



Fact Sheet 15

Rural Australia

MAY 2009

Because Australia prides itself on being an egalitarian nation, its prosperity should be equally available to people wherever they live. The contribution of people and industries in rural and remote areas has been one of the foundations of modern Australia's wealth and society. People who live and work in rural areas are entitled to their fair share of the benefits that accrue.

The past

Almost since the first moment Australia's white population crossed the Blue Mountains and headed west in the early 19th Century many of them - especially the children - have been drawn back to what they left in the bigger cities and on the coast. Inland Australia has been populated by people willing to pay some social and personal costs in return for the commercial and lifestyle opportunities they could find there. By so doing people and industries of rural and remote areas have made an enormous contribution to the development of the nation's economy and society.

Commercial entities have thrived in rural and remote areas, often through boom and bust cycles occasioned by the weather and international markets, on the basis of the pastoral, mining, forestry and fishing resources found there and the businesses established to service those primary industries. Agriculture and the other primary industries first provided munificence directly to all citizens. Then, through exports, they helped to make the nation prosperous as a whole.



PHOTO: PETER SOLNESS

Despite these contributions, people in remote areas have had to live without some of the services established or provided where the population is fairly large or dense. Many services provided by both the public and private sectors are only sustainable with substantial throughput. This means that areas without critical mass will have relatively few such services unless they are provided at a loss and/or on the basis of a cross-subsidy from more heavily populated areas.

In response to rural 'deficits', governments for a century or more provided a range of special programs to encourage agricultural and mining developments, the settlement of people and even the relocation of government departments to regional areas. In recent times, however, governments have withdrawn from some of their direct interventions, inflicting on rural areas more of the invisible (and cold) hand of the free market.

These are some of the economic and social realities of a nation that is large in size and relatively small in population, and where the so-called 'tyrannies of distance' are still influential.

Recent times

Over perhaps the last 20 years governments have gradually withdrawn from explicit intervention in the economic and demographic processes that have determined the location of people in rural and remote areas and their fair engagement with the rest of the Australian society and community. Governments of all persuasions have left the future of rural and remote communities more and more to 'the market'.

For a number of reasons markets do not work – or perhaps barely exist – in rural and especially in more remote areas. In such areas market-based systems have small numbers of consumers and usually a very small number of suppliers, leading to the situation in which the market is characterised by monopolies and monopsonies. Competition is the exception rather than the rule. Information is not as freely or readily available in remote areas as in the major cities. Economies of size and scale are absent. The large distances between centres where market transactions occur and the rural people who want to take part in those transactions mean that the prices they experience are affected by higher costs in time and travel.

Rural and remote interests have, therefore, continued to argue that governments should moderate 'pure market forces' to ensure that small rural communities are places in which a decent Australian lifestyle can be assured. Environmental change makes such considerations more urgent and important.

Although not new, what all of these things lead to is the perception that people in rural and remote areas are disadvantaged to a greater extent than should be a case in an affluent country which is proud of its egalitarian culture and defence of the 'fair go'.

The pleasing and fortunate reality is that many people find life in rural and remote Australia extremely satisfying. For very many people, life outside the major cities offers cultural, social, economic and personal opportunities not available in metropolitan areas. For professionals, practice in rural and remote areas is invariably broader and more challenging than they are likely to experience in the major cities.

The Alliance therefore treads a fine line between emphasising the deficits of life in remote areas and the great advantages that can be found there. But such an even-handed approach still leads to the conclusion that governments should continue to provide specially targeted services, infrastructure and incentives to individuals, families, communities and businesses in non-metropolitan areas in order for them to have a quality of life which is not unreasonable compared to what is available in major cities.

The extent of the disadvantage is represented in crude but undeniable terms by the difference in life expectancy between people in remote and metropolitan areas, which is 3-4 years overall and as much as 13 years for non-Indigenous males between selected remote and metropolitan areas.

The special challenge of small rural communities

Long-term population loss from smaller towns in pastoral areas to cities has been exacerbated over the last several years by serious drought, and has been associated with social fragmentation and related issues.

There have been numerous inquiries and reports about the extent of the deficits in health, education, employment, infrastructure and most other measures of wellbeing. There is a growing concern among rural organisations that neither the Australian nor State/Territory governments are prepared to take responsibility for addressing the issue of sustainability of rural communities – even in the face of the rapidly changing environment that now clearly exists.

The harshest response to this is to suggest that nothing needs to be done for such people since they choose to live in such places. Not only is this unsympathetic, it is also unreasonable. Australia's economic and cultural status would be much diminished if these people were to leave the areas in which they currently live. Also, some people are trapped in more remote areas by asset fixity or the inability to pay the costs of relocation.

Compensation, mainly in the form of adjustment assistance, is sometimes provided where communities are directly adversely affected by a government decision such as to close a sawmill as a consequence of the creation of a national park. There is a good case for such compensation to be available when the causes of change are less immediate but just as inexorable, such as climate change.



It seems likely that agriculture will initially be excluded from an Emissions Trading Scheme, but compensation to rural industries for the impact of climate change is currently not on the Federal Government's agenda. Government purchases of irrigation water entitlements, partly as a consequence of climate change, are a mixed blessing for rural communities because while they may help support river flows and provide water for some towns and cities, they will often reduce the level of economic activity and employment in a region. The continued sustainability of water-intensive industries and the regions they support, and of places experiencing town water shortages, is an issue of great importance and widespread applicability.

Many of the big ticket items such as schools, hospitals and roads are essentially state or state-local government responsibilities. But the Australian Government is responsible for communications, general practice, aged care, tertiary education and provides some funding for a wide range of rural programs, often jointly with the States, local government and/or community groups.

The future

Those in the relevant stream at the 2020 Summit in May 2008 reported "deep concern that urban Australia mostly holds a negative perception that is thought to be inhibiting remote, rural and regional Australia."

This illustrates the complex reality of the future facing 'rural Australia'. It is being influenced severely and instantly by global financial change. It is being influenced slowly and less visibly but inexorably by global climate change. And it is being influenced by the choices of domestic governments and by the perceptions of urban Australians. It is, hopefully, also being influenced by the supportive voices of rural people and the enthusiasm of younger generations of rural, regional and remote Australians.

Those who care for the sustainability, lifestyle and next generations of rural Australia will need to continue to be vigilant and to be heard.