

Australian agriculture in crisis; government to axe farmers

by Noelene Isherwood and Andrew Bailey

"Most of the [agricultural] sector's profits are being generated by the top 20% of farmers. The other 80% are either treading water or going down the gurgler." This is the nonchalant analysis of Australia's rural sector, enunciated by John Anderson, minister for Primary Industries and member of the Liberal government's "razor gang," a group of cabinet ministers appointed by Prime Minister John Howard with the responsibility to slash the federal budget in compliance with International Monetary Fund-World Bank dictates.

The Liberal government proposes dealing with the "dead wood" in the farming sector by increasing the Rural Assistance grant, from \$45,000 to \$100,000, to encourage non-viable farmers to sell their land and either move into another career or retire "with dignity." Graham Broughton, Rural Finance and Development Division general manager, put it another way: "The Division has two choices: to prop them up or let 'social engineering' take its course."

'Social engineering' results in suicide

This social engineering undoubtedly refers to, at least in part, the horrifying increase in rural suicide over the last five years. Dr. Marlene Goldsmith, New South Wales (N.S.W.) member of the Legislative Council and chairperson of the Inquiry into Suicide in rural N.S.W., stated in 1993: "Once you get over the Great Dividing Range [the mountains down the east coast of Australia] it's like the Third World in some regions. In my view, people living on the land have been turned into the new poor of Australia; a whole new underclass that we have created." Drought, financial debt, extreme poverty, stress on family relationships, pressure from banks and governments are the reasons given for rural people committing suicide.

Between 1964 and 1988, while suicide for males in rural cities more than doubled, the increase was more than fivefold for those in country shires and townships. In 1992, deaths by suicide outstripped the national road toll. By 1993, the rural suicide rate in Queensland was 23-28 per 100,000 population, while the rate in the capital city of Brisbane was only 11 per 100,000.

Other significant trends in the agricultural sector include:

- The number of women in the rural workforce has dou-

bled over the past 15 years, while the number of men has dropped by more than one-quarter. This is an overall combined decrease of the rural workforce of about 7.8%.

- Off-farm income generated by women has increased, from 24% to 68% over the ten years to 1991.

- Approximately 27% of Australian workers are employed in agricultural-related industries, and about 4.6% are employed directly in farming.

- Family farmers are being encouraged to move toward "corporate family farms," by either combining their farms with other members of the family or by combining with neighbors.

- Expenditure on plant and equipment fell by almost two-thirds between 1980 and 1993. Most farmers are concentrating on reducing debt while allowing their capital stocks to continue to deteriorate.

Servicing debt at the expense of the farm

According to David Botting, managing director of an agricultural consulting company, "a few farm families are servicing their debts, but their income was well below the poverty line. A much larger group was servicing debt at the expense of farm and equipment maintenance. In terms of long-term, productive, sustainable economic and social viability, many are likely to eventually sell up and leave their farms." The extraordinary growth of rural sector debt is exemplified by the fact that in 1960, with a total of 290,000 farmers, the entire rural sector debt stood at \$770 million, i.e., \$2,655 per farmer. In 1996, with 120,000 farmers, the entire rural sector debt stands at \$19 billion, i.e., approximately \$126,000 per farmer. Between 1978 and 1995:

- Average farm debt increased 48%.
- Some 60% of farmers had farm cash incomes less than \$50,000.
- Farm productivity increased by 60% by July 1996.
- Currently, 20% of farmers are responsible for 54% of output and 100% of profit.

Farms and farmers going under

During the last 30-40 years, farm numbers in Australia have fallen by between 50,000 and 100,000, depending on

which figures are used. However, according to Ian Patterson, a Canberra-based contributing editor to the *Australian Farm Journal*, in the *Journal's* November 1996 issue, the total area of agricultural land being worked has not declined. The average farm size has gone up, although two-thirds of farms are still smaller than 500 hectares. In 1950-51, according to the statistics collected by the Australian Bureau of Statistics (ABS) and published by the Australian Bureau of Agricultural and Resource Economics (ABARE), there were 203,350 farms in Australia. Farm numbers peaked at 205,700 in 1954-55 and 1955-56, and then started to decline.

In 1965-66, the total dipped below 200,000 for the first time, and, by 1985-86, farm numbers had fallen to 169,716. Other figures from the ABS claim farm numbers peaked at 252,162 in 1965-66, before slipping to 219,227 in 1975-76, and down to 171,180 in 1985-86. Either way, over the decades, there has been a steady decline in farm numbers.

One sidelight on this process of decline, is the redefinition of a statistically countable farm. In 1986-87, amid stories of fantastic farm incomes during the short-lived wool boom, the ABS raised its on-farm income threshold (known officially as the Estimate Value of Agricultural Operations, or EVAO) from \$2,500 to \$20,000 on-farm income per year to be "countable" as a farm. The aim was to keep hobby farmers out of the figures, but overnight, some 40,000 previously recognized primary producers were wiped off Canberra's books. Officially, they ceased to exist. The national farm number fell instantly to 128,707 (ABARE), or 129,538 (ABS).

It is notable that Minister of Primary Industries Anderson slipped up in reference to this 1980s change in farm definition. A few years ago, when serving as shadow minister for Primary Industries, he issued a press release, quite rightly pointing out that 50,000 Australian farms had disappeared. But, he failed to point out that most of this was because of a change in Canberra's definition of a farm. The farms were still there, they were just no longer earning enough to satisfy the bureaucrats.

Of course, after the wool price crashed in the early 1990s, and widespread drought set in at the same time, the number of farmers earning more than \$20,000 on-farm dwindled rapidly; by 1993-94, according to the ABS (which by now, demanded at least \$22,500 on-farm income to be counted), countable farms had reached an all-time low of 117,189.

Finally, the ABS gave in and lowered the EVAO threshold to \$5,000, and 33,200 previously purged farmers were suddenly "rehabilitated," raising the new 1993-94 total (latest published) of farms in Australia, to 150,389.

Commodities production and stock numbers

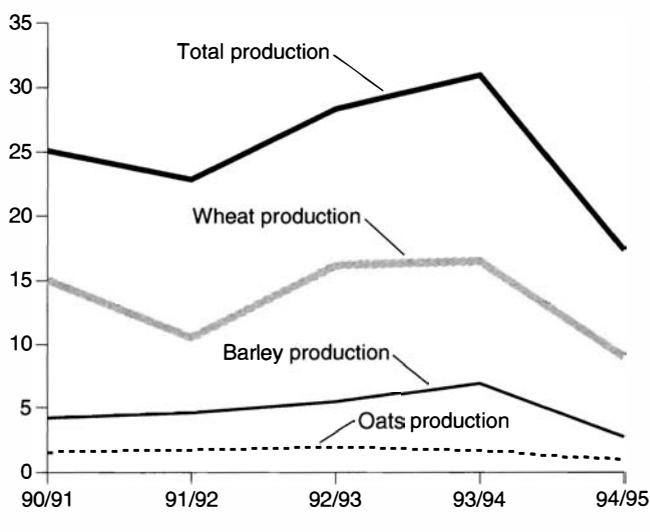
The volume of output of basic staples in Australia has been dropping in the 1990s. The following are short reports, by commodity type:

Grains and oilseeds: According to ABARE, production

FIGURE 1

Australian grain and oilseed production drops

(millions of metric tons)



figures for wheat, barley, oats, and most other grain and oilseed crops were significantly down in 1994-95; in fact, a drop of 44% from 1993-94 (see **Figure 1**). Exports of grains and oilseeds likewise collapsed by 40.5%. Grain farmers this year were expecting high returns based on reports from representative groups and media which warned of the lowest grain stocks in the world since World War II. Then, a month or two ago they were told that there was an "oversupply," and prices plummeted. While ABARE is predicting a return to 1993-94 production figures, the individual producer is facing disaster due to a dramatic price crash and market manipulation by global cartels.

Sheep: Sheep numbers in Australia have collapsed 18% over the past ten years, and 32% from their peak in 1990. This equates to a reduction of 54 million head over five years, and is the lowest flock numbers for 41 years (**Figure 2**).

Even in spite of the massive reduction in sheep numbers, production of mutton and lamb has declined (**Figure 3**). It is expected that there will be an increase of 4 million sheep slaughtered this year, as producers reduce their flock numbers and are forced to diversify into grain production to stay viable. The export of live sheep to countries such as the United Arab Emirates, Kuwait, and Jordan is expected to rise by 1.8% to 5.7 million head. Wool production likewise has plummeted by 31% in the five years from 1990 to 1995.

Beef: Australia is the world's largest exporter of beef, primarily to the United States, Canada, Japan, and Korea. While production and export figures have stayed relatively

FIGURE 2

Australian sheep population falls
(million head)

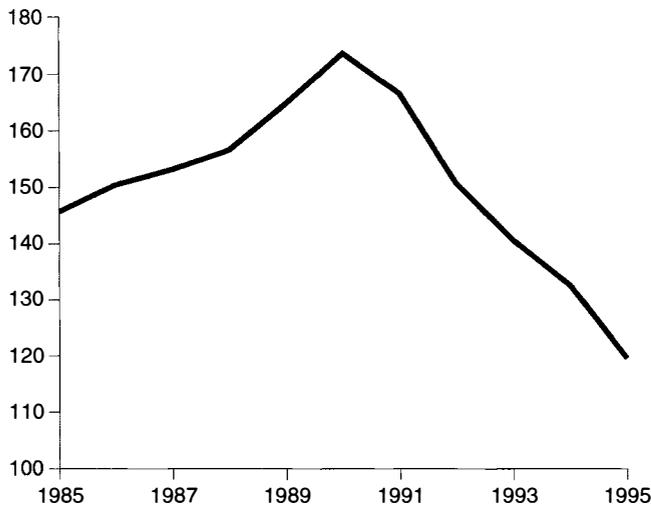


FIGURE 4

Australian beef production, and exports, remain flat
(millions of metric tons)

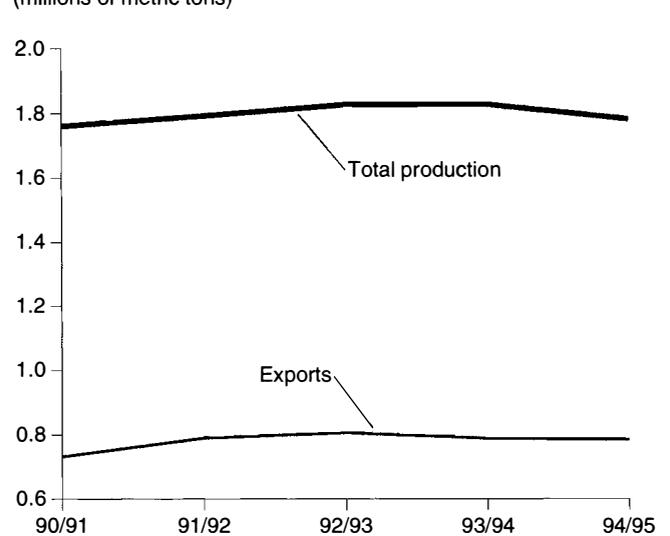


FIGURE 3

Australian mutton and lamb production drops
(metric tons)

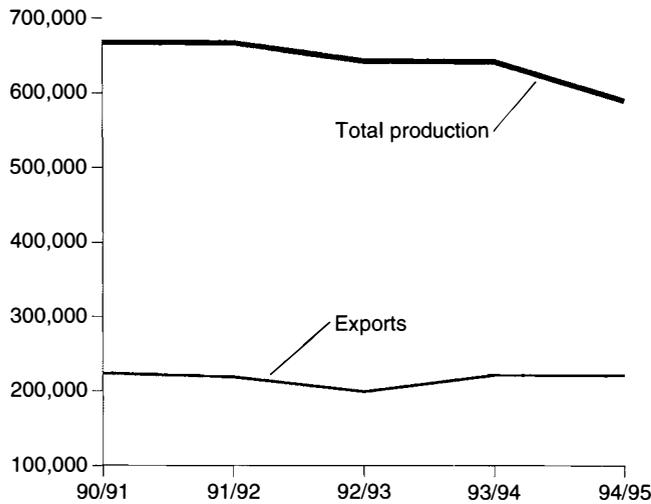
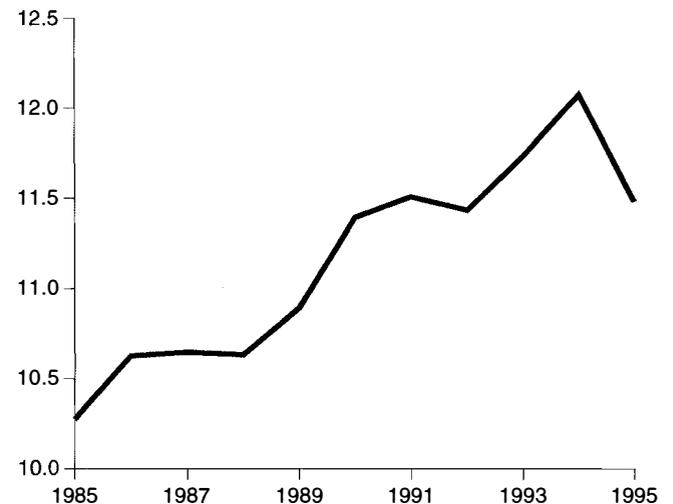


FIGURE 5

Australian female cattle population drops
(million head)



stable over the past five years (**Figure 4**), they do not reflect the immense turmoil and crisis afflicting the Australian beef industry. The cattle herd currently stands at 23 million, and cattle breeding-stock numbers are dropping (**Figure 5**).

While more beef is being sold today than 20 years ago,

the producer is getting less for it. In fact, the average loss expected this year for beef producers is \$29,300, according to ABARE. Twelve months ago, the price for a bullock was approximately \$800. Today, the producer is getting about \$400. Prices have dropped between 30% and 50% in the last

year. Much of this collapse in price is attributed to the international cartels and agribusinesses, such as ConAgra and Nippon Meat Packers, which are ruthlessly pursuing a policy of "vertical integration," in which the entire food production, processing, marketing, and retailing system is totally cartel-owned and -controlled. Obviously, it is only the multinationals that have the capability to participate in such ventures, thus leaving the family farmer and small community-based enterprises to compete on the so-called "level playing field."

Several of the leading mega-farms, interconnected with the slaughtering cartel companies, occupy land holdings bigger than whole nations (see **Table 1**). Minister Anderson put out a press release in early November, announcing a new, urgent report on reform in the livestock and meat industry. It was developed in consultation with industry and government parties, and with reference to the findings of a separate independent review by Coopers and Lybrand. While it speaks of "reform," the initiative smacks of all the usual Mont Pelerin Society, cartel-serving, free-trade terminology. Anderson himself says, "This report has rigorously tackled all the terms of reference to deliver a professional set of propositions for reform."

Foreign interests account for 44% of Australia's top 25 meat companies' production, according to Ausmeat's *Feed-back* magazine, the *Australian Farm Journal* reported in its November 1996 issue. The top three companies are all foreign-owned. Heading the list is Australia Meat Holdings (AMH), which is 90.9% owned by U.S.-based multinational ConAgra Inc. AMH's 231,600 tons of throughput last year represented 8.9% of the national kill.

Metro Meat International, owned by the Chinese CITIC investment group, moved from third place to second, with its 143,900 tons of production, representing 5.5% of the kill. Third on the list is Japanese-owned Nippon Meat Packers, whose 1995 production totalled 139,740 tons. The cartel propaganda line is that meat processing in Australia is highly inefficient and costs are double those of New Zealand or the United States. As a consequence, there has been a concerted effort on the part of ConAgra, in particular, to tackle the unions and to force through its own enterprise bargaining agenda.

The future?

Minister for Primary Industries Anderson has voiced his frustration with the failure of the farming community to "grab new opportunities in Asia," and is determined, in collaboration with Deputy Prime Minister and Chairman of the Cairns Group of Ministers Tim Fisher, to rapidly increase market access for farm exports and reduce "trade-distorting" export subsidies and domestic support programs. This push toward trade liberalization is fully supported by the National Farmers Federation, the body which claims to represent approximately 123,000 farmers through 29 affiliated rural organizations.

TABLE 1

Australia's biggest landholders own areas larger than whole nations

	Millions of hectares
Top corporate landholders	
Aboriginal Land Trusts	20.0
S. Kidman & Co.	11.7
Stanbroke Pastoral Co. ¹	10.1
Austag ²	6.4
North Aust. Pastoral Co.	6.0
Heytesbury Pastoral Co. ³	5.6
Subtotal, corporate	59.8
Top private landholders	
Hugh MacLachlan	4.7
Macdonald family	3.1
Brian Oxenford	2.3
Peter Sherwin	1.6
Subtotal, private	11.7
Total holdings of above	71.5
For comparison, area of	
Japan	37.78
France	55.15
Spain	50.478
Turkey	77.945
North and South Korea	21.956
Largest cattle producers	
	Number of head
Stanbroke Pastoral Co.	350,000+
Austag	350,000
Heytesbury Pastoral Co.	250,000
Consolidated Pastoral Co.	191,000
Queensland & Northern Territories Pastoral Co.	160,000
North Australia Pastoral Co.	130,000
S. Kidman & Co.	120,000
Total head of cattle of above	1,551,000
For comparison, total head of	
Malaysia	720,000
Philippines	1,656,000
Algeria	1,420,000
Jordan	32,000

1. Stanbroke (owned by AMP Society) has a strategic alliance with an importer in Indonesia, and has one ship each month going there. Last calendar year, Stanbroke posted an operating profit, before taxes, of \$10.1 million, down from \$20.6 million in 1994.

2. Austag (owned by Elders).

3. Heytesbury is owned by Janet Holmes a Court, who is now on a selling spree to fund her activities in live cattle exports to Malaysia, for slaughter and meat distribution throughout Southeast Asia.

It is clear that Australia could increase its production, volume of product for export markets, and food aid in virtually all agricultural sectors. But, until the nation solves the underlying fundamental crisis in agricultural policy, which defies the globalist agenda of free trade and the multinational looting machines, at the expense of the experienced producer, such a future is remote indeed.