



# BACK TO THE LAND

With the end of the mining boom, farming and food production offer renewed opportunities for economic development in regional Australia.

Story: David Kirkpatrick

**D**riving into towns and regional centres across Australia, the first thing you usually see is a sign proclaiming its population. But lately it's a new set of numbers that has become a sign of the times.

In the Queensland regional centre of Gladstone, Rio Tinto announced it was shedding 600 jobs. Telstra declared a nationwide cut in its staff numbers, with 16 jobs lost in the Lismore area of New South Wales. BHP Billiton shed 1,800 jobs when it decided to close its Ravensthorpe nickel mine in Western Australia. And in South Australia's south-east, timber products maker Carter Holt Harvey cut 90 jobs at its Nangwarry plywood mill.

It's become part of an almost daily ritual for companies, both big and small, to blame the global financial crisis for their decision to axe workers. And, big or small, those cuts are having a marked impact on regional Australia.

According to Professor Ian Eddie, the Director of the Graduate College of Management at Southern Cross University, there is a big difference between jobs lost in regional Australia and those in major metropolitan areas.

"My concern in regional Australia is when people lose their jobs there is usually no other jobs available in the town or immediate areas, so what happens is people tend to leave the small towns they live in and move to

regional centres or large metropolitan areas to look for work," he says.

"Whereas people who lose their jobs in a metropolitan area tend to stay in their own home and continue to search for work in the city.

"In regional areas it is often not possible for people in the mining or construction industries, with specialist skills, to turn around and do something different."

In light of this, Professor Eddie welcomes a new parliamentary inquiry into the impact of the global financial crisis on regional Australia.

The aim of the inquiry, being conducted by the House of Representatives Infrastructure, Regional Development and Local Government Committee, is to help shape the role the federal government should play in ensuring regional areas can respond to the economic crisis.

"Effects of the global financial crisis are being felt right across the nation," says committee chair Catherine King (Member for Ballarat, Vic).

"However regional areas of Australia tend to feel the impacts of economic downturns before metropolitan areas as they do not have the same capacity to absorb job losses and economic declines as the capital cities do.

"This inquiry the committee is embarking upon will identify some of the key challenges facing Australia's

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*DOWNTURN: Regional areas don't have the same capacity to absorb job losses as cities. Photos: Jupiterimages*



**NEW GROWTH:**

*Agriculture remains the backbone of the Australian economy. Photo: photolibrary*

regional areas and will recommend ways in which the Commonwealth government can assist.”

The committee’s inquiry will focus on:

- the encouragement of economic development and employment; and
- the development of sustainable essential services and social infrastructure designed to enhance the liveability of regional Australia.

Whether you call it a financial crisis, recession or depression, Professor Eddie believes this severe downturn will transform the face of the Australian economy, with many jobs facing extinction.

“The government needs to emphasise support, training, re-training and re-skilling the workforce because some of the jobs that will be lost during this economic cycle will not be replaced when the economy next turns up,” Professor Eddie says.

The government could contribute by pushing towards the ‘greening’ of the economy and the delivery of key infrastructure projects such as the roll-out of the fast broadband network, which would have a big impact on services in regional areas.

“The introduction of a carbon pollution reduction scheme will lead to a massive growth in jobs and the greening of the economy and we need to develop skills and support displaced workers through to that future economy,” he says.

“It would be a great infrastructure boost to have broadband linking regional Australia as you would be able to provide the same educational opportunities as for those living in major metropolitan areas.

“In the case of medical practitioners, a lot of diagnosis can be done over the internet with webcam tools, and this could really improve the health outcomes for regional Australia.”

Professor Eddie believes the committee’s inquiry is a good opportunity to shine the spotlight on the particular problems affecting regional Australia and a chance to discuss its future.

“Anything that makes regional Australia the main focus of government decision making is welcome,” he says.

“The committee should look at some of the unique issues affecting regional Australia such as its social infrastructure, social capital, transportation, hospitals, access to schools, those sorts of things.

“People have always said that our economy rides on the sheep’s back and we’ve never really captured the high end and made it the smart economy that politicians often talk about.”

The National Farmers’ Federation takes a slightly different view, saying the Australian agricultural sector could be the country’s saviour in these bleak economic times.

While the International Monetary Fund is forecasting significant reduction in economic growth within the United



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States, European Union and Asia – where 35 per cent of Australian agricultural exports (excluding Japan) are destined – the farmers’ federation believes the agricultural sector will fare much better than expected.

Indeed it maintains that Australian agriculture remains the backbone of the Australian economy during both good and bad times.

National account figures released earlier this year showed that agricultural production and growth was up in seasonally adjusted terms.

“Mining booms come and go, but Australian agriculture is the constant that gives the Australian economy the surety it needs during good and turbulent times. That’s not a slight against other sectors, just recognition that, regardless of the fluctuating fortunes of various industries, at the end of the day people still have to eat,” National Farmers’ Federation President David Crombie says.

“An extra 15,000 Australians have found work in the farm sector since the economic downturn began.



**LEAVING TOWN:** People try and find jobs in larger metropolitan areas. Photo: photolibrary

## **“We don’t want to be hit with new costs that reduce our ability to compete and employ people.”**

“Anecdotally we’re hearing a significant proportion of those are coming back to agriculture from the mining sector. That number is tipped to rise and we certainly have the capacity to employ more Australians.

“It’s often taken for granted, but the Australian farm sector is as vital to the Australian economy as ever before. Now, in the midst of an economic crisis, people are starting to realise it.

“Even at the peak of the mining boom, agriculture still accounted for 20 per cent of our national exports – that proportion is now set to rise; representing some \$32.1 billion in export earnings in 2009-10 – and our farm sector underpins a massive 12 per cent of GDP, with one-in-six of all Australian jobs across the economy hinging on agricultural production.”

But the farmers’ federation has warned that while the government remains focused on the global financial crisis it should not lose sight of the still simmering and worsening global food shortage.

Commenting in the federation’s 2009 federal budget submission, David Crombie says both issues have short and long-term ramifications.

“Each threatens to change world economic prospects and the standard of living that Australians have come to expect. Both will also have far reaching social impacts – here at home and to communities in developed and developing countries,” he says.

“As basic human needs, such as food, become scarce, we are increasingly forced to deliver more from finite resources, while ensuring the ongoing sustainability of those resources. It’s a tough ask.”

In response to the global financial crisis, the National Farmers’ Federation has called for a number of short-term measures, including better access to finance by farmers, a

reduction in interest rates for farmers, and monitoring of the impact of the Australian dollar.

In the long-term, the federation wants to guard against the danger of escalating protectionism by trading partners. It also wants monitoring of longer-term demand for soft commodities, to detect against any potential shift away from premium product line, as well as monitoring of the impact of drought on debt levels and debt servicing levels.

As regional Australia faces up to the dual challenges of drought and job losses, it would be a mistake to assume that the news is all doom and gloom.

Don Nisbet is the Chief Executive Officer of Mariani Foods, based in Casino (NSW). It exports beef jerky to some of the hardest hit economies in the world including Japan and the United States.

Beef jerky is one of the fastest growing snack foods in the world and the product from Mariani Foods has even found its way onto Japan’s famous bullet trains.

Forty people are employed at the company’s factory and some have been there for more than 20 years.

If any company is going to be a barometer of the impact of the global financial crisis on regional Australia, it’s Mariani Foods.

But while Don Nisbet remains wary, he says sales are holding firm, aided by a drop in the value of the Australian dollar on currency markets.

“Our product has become a cheaper purchase for our customers,” Mr Nisbet says. “For one of our larger clients in Japan, because of the changes in the exchange rate, our price has come down by about 20 per cent from what it was previously. This particular client is one of the fastest growing retailers and their perception is our product provides value for money.

“But for another client we sell the product to, their patronage is at the higher end, and we have noticed some shrinkage. How far it is going to shrink we are not sure at this stage.”

Mr Nisbet recently attended a trade show in Japan and noted there had been a drop-off in visitor numbers. But he remains cautiously optimistic about future trade.

“Japan is a country that is only approximately 35 per cent self-sufficient in providing food for its population and 65 per cent of food they need to import,” he says.

“They are probably one of the largest consumers in the world, so for businesses that are competitive, there are opportunities that do exist.”

Mr Nisbet’s plea to government at this critical time in the crisis is not to make it more expensive for companies to do business.

“There are new quarantine inspection requirements that are just about to hit us and this could increase our charges by about \$30,000,” he says.

“At times like these regional businesses should be getting as much assistance as we can to trade in the current markets. We don’t want to be hit with new costs that reduce our ability to compete and employ people.” •

For more information on the inquiry into the impact of the global financial crisis on regional Australia, visit [www.aph.gov.au/itrdlg](http://www.aph.gov.au/itrdlg) or email [itrdlg.reps@aph.gov.au](mailto:itrdlg.reps@aph.gov.au) or phone (02) 6277 2352.