxation Reduction

During the 1990s the Federal Government has, in a number of areas, reduced the taxation payable by primary producers.

Exemptions. Sales tax exemptions have been made available for a wide range of machinery, equipment and materials purchases, intended for use in primary production. Sales tax exemptions have also been applied to livestock imported for breeding purposes.

Rebates. Primary producers have been able to claim a full rebate of the excise on diesel fuel used for eligible forms of primary production.

Deductions. Primary producers have been able to claim deductions, in equal instalments over three years, for capital expenditure on water storage and farm reticulation systems. The deductions applied to capital expenditure on the construction, acquisition, installation or extension of plant, or on structural improvements for the purpose of

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129 *Country Guide: A Directory of NSW Government Services for Country People 1993*, pp.6-7.

130 Ibid., pp.12,15.

131 Ibid., pp.11-12.

132 Ibid., p.34.

conserving or conveying water for use in undertaking primary production. Items of expenditure for which deductions could be claimed included dams, earth tanks, underground tanks, concrete and metal tanks, bores, wells and irrigation channels.[133]

The New South Wales government, during the 1990s, has also introduced taxation concessions for primary producers. In 1991 the Greiner government obtained passage of an amendment to the *Land Tax Administration Act 1956*. Under this amendment, land used for primary production in New South Wales was exempted from land tax.[134]

(c) Assistance for Dry Seasons

In dry seasons, when primary producers' returns have declined, governments in Australia have provided assistance. Constitutionally, state governments are responsible for financial assistance in this area but, over the years, the Commonwealth government has become involved. This has been through the provision of loans to the states to assist farmers in dry seasons. This is allowed under section 96 of the Commonwealth Constitution which provides that "Parliament may grant financial assistance to any state on such terms and conditions as the Parliament thinks fit."

During the years of the Second World War, the Menzies and Curtin governments secured passage of such legislation. Edgars Dunsdorfs has written that,

> For the relief of farmers the *States Grants (Drought Relief) Act 1941* was passed. From £1m. made available, the states disbursed £985,623 in 1940-41 and 1941-42. In the previous year the Loan (Drought Relief) Bill 1940 had empowered the Federal Treasurer to borrow moneys, not exceeding £2.8m., and to make loans to the states against interest of 3 per cent. Provisions for grants of interest to the states was made. The loan had to be repaid in the course of seven years. After the drought of 1944-45, it was agreed at the Premiers' Conference in 1944 to provide funds on a £1 for £1 basis by the Commonwealth and the states for the relief of cereal-growers.[135]

In 1971 the McMahon government, on a federal level, formalised provisions for assistance in dry seasons in the National Disaster Relief Arrangements. Dry seasons were categorised as a "major' disaster, which in turn was defined, in financial terms, according to Smith and Callahan, as a circumstance

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133 Department of Primary Industries and Energy, *The Rural Book: Part of the Countrylink Program* (Australian Government Publishing Service, Camberra, 1994), pp.68-74.

134 See *Land Tax Administration Act 1956*, section 10 (1) (p).

135 Dunsdorfs, op.cit., pp.294-295.

> necessitating payments of at least 10% of a state's base expenditure. Once a state has exceeded this annual base expenditure the Commonwealth met, in full, all the remaining expenditure on agreed relief measures. . .The annual base expenditure for each state government remained unchanged until the [Fraser government's] 1978-1979 budget. . .when it was doubled. However, the Commonwealth contribution to relief, other than for personal hardship and relief, above the base expenditure, was changed to 75%. For personal hardship and relief the dollar for dollar...arrangement continued.[136]

Dry seasons attracted more federal and state assistance, during 1971-1988, than all other incidental occurrences including the combined categories of flood, storm and cyclone. Between the financial years of 1963 and 1988 federal government assistance for dry seasons, for all states, amounted to $496 million. New South Wales, according to Smith and Callahan, received $146 million.[137]

In 1989, however, acting on the recommendations of the interim report of the Drought Policy Review Task Force, the Hawke government announced that assistance for dry seasons would be removed from the National Disaster Relief Arrangements. The Hawke government reached agreement with the state and territory governments that, during financial year 1989-1990, assistance for dry seasons should be provided under the Rural Adjustment Scheme (RAS).[138]

Assistance for farmers in dry seasons continues to be provided under the RAS. According to David MacKenzie, around $195 million was distributed to all states during financial year 1995-1996 (essentially in the last year of the Keating government). The new Minister for Primary Industries in the recently elected Howard government has, however, foreshadowed changes. MacKenzie reported that the Minister, John Anderson, had informed his newspaper that using the social security system to pay farmers in dry seasons was a fairer and more effective approach.[139]

(d) Assistance for Education

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136 D.I. Smith and S.D. Callahan, *Climatic and Agricultural Drought, Payments and Policy: A Study of New South Wales*, Centre for Resource and Environmental Studies (CRES) working paper 1988/16 (Centre for Resource and Environmental Studies, Australian National University, Canberra, 1988), pp.45-46.

137 Ibid., p.96.

138 Phil Simmons, "Recent Developments in Commonwealth Drought Policy" in the *Review of Marketing and Agricultural Economics*, vol.61, no.3, December 1993.

139 David MacKenzie, "Welfare to Replace Farm Drought Aid" in *The Australian*, 28 September 1996, p.11.

In 1977, during the Fraser government's term in federal office, the Commonwealth Schools Commission inaugurated the Disadvantaged Country Areas Program. In 1982 the objectives of the program were amended and the scheme was re-titled the Country Areas Program.[140]

During the Hawke government's term in office, the Commonwealth Schools Commission continued to implement specific purpose programs orientated towards assisting rural schools. The following programs were undertaken, with the following funding, during 1987, for example:

The Disadvantaged Schools Program	$39 million
The Participation and Equity Program	$25.8 million
The Country Areas Program	$10.6 million
The Basic Learning in Primary Schools Program	$7.6 million
The Curriculum Development Centre	$2.7 million
The Projects of National Significance Program	$1.9 million[141]

Technical and further education (TAFE) in country areas was assisted by Hawke government's overall focus on this area. From the $613 million provided by the Hawke government, between 1983 and 1986, for capital expenditure in technical and further education, two new TAFE colleges were built at Maitland and at Port Macquarie.[142]

In 1989 the Hawke government issued a statement on rural education entitled *A Fair Go: The Federal Government's Strategy for Rural Education and Training*. The statement introduced federal government initiatives to "provide better education and training opportunities for Rural Australia". The objectives of the statement were as follows:

- increase non-metropolitan school retention rates to Year 12 in line with those of metropolitan students

- increase the number of non-metropolitan students continuing their education through the TAFE or higher education systems to a level

140 Commonwealth Schools Commission, "The Commonwealth Schools Commission's Schooling in Rural Australia Project", paper presented at the *Rural Australia Symposium*.

141 Ibid.

142 Marie Coleman, "Providing Government Services", paper presented to the *Rural Australia Symposium*.

comparable with their metropolitan counterparts

- increase participation in education and training so that the proportion of non-metropolitan workers with post-school qualifications reflects the national average[143]

During the 1990s improvements have been introduced by the federal government in education services for rural students. These improvements have been in the following areas:

Assistance for Rural Schools. Under the Country Areas Program the Keating government encouraged parents, administrators, teachers and other community members to work towards improving the delivery of education services in their areas. During 1992, for example, more than $16.7 million was provided for the Country Areas Program. Part of these funds enabled the development of communications links between schools using computer networks, facsimile machines and satellite dishes to give students more access to education resources. Another part of the funding provided for tertiary orientation programs, careers advisory services and work experience designed to broaden students' perceptions of career and further education choices.[144]

Higher Education. In 1992 the Keating government announced changes to the Austudy scheme. At least two of these changes were intended to benefit rural students. The allowable level of net parental assets was increased to $359,250 with the current 50% discount on net farm/business assets retained - the discount meaning that where only business/farm assets applied, these could be worth up to $718,500 before the benefit would be affected. A hardhip provision was introduced so that the assets test would not apply if a student's parents or spouse were receiving a social security or veteran's pension or allowance, or farm household support under the Rural Adjustment Scheme.

Eight centres for distance education have also been established in higher education institutions throughout Australia including one in New South Wales at the University of New England in Armidale.[145]

(e) Women's Services

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143 Department of Education, Training and Employment, *The Resource Book: Achievements in Employment, Education and Training* (Australian Government Publishing Service, Canberra, 1992), p.127.

144 Ibid., pp.127-139.

145 Ibid.

In 1992, the year that the Fahey government succeeded the Greiner government, the NSW Department of Agriculture established the Rural Women's Network program. This initiative was partly an outcome of the Greiner government's response to the Rural Women's Conference held in Parkes, in 1991, attended by around 650 women from country New South Wales.

The major avenue of communication devised by the Rural Women's Network has been the *Country Web* newsletter, published 3 times a year with a total of 23,000 copies printed per issue.

A number of activities have been organised by the Rural Women's Network. Between 1992 and 1993 the network helped to organise the first Rural Women's Days, held at Cobar, Bourke and Narrabri. Around 900 women attended sessions on health, farm safety and other topics. The network, with the assistance of the NSW TAFE and Adult and Community Education, has also established the Rural Women's Satellite Project (RWSP). This was undertaken partly to identify deficiences in programs relevant to women in country New South Wales, such as those in the areas of women's health, adult education and the role of women in agriculture. The RWSP has also been active in mounting programs to increase the decision making role of rural women.[146]

7 *LONG-TERM STRATEGIES FOR THE FUTURE*

(a) Agribusiness and the Future of Rural Production

In looking at the future of rural production it seems that two tendencies are likely to emerge.

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[146] Rural Women's Network, *Special Report May 1992-June 1996* (NSW Department of Agriculture, Orange, 1996).

Wool production appears likely to continue as it has - but without any further intervention by government. Woolgrowers throughout Australia have reduced the number of sheep kept on their farms from around 173 million, in 1991 (just before the dropped in price that saw the abandonment of the Australian Wool Corporation) to 121 million in 1996. Wool International, which was subseqently established by law to sell off the huge stockpile of wool (which had accumulated by 1991 as a result of the AWC's buying, at auction, to prevent a drop in price) will be sold off by 1997. Wool growers will remain as individual producers and all wool will simply be sold through the commercial auction process.[147]

Other agricultural production may develop differently. This is because, while the size of that sector which simply produces raw materials has declined, the size of the sector which transforms and sells rural products in Australia has grown significantly.

The food processing industry appears to have become the largest area of manufacturin in Australia. In the early 1990s food processing employed around 170,000 people (about 16% of manufacturing industry employment) and had an annual turnover of around $30 billion. In the area of breakfast cereal production, for instance, large-scale national and international companies, such as Goodman Wattie Fielder (with the "Uncle Toby's" brands) and Kellogg's feature strongly in the industry. In other areas of food processing the situation is similar. Goodman Wattie Fielder is Australia's largest food processing company manufacturing products under the "Buttercup", "Fielders", "Meadowlea", "White Wings" and "Steggles" brands. Another important local company is National Foods which manufacture products under the "Allowrie" and "Sunburst" brand names. Overseas companies have an even bigger presence in Australian food processing. Heinz (USA) and Kraft (USA) have had long established food processing operations in Australia. Campbell's (USA) has acquired a bigger presence in Australian food processing through its acquisition of Arnott's. Weston's (Britain) is involved in bread production (through the "Tip Top" brand) and in biscuit production. Unilever (Britain-Netherlands) manufactures food products under the "Flora", "John West", "Lipton" and "Rosella" brands. Nestle (Switzerland) and Cadbury-Schweppes (Britain) are foremost in confectionary manufacturing in Australia and Nestle has recently acquired the "Peters" brand name from Pacific Dunlop. J.R. Simplot (USA) recently acquired Edgell-Bird's Eye from Pacific Dunlop. McDonald's (USA), pizza Hut (USA) and Kentucky Fried (USA) predominate in the fast food industry in Australia.[148]

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147 David Passey, "Leaner Flock Means Bleak Prospects for Shearers" in the *Sydney Morning Herald*, 7 August 1995, p.6; Cathy Bolt, "Wool's Forward Strategy" in the *Australian Financial Review*, 27 October 1995, p.15.

148 Bill Pritchard, "Foreign Ownership in Australian Food Processing: The 1995 Sale of Pacific Dunlop Food Division" in the *Journal of Australian Political Economy*, no.36, December 1995, p.42; *Unilever in Australia and New Zealand* (Unilever, 1990); *Nestle Australia*, company brochure (Nestle Australia, 1992); Goodman Fielder advertisement in *The Australian*, 6 October 1993, p.7; John Sevior, "National Foods Set for Growth" in the

The National Farmers Federation has noted in its strategy proposals for the viability of the rural sector that, while agriculture (combined with forestry, fishing and hunting) now only amounts to around 3.6% of Australia's Gross Domestic Product, agriculture *combined with* food processing makes up 18% of GDP and around 11% of total employment.[149]
Exports of processed food products are considerable and, in financial year 1994-1995, amounted to $10.6 billion. The ten largest export markets for Australian produced processed food were, for that same financial year, in order: Japan, USA, Taiwan, New Zealand, Hong Kong, Britain, South Korea, Philippines, Singapore and Malaysia.[150]

A solution which appears to present itself - as a means of preserving the viability of rural production in Australia - is the integration of rural raw materials production and food processing. This, at least, seems to be the consensus reached by the Keating government and the National Farmers Federation (NFF). In 1992 the two ministers in the Keating government whose portfolios dealt with rural production - Simon Crean (Minister for Primary Industries and Energy) and John Button (Minister for Industry, Technology and Commerce) - issued a joint statement on Australia's agrifood industries which, in turn, foreshadowed the establishment, later in the year, of an Agri-Food Council which would oversee an atttempt to assist with the integration of primary production into food processing.

In 1993 the National Farmers Federation published its own policy on ensuring the future viability of rural production. This document was entitled *New Horizons: A Strategy for Australia's Agrifood Industries*. The NFF's outline of the shape which this integration would assume was described, in part, as follows:

> Farmers are part of the consumer food and fibre sector and must see themselves as such. . .The many steps in the production and marketing chain between the farm and the consumer must be integrated. . .Farmers must be prepared to become directly involved in the rest of the production and marketing chain to achieve this integration. . .[151]

Sydney Morning Herald, 17 May 1993, p.21; Sonya Voumard, "Fast and Furious: Australia's Takeaway Revolution" in the *Sydney Morning Herald*, 24 July 1993, p.37.

149 See National Farmers Federation, *New Horizons: A Strategy for Australia's Agrifood Industries* (National Farmers Federation, Canberra, 1993), pp.5-6; an outline of dimensions of the food processing industry in Australia is given in *Food Processing*, working group paper presented at the fourth meeting of the Prime Minister's Science Council (Australian Government Publishing Service, Canberra, 1991).

150 Bureau of Industry Economics, *Evaluation of the Agri-Food Strategy: An Assessment of Recent Government Assistance to the Agri-Food Industry*, report no.96/12 (Australian Government publishing Service, Canberra, 1996), p.25.

151 National Farmers Federation, op.cit., p.9.

The long-range object of this integration is to increase exports of Australian processed food to Asia. In October 1993 the then Minister for Science, Chris Schacht, while on a visit to Germany, was reported in the press as having

> urged Europe's food giants to use Australia as a springboard to mount an assault on Asian food markets.[152]

Agri-Food Council membership has included representatives from Australian supermarket chains, from Australian large-scale food processing concerns and from overseas food processing companies. In 1994 members of the Council included Solomon Lew (Coles Meyer), Michael Nugent (Goodman Wattie Fielder) and John Cook (Kellogg's).

Some of the, relatively modest, programs initiated under the agri-food strategy, and overseen by the Department of Industry, Science and Technology, and by the Department of Primary Industry and Energy, include those aimed facilitating the air freight of perishable goods; gaining greater access overseas for Australia's processed food products; and emphasising the lack of contamination in Australia's processed food products.[153]

Under the recently elected Howard government this strategy has been re-configured under the slogan "Supermarket to Asia". On the 12 September 1996 the Prime Minister issued a press release in which he both announced the inauguration of the policy and emphasised its significance for rural Australia, as follows:

> I have a great deal of pleasure in today launching the Prime Minister's Supermarket to Asia Council and I believe the outcome of its deliberations will provide new pportunities and a real focus for rural and regional Australia. This Council will bring together government and industry leaders to work together on removing barriers to greater exports of food in the region. . .Producing quality food on our farms and properties is not enough. We then have to. . .add value to our raw products. . .and we have to promote what we produce. As a sign of the government's commitment to this process, four other senior ministers will also be on the Council: The Hon. Tim Fischer MP, Minister for Trade and Deputy Prime Minister; The Hon. John Anderson, Minister for Primary Industries and Energy; The Hon. John Moore MP, Minister for Industry, Science and Tourism; the Hon. John Sharp MP, Minister for Transport and Regional Development. Industry representatives and other members on the Council will lend their wide and valuable experience to the Council. They [include]. . .Mr. Reg Clairs of the

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152 Julian Cribb, "Bid to Woo European Food Giants" in *The Australian*, 11 October 1993, p.5.

153 Bureau of Industry Economics, op.cit., pp.38,43,

> Australian Supermarket Institute. . .Mr. Murray Rogers of the Australian Food Council. . .Mr. Donald McGauchie of the National Farmers Federation. [154]

The above strategy, however, does not appear to be without its accompanying difficulties. As a recent program on ABC TV's *Four Corners* indicated, integration is indeed already being implemented in the beef industry: but with results, possibly, other than expected. The reality of this integration being carried out by overseas, and not Australian, companies seems to be, as suggested in the program, that Australian producers have become more, rather than less, vulnerable and that the remunerative gains appear to have accrued mainly to the international companies.[155]

(b) Present Long-Range Stategies for Regi onal Development in New South Wales

Regional development strategies for rural NSW in the mid-1990s appeared to have settled on a regional hub approach.

In 1994, as mentioned above, the Fahey government's Department of Business and Regional Development produced a Statement on Regional Development. One of the approaches put forward in the document, as a means of bolstering rural business activity, was that there
should be "regionally based. . .clusters of industries".[156]

David Roman, an economist with the NSW government, had earlier put forward this approach in a journal article on regional development policy. Roman proposed that,

> Regional development policy. . .will need. . .a framework. . .based on a core approach. . .This approach requires the designation of 'hub' (key) non-metropolitan centres which have exhibited natural growth potential.[157]

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154 *Supermarket to Asia*, press release, The Prime Minister, the Hon. John Howard MP, 12 September 1996.

155 ABC TV, *Four Corners*, 21 October 1996.

156 *Statement on Regional Development: Making Regional Development Happen* (NSW Department of Business and Regional Development, Sydney, 1994), p.24.

157 David Roman and Peter Murphy, "A Framework for Regional Development Policy for NSW" in Australian Urban Studies, Vol.17, no.2, 1989, p.15. The British town planners Osborn and Whittick observed even earlier that, during the 1960s, the decentralisation strategy of the British Town and Country Planning Association proposed the "transfer of industry and office business to less crowded parts of the country" involving "the creation of. . .'magnets' strong enough to attract firms and workers and to be economically, socially and culturally viable." See Frederick Osborn and Arnold Whittick, *The New Towns: The Answer to Megalopolis* (Leonard Hill, London, 1963), pp.118.

Apart from the coastal regional centres, there appear to be six main towns in rural New South Wales which seem to be capable of acting as focal points of regional development:

Tamworth

Dubbo

Orange

Bathurst

Wagga Wagga

Albury[158]

The only problem with this strategy is that they tend to operate as small versions of Sydney in regional New South Wales - instead of acting to keep people in the small country towns they do, indeed, act like ‘magnets’ and tend to draw people towards them, away from the the small rural communities. Asa Wahlquist has observed that, between 1990 and 1995, the population of Tamworth, Dubbo, Orange and Wagga Wagga has grown while the population of the smaller towns still tends to decline. According to Wahlquist, Ian Burnley has remarked that the critical threshold for a rural town in New South Wales is now 6,000 and, in his words, “below that I think the future is remote”. Wahlquist notes that 431 towns in rural New South Wales have less than 4,000 residents.[159]

8 CONCLUSION

[158] See Asa Wahlquist, “Dubbo Defying the Trend” in the *Sydney Morning Herald*, 11 February 1993, p.15.

[159] Asa Wahlquist, “The Gutting of Rural NSW” in *The Land*, 15 August 1996, p.11.

Not long after Britain's establishment of the colony of New South Wales, on the continent of Australia, the British government decided that the same colony's means of paying for itself was for it to become, what was later described as, a "pastoral and agricultural" undertaking. This focused the basis of production in the colony on primary production. The British government's accompanying reduction of duties on imports of wool from Britain's colonies, and the continued expansion of the British wool textile industry, not only made wool growing profitable but dramatically stimulated its expansion. Eventually, Australia became the largest individual producer of wool in the world. Other British industries' requirements for other Australian primary products, led to the expansion of wheat, dairying and other activities in primary production. As long as Britain remained such a reliable market for Australian commodities, and as long the requirements were for natural produce, Australian primary producers, on the whole, remained prosperous.

Rural towns in New South Wales - which serviced this production by acting as locations for suppliers of financial services, transport services, agricultural equipment, legal and accounting services, as well as being centres for hospitals and schools - shared in this prosperity.

Underwriting this production, and the sustainability of the country towns, was the decision of government to use taxpayers' money to supply inputs into rural production - railway freight services, road construction and water supply - and to use the weight of law to assist in the maintenance of producers' prices.

With the loss of Britain as a market, the emergence of synthetic fibres and the general ecline of commodities in world trade, the presence of rural production in Australia, in overall national production, has declined.

On an overall level, indeed, since the 1970s, a new basis has been introduced on which rural production will now be placed. Unassisted production will tend to be the standard in the years to come. The presence of government will, in many ways, be removed from the realm of primary production. There will no longer be a commitment to keeping people "on the land". Since the 1970s a number of primary producers have actually been assisted by government off the land via the Rural Adjustment Scheme.

In the future the remaining primary producers, rather than engaging in stand-alone production, seem likely become obliged to to enter into association with overseas multinational commodity traders in a general agri-food production process - although recent evidence has shown some of the problems associated with this strategy.

Accompanying this repositioning of rural production has been a rationalisation - by government and business - of their presence in country towns. Governments closed down facilities in small, outlying country towns and centred facilities in larger, regional hubs. Businesses, similarly, closed down small branches of their operations in rural townships and, likewise, centred their operations in the larger, regional centres.

Rural towns, since the 1950s, and particularly since the 1970s, have correspondingly begun to decline.

Some non-metropolitan towns have, it is true, remained viable, but these tend the ones on the coast - that can substitute tourism for lost rural production. It is the inland rural townships, therefore, that now seem the most vulnerable.
Despite this overall repositioning of rural production, and the inevitable implications for the future of small rural townships, governments have provided some degree of remedial assistance as this repositioning unfolds.

Remedial assistance put forward seem to have been on two levels: a general approach based on regional development, and a diversified approach based on addressing farmers' individual difficulties. Regional development seems to have had mixed fortunes as a policy, and mixed results as a solution. Assistance in individual areas - such as farm management, taxation reduction, dry seasons and education - appears to have been useful but limited.

On an overall level, however, the gradual repositiong of rural production on a basis of what has been termed "micro-economic reform" has, in turn, determined the corrresponding tailoring of the government presence in the rural community to accompany this process. For government to now significantly move in the reverse direction would necessitate the changing of a process of production that is already set and under way.

Nevertheless, on a smaller level, there is still the opportunity for government to intervene to assist those in small rural communities caught up in this process. Enhancement and better co-ordination of government services offer some solutions.