

The Bush – myths and reality

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Just when we are becoming comfortable with our multicultural and urban lifestyle, Baz Luhrmarm invades our consciousness with an older, more established image of our country.

The outback has always loomed large in our imagination. It is the setting for the heroic stories of Burke and Wills, Stuart, Eyre and other European explorers, for Patrick White's *Voss*, inspired by the mystery of Ludwig Leichhardt, and films such as *The Overlanders* and *A Town Like Alice*.

Could Baz Luhrmann have possibly set his story in the Southern Highlands of New South Wales, or on Queensland's Darling Downs, and called it *Australia*? Not likely. His story needed the outback's mythic landscape as a backdrop, for vastness was core to its plot. At an early stage in the film *Lady Sarah Ashley* (Nicole Kidman) is being driven to Faraway Downs by 'Drover' (Hugh Jackman). When she asks Drover how far it is to Faraway Downs, he replies, laconically, that they had already been driving on it for two days.

It is natural for any people to celebrate what is unique about their country, particularly if it can be conveyed in stories about heroism, adventure and struggles against difficult odds. But such stories risk overstating their case. In fact, in economic terms, the outback makes quite a small contribution to our agricultural production, and it does so at large cost. That cost has been borne in part by the industry itself, in part by governments providing infrastructure and social support to remote communities, and in larger part by the original owners of the land and by a fragile natural environment.

Re-perceiving the outback

The largest cattle station in Australia, and in the world, is Anna Creek Station, part of what is known as the Kidman Empire. (No relation to Nicole; Sidney Kidman's rag-to-riches life is another of our heroic outback stories.) Anna Creek Station sprawls over 24,000 square kilometres in the north of South Australia. If that doesn't sound impressive enough, some revert to Imperial units and call it 6 million acres, and others say it is about the same size as Belgium. In its time it has run 15,000 cattle, but in the recent run of bad seasons it has been running a much smaller herd, and at times has been completely de-stocked.

The Belgium comparison is a boast about size, but it can also help us look at Anna Downs and the whole of our outback agricultural industry from two other perspectives.

The first perspective is a national economic one. When we think of Belgium's economy we are more likely to think of chocolates and fine textiles, rather than agriculture. Typical of developed countries, Belgium's economy is dominated by services and some high value products; its agriculture sector accounts for only about two per cent of GDP.



When we compare Australia with Belgium, we may be inclined to think our agricultural sector is much bigger, but ours too is small, accounting for about 2.5 per cent of GDP. Even in the Northern Territory agriculture accounts for just over two per cent of state product. The state with the highest proportion of its economy devoted to agriculture, in fact, is Tasmania.

All developed countries have seen their rural sectors shrink in relation to the rest of their economies. At the time of Federation, agriculture contributed about a quarter of our GDP and, while its share has generally fallen over the twentieth century, it had bursts of high activity, such as the ‘Korean War boom’ of 1950-51, when it again peaked at 26 per cent of GDP.

Perceptions lag behind historical reality however, and the phrase ‘Australia rides on the sheep’s back’ persisted well past its use-by date. Even in terms of our trade dependence, rural exports now comprise only around ten per cent of our exports. To put these figures into perspective, over the last twelve months our exports of meat, cereals and wool have been about \$16 billion, only \$1 billion greater than our exports of education services.

Belgians, like other Europeans, have an attachment to their agricultural sector that seems to defy logic. From a distance the agricultural support policies of the European Community appear to be absurd, comprising a huge budgetary outlay, high consumer prices and denial of access for developing countries, all for the sake of supporting a tiny sector of Europe’s national economies. Australians concerned with international trade and farm policy are generally scornful of the European agricultural support mechanisms.

But, as pointed out by researchers such as Linda Botterill of the Australian National University, it is possible that we, like the Europeans, have a similar romantic attachment to our rural sector—an attachment which is incurring high ongoing costs. That attachment is strongest in relation to the outback, and it is costly.

The other way in which Belgium provides a basis for comparison is in terms of agricultural productivity. We look at European pocket-handkerchief farms and are horrified by their poor efficiency, particularly their labour intensity. Our agricultural productivity, per person employed, is very high by world standards, but there are many ways to measure productivity.



Belgium's 30,000 square kilometres contribute a value-added of about \$12 billion (\$A) a year in agriculture. We do not know the value of Anna Creek's output, but even generously assuming a 100 per cent annual turnover of store cattle at \$300 a head, at its peak its output could be no more than \$4.5 million a year, and that's before considering expenses. By that measure Belgium's productivity is at least 2,700 times Anna Creek's. Another way of looking at the comparison is that Belgium runs around 3 million cattle, about 200 times the peak stocking capacity of Anna Creek. To put it more simply, arid land is not very productive.

In the outback holdings have to be large in order to realise scale economies and, indeed, for impressing a naive young English heiress, size is clearly an asset. But large landholdings also carry costs. Many costs, including fencing, mustering (stock are much easier to find on a small block) and providing water for stock, are dependent on area.

The pastoral industry in the outback has survived, however, largely because it has not been paying for all the costs it has been incurring. In plain language it has been subsidised, although for the purposes of trade negotiations we do not acknowledge those subsidies. Perhaps the main subsidy, until the equal pay decision of 1966, was paid by the Aboriginal people with their labour. (In fact, contrary to popular belief, the industry was very labour-intensive up to that time, and large stations were operated on a model closely resembling European feudalism.)

Governments have also been permissive about environmentally damaging practices, particularly overstocking. Until around 30 years ago the pastoral industry in the arid and tropical zones, particularly in the Northern Territory, was more akin to hunting rather than farming. On many stations large herds were run on unfenced holdings. There was no concept of a complete muster, so long as enough cattle were rounded up to provide enough cash flow for continuing operation (while un-mustered stock continued to put pressure on the land). This was to change with the national Brucellosis and Tuberculosis Eradication Campaign of the 1970s, and the more recent requirements for individual livestock identification, both of which require tight control on stocking. But, although state governments have strong legislation providing for pasture protection and limiting stock numbers, it is difficult for governments to enforce these controls, for the worst environmental damage generally



coincides with the greatest economic stress. Politically, no government wants to be seen to be denying struggling people their livelihoods but, in effect, in allowing the industry to deplete the natural environmental capital of the land governments are subsidising the industry. Besides the need to pay competitive wages and to protect pasture, the other emerging costs are transport and those resulting from climate change. While the agricultural sector is temporarily exempt from any proposed carbon reduction scheme, it will feel the effects of higher energy prices.

The Kidman Empire, for example, was built on long cattle drives along stock routes stretching from central Queensland down to the Adelaide markets. Stock drives are labour-intensive, however (one of the technical points where Baz Luhrmann was accurate), and are no longer economical. They are also very costly environmentally, as travelling stock churn up the land and have high nutrient needs. From the 1970s onwards there has been heavy Commonwealth and state investment in beef roads, capable of handling larger and larger trucks. Road trains have replaced cattle drives, but costs are again escalating as diesel prices rise; whatever respite is offered by low oil prices is likely to be short-lived. Remoteness from markets and ports is becoming a more marked liability.

Climate change, however, is emerging as the greatest cost challenge, particularly in the arid zone. To put it simply, rainfall in all states apart from Western Australia has been falling since around 1970. This reduction in rainfall has already been noticed in our cities and over the Murray-Darling basin, but it has been particularly noticeable in the outback.

In terms of livestock enterprises, the ‘outback’ comprises two overlapping zones—the inland arid zone and the northern or seasonal tropical zone (the setting for Luhrmann’s film). While the northern zone could conceivably benefit from climate change, the arid zone is definitely vulnerable.

There are many definitions of what constitutes the ‘arid zone’, but one easily recognised definition is the land girt by the 200 mm annual rainfall isohyet, centred on Lake Eyre. This comprises most of South Australia, with small incursions into Queensland and the Northern



Territory. It also covers part of southern Western Australia, where there is almost no rural activity.

A 200 mm rainfall is low. For comparison, the average rainfall in Sydney is around 1200 mm and in Melbourne is around 600 mm. A small drop in annual rainfall, from 200 mm to 190 mm, may not sound much (in fact the drop since 1970 has generally been worse), but plant growth is dependent on the balance between precipitation and evaporation, so it's the balance that counts. Also, with warming, evaporation is increasing. It is not surprising that the Productivity Commission, in its recent draft report on drought support, has identified the arid zone as the area most vulnerable to climate risk.

The arid zone has a long history of struggle and abandonment. Between 1860 and 1862 John McDouall Stuart made three expeditions to the inland, partly in competition with Burke and Wills, and in part to survey what were believed to be rich pastoral lands. Following Stuart's glowing reports there was a huge expansion of pastoral activity in the arid zone. There were sheep stations established as far north as the Northern Territory border. Hamilton Station, for example, just inside South Australia, had 30,000 sheep. By 1882, wheat farms had been established around the town of Farina (Latin for 'flour'), near Marree. To service this growing industry the government invested heavily in a railroad—the original Ghan line—to the north, reaching Marree in 1884 (just in time for the first bad season), Oodnadatta in 1891 (just in time for the 'Federation drought'), and Alice Springs in 1929 (just in time for the Depression).

Farina's story is typical of the area; it was to be first in a chain of service towns for the wheat industry. A large town was surveyed in 1878 and substantial buildings were erected, all ready for the railroad which would service the industry. The first wheat crop in the region succeeded; it had been planted in one of the area's rare good seasons, and it was able to draw on the few nutrients available in the soil. But from the time the railroad reached Farina in 1882 there was never a decent wheat crop. The settlement struggled on, decaying rather than collapsing, and finally became a ghost town in the 1960s.

By now, in the arid zone, there is no wheat fanning, and sheep grazing has retreated south where some farmers still struggle to make a living. (The survivors of Hamilton Station's



30,000 sheep were shot.) The Ghan line, built and maintained at great cost, saw only about 25 years of service, for by 1952 there were plans to re-route the Alice Springs line to its present location to the west.

There are many explanations for the rise and fall of arid farming. One theory is that in the 1870s there had been exceptionally high rainfall; the area is known not only for low rainfall but also for highly variable rainfall. Another is that the area, particularly when it had been subject to minimal human intervention for 40,000 years, could have looked deceptively lush to Stuart and to hopeful farmers. It is striking to observe some of the few small conservation enclosures in the region, where all but small native animals are excluded; even now, after a run of poor seasons, these provide an extraordinary contrast with the desolate surrounding countryside.

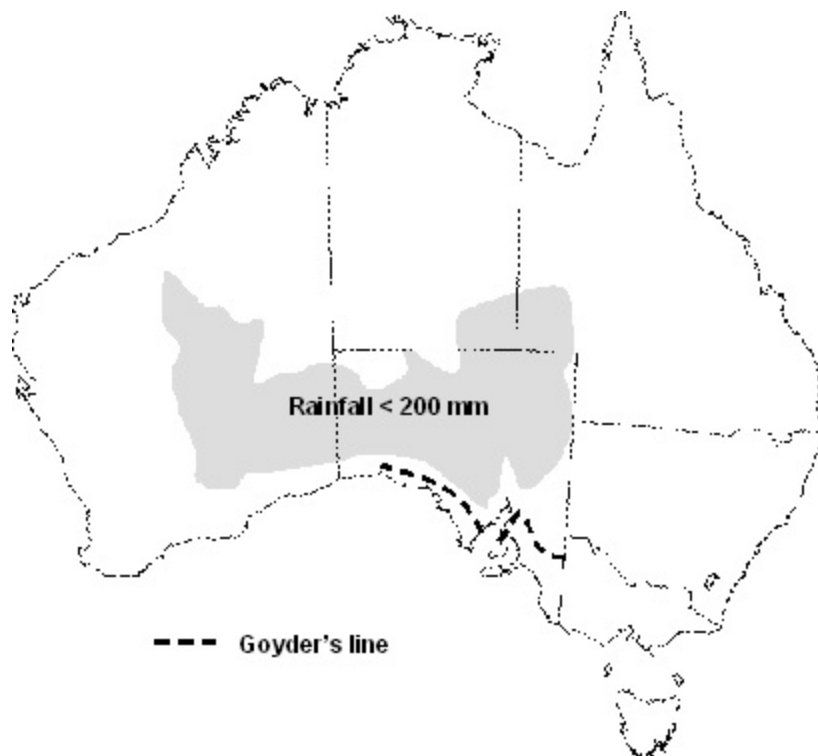
One person who understood the country's limitations was the Government Surveyor George Goyder who, in 1865, well before the ill-fated ventures to Farina and beyond, drew a line, generally east-west, now known as Goyder's Line, demarking the area suitable for wheat farming. Goyder had no reliable rainfall records, but he had an uncanny eye for changes in native vegetation, and his line corresponds closely to the 250 mm rainfall isohyet—encompassing an area including, and a little larger than, the arid zone.

Goyder's advice was ignored, however. In the late nineteenth century, as now, blind optimism triumphed over science. (It would be a productive enterprise in scholarly research to compare the reaction to Goyder to the current reaction to climate change scientists.)

The arid zone is now scattered with ruins of past ventures and of supporting public infrastructure; huge private and government costs have been incurred over the last 100 years. While wheat and sheep enterprises have retreated, there are still many cattle stations in the arid zone, but they are struggling. For some time the economies of scale realised through consolidation have helped but, as pointed out, size carries costs as well as benefits. They have wrung about as much as possible from new breeds of cattle (the Brahmin cross 'Droughtmaster' starred alongside Kidman and Jackman, thirty years ahead of its time). There has been government support in the form of drought support from the Commonwealth and, in

New South Wales, Queensland and the Northern Territory, subsidies for the transport of fodder, water and livestock in drought-declared areas.

In general, only the smartest have survived: while the image of the pastoral industry may be one of rough and ready improvisation, the reality is that most farmers in the arid zone have adopted every conceivable sound management practice such as careful livestock selection, soil conservation, weed control, pasture protection—and still cannot make a decent living, let alone a return on their invested capital.



It is possible that the arid zone may not be able to support any form of agricultural enterprise. That is a difficult issue for the community and its policy makers to confront, and it is particularly difficult for those who are struggling to earn a livelihood in the region.

If agriculture in the arid zone were to be abandoned, such structural change would not be unprecedented, however. Technological change and tariff reductions have resulted in huge changes in Australia's economy in the past. We have accepted a severe contraction of our clothing industry, and the closure of car and shipbuilding plants. Even within the agricultural sector we have accepted the phase-out of the tobacco-growing industry.

But the pastoral industry is different; it occupies a privileged place in our imagination. Linda Botterill suggests that we regard agriculture as 'a special and wholesome activity' and place it on a plane above other activities. That is not to suggest we are keeping people in the industry in a state of luxury. Far from it—they are struggling.

Outback poverty is hidden from view, however. For a start, it is a long way away from where most of us live; urban poverty is much more visible. Also, there is a high degree of pride among people in the country; appearances must be maintained. For technical reasons census and other statistical data don't tell a strong story; many of those who lose their livelihood in the outback move out and sensibly don't bother looking for work in the region, so unemployment figures are low. Average income figures are boosted by a few highly-paid people working in the mining industry. There was a time when more people lived in the outback providing local services: therefore more income was retained in the region. But as services have retreated to large centres such as Alice Springs and Port Augusta, there is now less income retention in the region. And, in our proper concern for the condition of

Aboriginal people in the outback, we tend to overlook the fact that many of their difficulties are experienced by non-Aboriginal people as well; they are endemic to these sparsely-settled and depopulating regions. Fred Chaney has aptly suggested that outback Australia resembles a ‘failed state’.

The Productivity Commission’s draft report on drought support is critical of many government policies, pointing out that while they maintain income they do not help farmers adjust their operations to cope with drought. At best they provide no more than temporary relief from hardship. That is a reasonable finding, but the Commission, while acknowledging the harshness and variability of Australia’s climate, still confines its approach to dealing with ‘drought’, which, by its own definition and that of governments, is a condition of ‘exceptional circumstances’. That is, a departure from the climatic norm. But what if the climatic norm has shifted? Is the very word ‘drought’, with its implication of a return to better times, a cruel misrepresentation of something more serious?

Is it conceivable that we could see the day when there is no longer any significant livestock production in the arid zone, as a response to worsening costs, environmental damage, and climate change?

What would be lost

For all its size, the arid region accounts for only a small proportion of Australia’s agricultural output. The arid and northern tropical regions combined, which comprise 75 per cent of Australia’s area, produce only 5 per cent of the value of Australia’s agricultural output. Of course ‘agricultural output’ includes a wide variety of products, including crops and horticulture. But even if livestock production alone is considered, the arid and northern tropical zones provide only 9 per cent of the value of Australia’s livestock production.

For example, the huge ‘Rangelands’ National Resource Management Region of Western Australia, which stretches from the Great Australian Bight to the Kimberley, and covers more than a quarter of the nation’s land area, produced only 1.2 per cent of the value of Australia’s livestock slaughterings in 2006-07, about the same as the small 12,000 square kilometre ‘Swan’ region around Perth. In South Australia the half million square kilometre ‘Arid Lands’ region, an area almost as large as France, produced only a little more value of livestock slaughterings than Kangaroo Island. The value of livestock slaughterings in the Northern Territory was only a little above the value of slaughterings in Tasmania.

There was a time when ‘graziers’ who owned the huge stations would look down on the ‘cow cockies’ in the settled zones but, in terms of production, the cow cockies are a far more important part of our industry.

Any phase-out of the industry in the arid zone should take account of the human costs. (Not that we have addressed those in the past; it is heartbreaking to see the ruins where people have walked off with nothing, leaving behind houses, expensive farm implements and furniture.) In comparison with the industry adjustment that took place in the 1980s, when hundreds of thousands of people lost their jobs in industries such as shipbuilding, clothing, and footwear, and more recent changes in telecommunications and electricity industries, the numbers are much lower. For example, in the entire ‘Arid Lands’ region of South Australia,

only 402 people were employed in the ‘agriculture, forestry and fishing’ sector as at the 2006 census. Many more were employed in mining (1381 people) and even in the tourism-related ‘accommodation and food services’ industries (444 people).

Even though people have been walking off their holdings for the last 150 years, we should not assume that abandonment is the only way out for the people of the outback. They have been providing a valuable custodial service in managing the land. We cannot abandon the land and assume it would revert to some pristine pre-1788 condition. There are feral pests (cats, camels, horses, goats, donkeys) and numerous invasive weeds. There are urban idiots with powerful four-wheel drive vehicles and firearms who can do great environmental damage. There is work to be done in helping the land recover from the pressure of grazing. It is possible that land recovering from grazing can provide a valuable carbon sink. These are all public services, which should be recognised by the wider community. They are being provided by energetic, intelligent and resourceful people, used to working without supervision, and who have an intimate understanding of the land. There is work needing to be done and there are competent people, Aboriginal and non-Aboriginal, able to do it. It is not a problem in resources, rather, it is a problem in public policy.

If we could account for all the costs associated with grazing, and for all the benefits associated with land management, we may see the way clear to paying for the services of those who look after the outback, allowing them to stay on the land and manage it, while eliminating grazing, or reducing it dramatically. In other words, an integrated settlement and conservation policy.

We may scoff at the Europeans, for, while we may rightly see the folly of production support policies, we need to understand that they tend to see their policies in terms of settlement and land management. Perhaps we can learn a thing or two from Belgium.

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