

# How to destroy a country town

Louise Staley

*This huge burden stifles rural economic growth and impedes rural communities from looking after themselves.*

Farmers and rural communities are being stifled by a never-ending upwards spiral of regulations. Restrictions on farming practice, from native vegetation laws to limitations on pest and animal management to bans on GMOs, are limiting the capacity of Australia's farmers to compete globally against heavily protected competitors and emerging agricultural powerhouses who operate without such restrictions.

Moreover, the effect of these laws is felt not merely in terms of income forgone for rural producers. Compliance costs are now so high that farming families no longer have the time to participate in community groups in the way they once did. This, in turn, not only reduces the services available to rural communities and traditionally provided by them—such as emergency services, informal mental health support and additional educational facilities—but it also places greater demands on government.

The leading conclusion of a recent study by ABARE is that Australia's farms 'are showing signs of becoming increasingly subject to regulatory control' (Davidson and Elliston 2005) and that this is likely to be having a negative impact on farm viability. The study especially highlighted environmental regulations as the cause of particularly poor outcomes. In Victoria, the Competition and Efficiency Commission has recently highlighted

the same issue, noting in relation to regional businesses that 'a number of its key industries are subject to wide-ranging regulation, while needing to be globally competitive' (Victorian Competition and Efficiency Commission 2005: xiv).

Similarly, the Productivity Commission has produced a long list of reports highly critical of both the level and nature of regulation affecting rural and regional industries and communities.

So why aren't governments listening to their own regulatory agencies? No doubt, governments would say that they are, and would point to various initiatives to reduce red tape—the recently announced Australian Government's regulation taskforce, or the establishment in Victoria of the Competition and Efficiency Commission, for example.

Yet, other similar taskforces have, at best, marginally slowed the growth in regulation or attempted to improve the measurement of its effects. Both are worthy outcomes but they have not resulted in a lower regulatory burden.

Over the past 20 years, the deregulation of the Australian economy and the removal of many cross-subsidies have had significant impacts on rural Australia. Reforms such as the removal of tariffs and the floating of the dollar brought strong gains for primary producers. However, there has also been a net reduction in hospitals, schools, lo-

cal councils, banks, supermarkets and rural services.

At the same time, almost all rural statutory marketing boards have been abolished—and with them, minimum farm gate pricing in dairy, eggs and other commodities.

The burdens placed upon agriculture are formidable. A typical farmer needs licences or certification for chemical handling, gun ownership, heavy vehicle operation, moving farm machinery on roads, baiting foxes and rabbits, rabbit warren ripping, fire break and stubble burning, and dam and bore construction.

There are regulations specific to the dairying, cropping and livestock industries, such as cage sizes for chickens, the banning of GMO crops, and restrictions on live export of sheep and cattle. To add to this are the native vegetation regulations, which require new plantings of trees, sometimes in the ratio of 40 to every one old tree removed.

As Gary Banks, the chairman of the Productivity Commission, pointed out: 'much of this regulation effectively forces farmers to bear the costs of providing public benefits for which the public itself should pay' (Banks 2005).

## LOSING COMMUNITY TO REGULATION

Rural communities suffer a triple whammy: lower, or more variable, prices for what they produce, fewer

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local services available, and a marked increase in regulation. The inexorable growth in regulation has important effects beyond business viability, vital though that is.

The increase in regulation potentially has two additional effects on rural community life. First, farming families may have less time to participate in voluntary community groups—they are too busy doing the training, filling out the forms, trying to find out if they are complying, or worrying that they are not complying with the paperwork mountain. Second, there also appear to be growing regulatory barriers to participation in voluntary community groups.

The Country Fire Authority (CFA) is a volunteer service in most rural communities, a fact lost on many city dwellers who don't realise that if there's a fire, there are no paid fire-fighters to come and put it out. In the past, most farming men were members of their local brigade, as were their wives. Usually, the men fought the fires and the women operated the base stations, prepared and delivered food and drink and acted as treasurer or secretary to the brigade.

Two regulatory changes have had a profound impact on this model. First, all fire-fighters need to obtain minimum skills certification by attending a six-week course and passing a test which does not recognise prior fire-fighting knowledge and skills.

Second, food-handling rules have eliminated the role of Country Women's Associations and Red Cross Groups in preparing food for the fire-fighters. The women can no longer take food out to the fire because they haven't done the minimum skills training.

All of these changes were done in the name of safety—proposed and introduced with good intentions. But their practical result was to reduce significantly the numbers of active fire-fighters. Some were offended that their skills were not recognised; others, who

had not had any formal education since they left school, were frightened of failing an 'exam'. Similarly, much of the women's administrative support was lost because many women didn't want to do the training as they did not fight fires.

The CFA has, in recent years, substantially increased paid administrative and fire-fighting positions, partly to offset the lack of volunteers, yet remaining volunteers believe that their role is being devalued, especially with the growing use of private fire-fighting faculties. This, in turn, puts further pressure on rural brigades.

Small rural communities face a continuing battle to keep remaining government services open. For example, kindergarten places are not fully government funded, so when a rural family has a child in kindergarten, it often spends what little free time it has on fund-raising, just to help keep the doors open.

The same happens with school fund-raising. There is constant pressure on farming families to raise funds for the local primary school, particularly if the town has a high proportion of poor families who cannot afford any levies that might be charged. Traditionally, women have taken a leading role in educational fund-raising in country towns through cake stalls, luncheons and other functions.

Now, to put on a luncheon, at least one person must be a licensed food handler and bakers of goodies for cake stalls have to list the ingredients in order of magnitude on the label, in the same way that multinationals like Nestlé do with their products in the supermarket. While labelling a cake may appear minor, the woman doing it probably now works part-time off-farm for additional income, does the books for the farm, including the GST, Workcover, and superannuation paperwork, and may work in the fields, particularly at harvest time, driving the header or moving field bins.

The cake label could well be the

proverbial 'straw that breaks the camel's back' in causing her not to go to the effort of baking.

The picture is not all bleak. Farmers have responded magnificently to these challenges, with productivity growth in agriculture averaging 2.3 per cent over the past 30 years, compared with 1 per cent growth across Australian industry generally. This productivity growth has been achieved in the face of a 9 per cent decline in the area of land under agricultural production in the past 20 years (Productivity Commission 2005).

Farmers have continued to innovate to produce higher yields from less land, and in a more sustainable way. For example, in the past decade, cotton growers have substantially reduced their use of chemicals, and rice growers of water.

Of the three macro-level changes affecting farms—a continued massive distortion to global agricultural prices, removal of cross-subsidies and local services, and increased regulation—Australian governments have a primary responsibility only for regulation. What is needed now is recognition that this huge burden stifles rural economic growth and impedes rural communities from looking after themselves.

Getting rid of regulation is hard; there is always someone who will say that a particular law is necessary. Of the regulations mentioned in this article, some will be easier to remove than others. As a first step, community-minded policy makers need to recognise explicitly that their regulations can have unintended consequences, and may in fact constitute the latest and most deadly attack on rural communities.

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