

increase includes three remarkably different beef industry sectors: the large farms of northern Australia, the feedlot sector and the small beef farm sector located along the Great Dividing Range and coastal southern Australia.

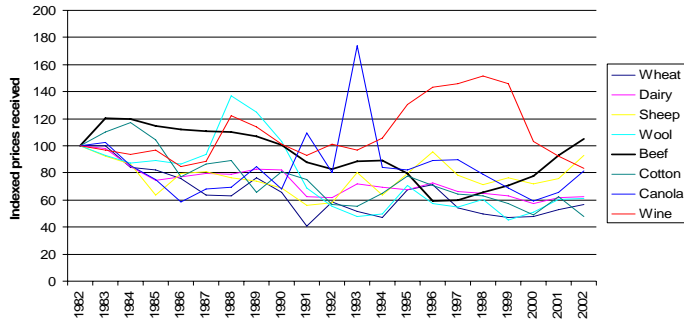


Figure 10 Indexed prices received for selected Australian agricultural industries 1982–2002 (ABARE 2004a)

Given the well-documented positive relationship between farm size and productivity gains, we can expect that the productivity increases achieved by the high rainfall beef sector may be well below that of the sector as a whole. Beef production in Victoria is a small farm industry. Nearly 90% of Victoria’s beef farms have a turnover of less than \$100 000 (Figure 11). In the previous chapter we recounted research that claimed the majority of productivity benefits in agriculture were being captured by farms with turnovers in excess of \$300 000. This distribution suggests many beef farms would be falling behind the terms of trade squeeze.

More recent history shows there has been an at least temporary reversal in the terms of trade experienced by the beef industry. Even after accounting for inflation, in 2002 the average Australian beef producer was receiving as much for their cattle as they might have received in 1982. Maybe this reflects greater demand for protein from the rapidly westernising Asian trading partners. Perhaps it is a temporary aberration driven by shortage of supply during a prolonged drought. Whichever it is, the prices are a welcome respite from the gradual deterioration of the previous 15 years. Few beef producers were in a position in this period to follow the farm aggregation path to improved productivity. Most have opted to follow other business survival strategies.

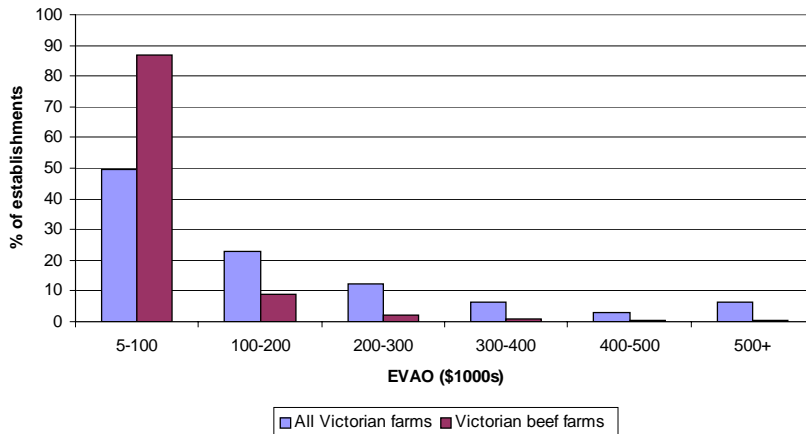


Figure 11 Victorian farm size and Victorian beef farm size distribution as measured by EVAO in 2001 (Australian Bureau of Statistics 2001)

Farmers on small farms have kept farming

With the conversion of dairy farms to beef farms in the 1970s, one might naively expect that the large number of small beef farms would create a legacy of high rates of exit from those farms over the following decades. This has not been the case. Until the last intercensal period, farmers left farming at a constant rate of 5% per annum, pretty much on the national average (Barr 2004). In the most recent intercensal period, the rate of exit has dropped sharply to 3% (Figure 12).



Figure 12 Rate of exit from farming in selected north-east Victorian SLAs by sex 1981–2001

The farmers of the north-east have generally chosen to leave farming before they have settled in a career, or when they are ready to retire. In other words, they have behaved much like cropping farmers in the Wimmera–Mallee who are most likely to leave the industry when young or in their later years (Figure 13). This pattern appears to have only changed in the late 1990s as older farmers have shown less interest in retirement.⁴

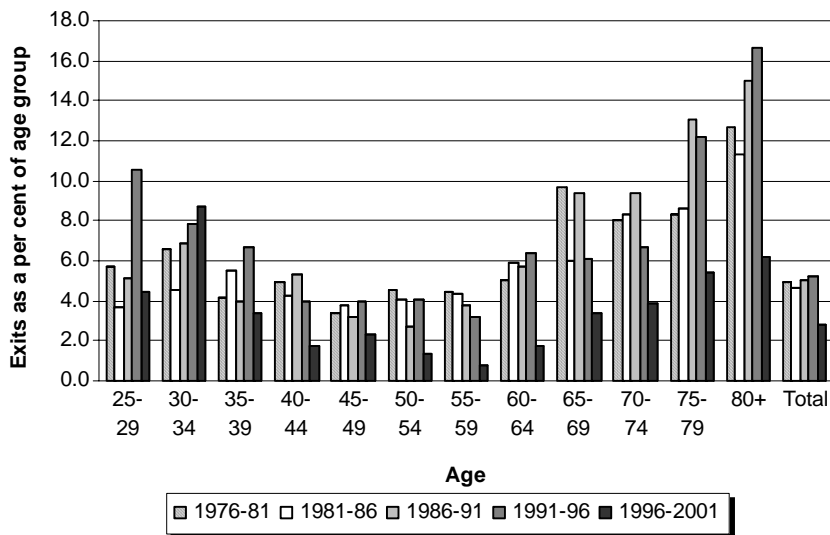


Figure 13 Rate of exit from farming in selected north-east Victorian SLAs by age 1981–2001

Off-farm work

While there has been little change in the number of beef farm establishments in the north-east since 1980, there has been a continuing increase in the value of off-farm income earned by families on those beef farms. No longitudinal data exists for north-east Victoria, but data does exist for high rainfall beef farms of south-east Australia (Figure 14). Off-farm income on these farms has more than doubled since 1980.

⁴ The method of calculating exit rates is described in Barr, N 2004, *The micro-dynamics of occupational and demographic change in Australian agriculture: 1976–2001*, Australian Bureau of Statistics, Canberra.

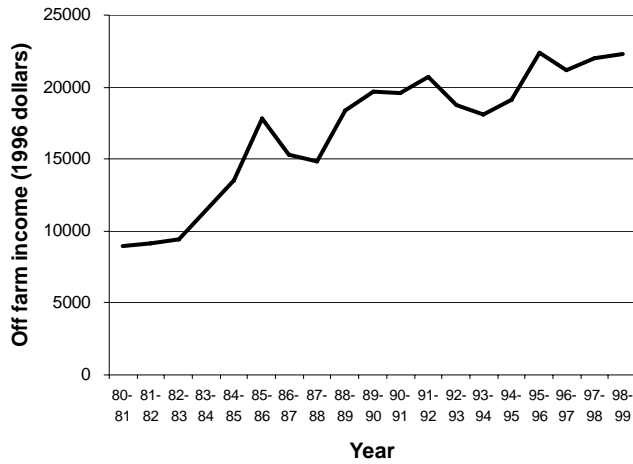


Figure 14 Off-farm income of high rainfall beef farms 1981–1999 (ABARE 2004b)

The most recent Agricultural Census recorded the occupational status of farm managers. Figure 15 shows the data for north-east Victorian beef farms. There are a large number of beef farms with less than \$50 000 value of production. On over 40% of these farms, the manager’s main occupation is not farming. Many of those who describe agriculture as their main occupation will still have significant work off the farm, as will their spouses. A third of the persons in north-east Victoria who described farming as their main occupation in the 2001 census reported they commuted to work by car on census day.

With such a high level of off-farm work, it is clear beef production will remain the predominant agricultural land use. This enterprise makes low demands on labour, allowing production in conjunction with off-farm employment or on-farm semi-retirement.

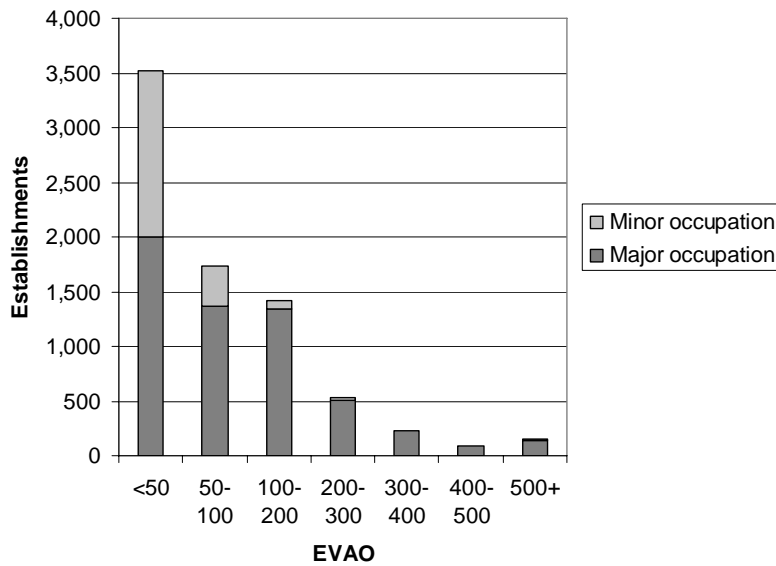


Figure 15 Farm manager farming occupational status and farm financial size for beef establishments in north east Victoria in 2001 (Australian Bureau of Statistics 2001)

Small farms are not an attractive career option

Despite the small size of farms and the limited economic opportunities for farm development, there is still a steady stream of newcomers wanting to try their hand at farming in the north east. The composition of newcomers has changed dramatically since the 1970s. Twenty-five years ago the new farmer in the region would typically be in his or her late twenties or early thirties. Today the age profile of new entrants is flat: a new farmer is just as likely to be aged in the late fifties as in his or her early thirties (Figure 16).

Existing farms are generally locked into a slow decline in economic power as the terms of trade compress. When farmers cease their farming, there is little likelihood of an intergenerational transfer. Properties will often be purchased

by in-migrants. Traditional patterns of intergenerational transfer within farms have all but disappeared. Farming has become a lifestyle choice of middle age rather than an inherited apprenticeship for the young.⁵

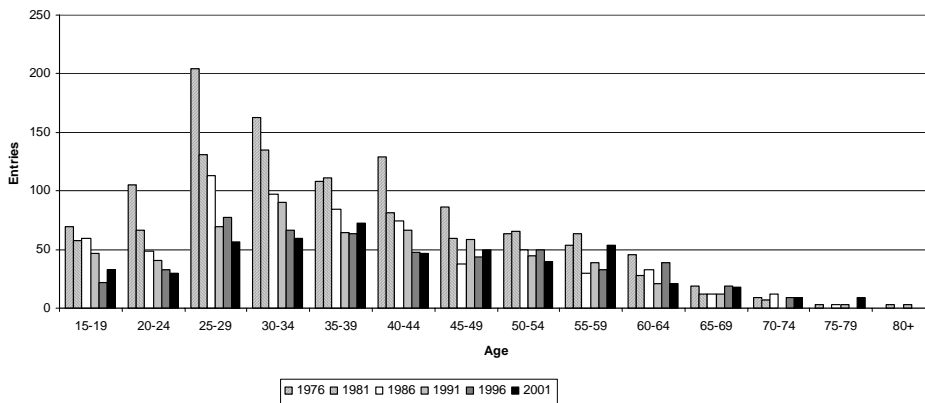


Figure 16 Count of entries to farms in selected north-east Victorian SLAs 1976–2001

A much older farmer population

The inevitable outcome of decreased recruitment of the young and decreased rates of retirement is a shift in the age distribution of farming. Figure 17 shows the decline in the number of farmers aged under 55 and the unchanged numbers of farmers aged over 55. In 1976 there were over 700 twenty-year-old farmers in north-east Victoria. In 2001 there were 170. In contrast, the number of farmers aged over 60 has increased slightly from 1000 to 1060. The result has been an increase in the median age of farmers from 46 years of age in 1976 to 54 years of age by 2001.

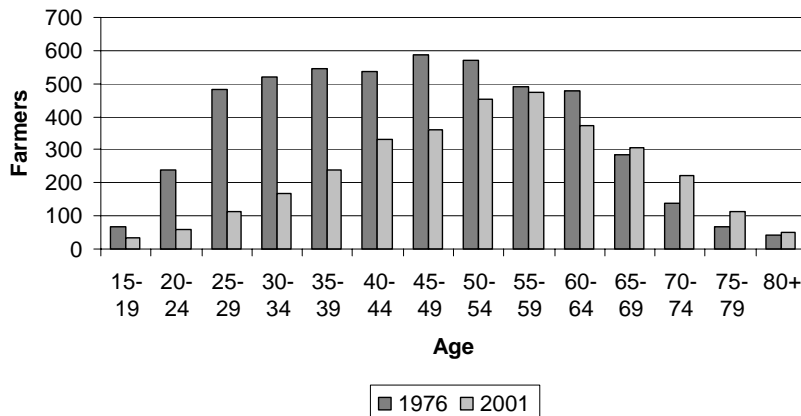


Figure 17 Count of farmers in selected north-east Victorian SLAs by age in 1976 and 2001 (Australian Bureau of Statistics 2001)

⁵ The method of calculating rates of entry to farming is described in Barr, N 2004, *The micro-dynamics of occupational and demographic change in Australian agriculture: 1976–2001*, Australian Bureau of Statistics, Canberra.

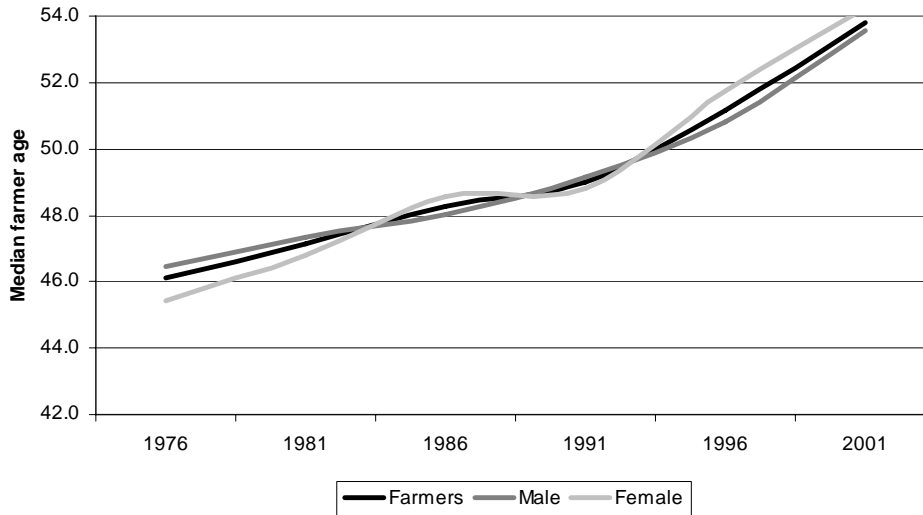


Figure 18 Median age of farmers in selected north-east Victorian SLAs 1976–2001

Small farms, more farmers

Something unexpected is happening in the amenity rural areas of Victoria. Between the last two population censuses in 1996 and 2001 the count of farmers in the census increased in many of the SLAs with amenity features (Figure 19). Persons are classified as farmers by the ABS if they describe farming as their main occupation (Barr 2004). The increase in the count of farmers may represent farmers returning to full-time farming from part-time farming because of increasing beef prices. It could indicate a shift to 'retirement' farming as the existing population of part-time farmers reaches an age when they can afford to cease their off-farm employment.

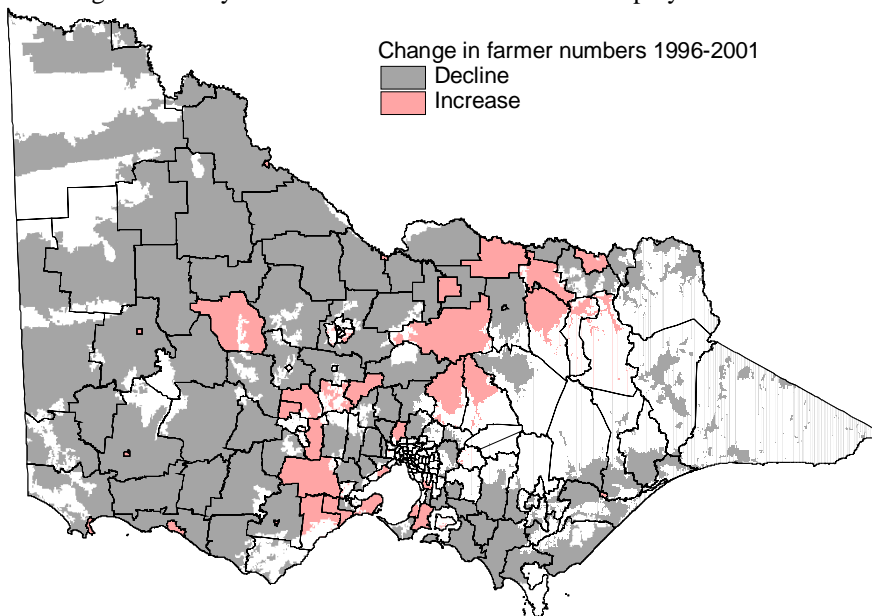


Figure 19 Change in the number of farmers 1996–2001 (Australian Bureau of Statistics 2001)

This very recent change increases the uncertainty in projecting the future farm population of our selected amenity SLAs in north-east Victoria. This uncertainty is obvious in the wide divergence of the projected future populations in Figure 20. If recent trends continue the farm population will remain stable or possibly increase marginally. If these trends are a passing aberration then the farmer population will continue to decline, although at a lesser rate than modelled in the cropping areas of the Wimmera and Mallee.

The modelling also suggests that, although the median age of farmers in this area is now almost 55 years of age and has been rising steadily over the past 20 years, this rise is almost at its peak. A new stable age structure has been reached.

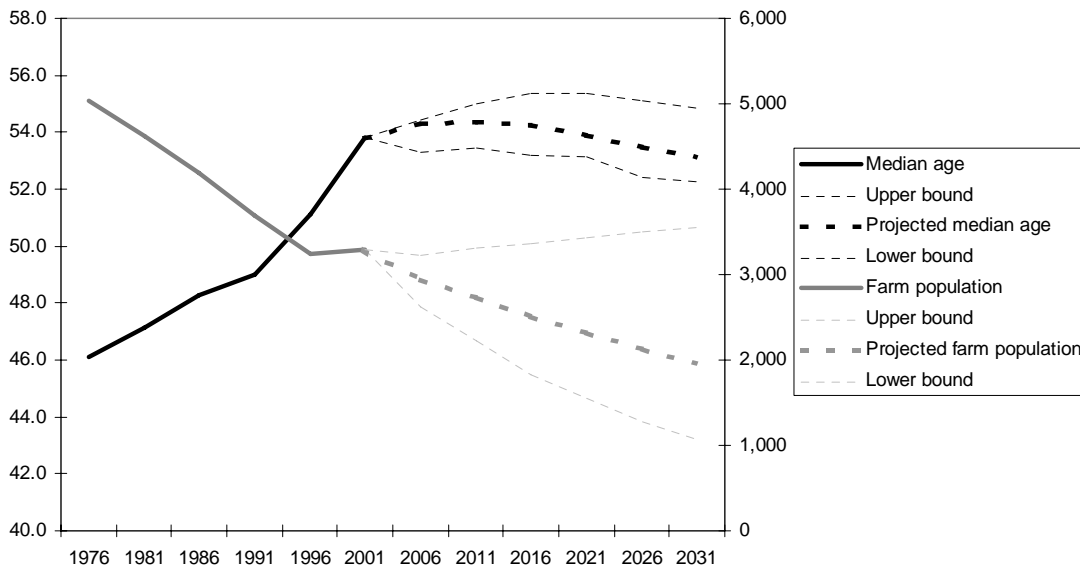


Figure 20 Projected farmer age and population for selected north-east Victorian SLAs

Social sustainability

More resilient local economies

From the perspective of agricultural development, the long-term prospects for agriculture in this region are not rosy. However, when viewed from the wider perspective of community sustainability, the prospects for this region are much more positive than was the case for the low amenity grain producing SLAs of Wimmera–Mallee. In Wimmera–Mallee, agriculture, health, education and retail dominate employment. In north-east Victoria agriculture provides only 10% of employment, rather than the 35% seen in Wimmera–Mallee. It is but one facet of a far more diversified economy.

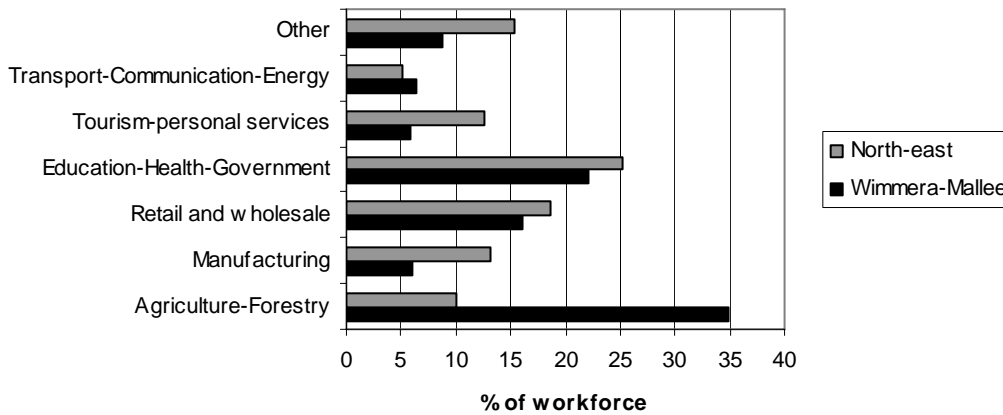


Figure 21 Employment by economic sector in the regions of north-east Victoria and Wimmera–Mallee (Australian Bureau of Statistics 2003)

Sustainable small towns

This pattern of gentrified beef production, dormitory living and limited intensified agricultural development within a diversified economy is much more successful at maintaining population than the competitive farm production landscapes of the cropping region. In north-east Victoria small towns are not necessarily condemned to slow decline. Their future can be secure because of landscape amenity or particular cultural associations that encourage migration. The stable population of the small towns of this region (Figure 22) contrasts starkly with the fate of small towns in Wimmera–Mallee. Half of the small towns depicted have been growing faster than the state as a whole. The few shrinking at a rate greater than 1% per annum are in the more isolated inland of east Gippsland and have been economically dependent on the contested timber industry.

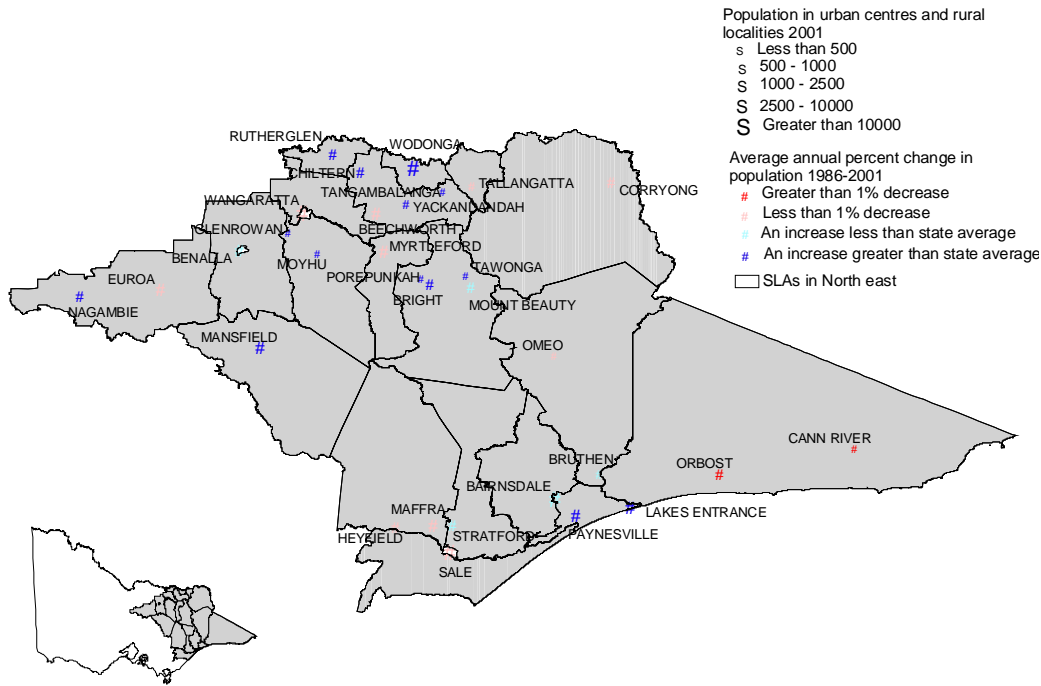


Figure 22 Population change in the towns of north-east Victoria 1986–2001 (Australian Bureau of Statistics 2005)

The Shire of Mansfield provides a sharp contrast to Buloke Shire discussed in the previous chapter. Between 1976 and 2001 the population rose from 4200 to almost 7000 (Figure 23). Projections by the Department of Sustainability and Environment suggest further population increase to 8800 by 2026 (Department of Sustainability and Environment 2005). Much like Buloke Shire, the age structure of the shire will change dramatically, with the older age groups coming to dominate the population profile. Much of this future growth in population will therefore be due to migration rather than natural population increase. Natural and social amenity will be increasingly important for this town’s survival. The changing age structure and its implications are the subject of Chapter 3.

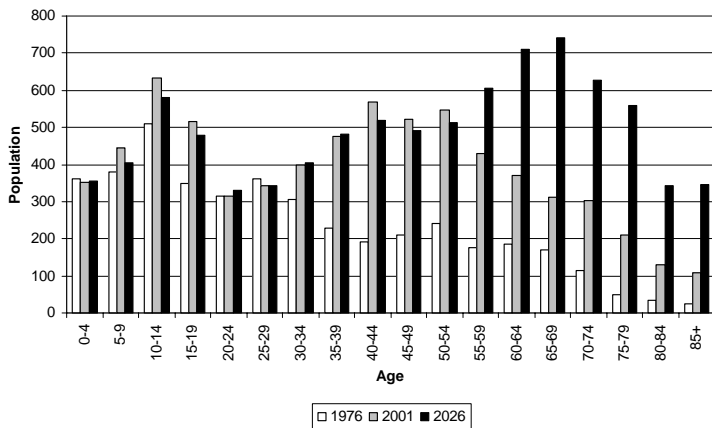


Figure 23 Population of Mansfield Shire in 1976, 2001 and projected to 2026 (Department of Sustainability and Environment 2004)

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