

Part Two – February 2008

4 February 2008

4.1 Overview

This section reports on the interviews conducted in February 2008. It builds on the understanding developed in Part One and the September report for Part Two about the issues farming families were facing in a period of great uncertainty and diminished capacity. Like the first and second rounds of interviews, it explores immediate and longer-term pressures upon farming families and their decision making around the present and future.

Based on interviews with the same twenty families interviewed in September 2007, the findings represent the variability among farming families and their shared difficulties. They refer to differences between those in the younger and older age groups as appropriate.

Seven key findings emerged from the interview data:

Last season had a neutral effect on most families' financial situations

- Overall, last season did not greatly worsen or improve farming families' finances
- Families remain focused on financial pressures

The coming year instils a wide range of emotions in people

- Individuals offered various reasons for feeling optimistic about the coming season
- Some interviewees are suffering ongoing stress and health issues
- Many feel hesitant, fearful, sceptical and demotivated about the coming year
- Some are struggling to make sense of last season

There is growing anger about input costs and farmers' relationship with agribusiness

- Recent jumps in the cost of inputs are a major concern
- Some farmers are questioning their relationships with others in the agricultural industry

Most farming families are trying to take a more risk-averse approach

- Many are approaching the coming season more conservatively than normal
- Most farmers are adapting their production practices
- A freeze on capital expenditure is common
- Many farmers have been put off using futures and forward contracts
- Off-farm income remains a priority

The question of whether to leave farming is less prominent but of ongoing relevance for some

- Most families feel more positive about staying on their farm than they did in September
- Leaving farming remains a consideration for some young families
- Drought is affecting the timing of retirements and departures from the industry

Most people are positive but concerned about their communities

- People value the support their communities offer
- Concern about population decline is widespread
- Balancing the needs of one's community and family remains a challenge for some

Financial assistance is accepted and welcomed by some but not all

- More families are open and happy about receiving financial assistance
- Some still feel uncomfortable about financial assistance.

In sum, just as February to September 2007 in the Wimmera Southern Mallee was characterised by the low of drought punctuated by the brief-lived high of the early break, the pattern of the subsequent six months was not dissimilar. The stress in September of the early break's collapse was alleviated in later months by better than expected harvests and buoyant prices. Although for some, this improvement has been stable and places them in a relatively strong position, for others, it was only relative to their worst fears in September and was a temporary reprieve from the continuing and in some cases worsening pressures of drought. The result is that as farming families gear up for another year, most are doing so with a heightened sense of caution as they try to accommodate the risk of climate unpredictability that they were so harshly schooled in last season. They are also trying to adapt to the growing financial risks associated with using inputs and marketing their own produce, which, thanks to the unpredictability of the market, are a further serious source of complexity and stress.

Given that drought and other long-term pressures are ongoing issues for the farming families involved in this research, many of the findings from this round of interviews reiterate those of February and September 2007. The differences between farming families' financial situations remain. While some are now better or worse off than this time last year, the mix of large and small incomes from last harvest combined with the large or conservative costs involved in different strategies seems to have resulted in a general pattern of marginal change that reinforces the influence of pre-existing financial reserves as the determining factor of financial wellbeing. That is, while last year represented a slight recovery period for some farming families, for most families recovery remains a hope and goal.

Hope itself also varies across the farming population. The discrepancy seen in September last year between the optimistic and despairing perspectives of individuals has been reinforced in this latest round of interviews. While for some, the financial 'escape' allowed by

better-than-expected yields and high prices towards the end of last year has been the strongest influence on their outlook, for others the general collapse of the season and the continuation of drought has been the determining factor. Worries associated with the latter have been particularly compounded recently by the rising costs of inputs as families again face the challenge of cash flow and risk associated with gearing up for another season.

Although most families' situations have only improved marginally since September, if at all, most families have also retreated from being on the brink of leaving. While a few young families have decided or are still seriously considering leaving in the short to medium term, and for those near retirement age such a decision remains pertinent, most have decided to 'knuckle down' again, buoyed in some cases by the hope a new year offers. However, the level of concern about the future that interviewees' voiced, and the way drought is obstructing some people's ability to leave, suggests that some families' decision to stay may be a year-by-year proposition, mentally as well as financially.

The interconnection of individuals, families and communities and their decisions again emerged as a strong theme in these interviews. It is obvious how important local communities are to many farming families and the value of the support such communities offer, particularly in times of drought. We have also seen, though, how at a more micro-level the needs of these different spheres can be in tension as the already difficult task of prioritising one's limited time, energy and other resources between farm, family and community, and in a significant number of cases, between farm and off-farm employment, including unpaid childcare, is exacerbated by drought. Just as some are having to let their soil fertility or machinery quality decline in the short term in order to survive the acute pressure they are currently under, so too are some having to step back from supporting and contributing to their community in order to cope with their individual situations.

The resultant issue of divided loyalties is emerging too within the agricultural industry as different players try to balance individual gain with the sense of team identity that is created by agriculture's difference to other sectors. Some farmers feel a sense of anger, hurt and injustice at what they see as their exploitation by non-farming players in the agricultural industry. Such a situation is illustrative of the complex social as well as financial character of decisions farmers increasingly face in managing their farm businesses.

4.2 Findings

4.2.1 Last season had a neutral effect on most families' financial situations

Overall, last season did not greatly worsen or improve farming families' finances

With a harvest that was generally worse than that hoped for in April, but better than that feared in September, last season turned out to have, on balance, a relatively neutral effect on farming families' financial situations. About 45% reported a slight improvement, about 35% reported a slight worsening, and about 20% reported no change. Among the interviewees in the latter category, two explained:

'Well, [our situation] hasn't got any worse anyway... I think everyone was struggling a fair bit last year and the fact that the harvest turned out not too bad gave everyone a bit more spirit. When I say not too bad – it could have been a lot worse. We could have got nothing like last year'.

'Our situation is no better than it was and no worse than it was. We got through the year without having to dig into our resources and hopefully we'll be able to do the same this year'.

High grain prices and significant losses on forward and futures contracts for some added to the mix of positive and negative factors and the enormous highs and lows of 2007. The general outcome is a mixture of relief for the way complete disaster was averted combined with some lingering disappointment about the failure of a potentially bumper season. Many interviewees commented on their sense of relief:

'We got out of it a little better than what it looked like when you were here last, when it was looking like it was going to be a complete failure. We still have losses on our contracts and losses on our futures, but fortunately prices were good'.

'It was a relief not to go further backwards. Even though we've got a fair way to go yet...'

'[Last September] things were going downhill and we didn't know how the season was going to go but at least now – it wasn't a great season - but we know how it has gone... You just want the season to be over and it is over now, so there is a bit of relief...'

'I suppose we're relieved a bit... There is an element of relief because I didn't know which way it was going to go. We feel that we're fortunate that we've had the year we've had I suppose. In saying that, the drought did make some pretty big impact and it's going to take a while to come back from that'.

'We expected nothing and got something in the end'.

'The gate has been opened and we've been let out of jail I reckon'.

Others also expressed the sense of loss they still feel at the collapse of what they had hoped would be "the season" to get them "back on track".

'We've got money, but [the harvest] wasn't the boomer we were hoping for. Back in August, we were hoping for a boomer'.

'The disappointment of last season is a challenge. It started off so well and then petered out'.

'There is frustration and this sense of loss...'

Although overall the season had a neutral effect, for some the season spelt a slight improvement to their financial situation, allowing them to 'catch up' a bit on previous poor seasons:

'What's happened still hasn't made up for the year before, but we've caught up a bit'.

'We're lucky that we've had a bit of a catch up. We've eased the pressure and now we start again... If we had another disaster it would be a different story, of course, but it has eased the pressure'.

'In some ways we're probably as well off as we have been for some time because of the harvest that we had... We're comfortable with where we are.'

'We're not a whole lot in front, but we're probably a bit stronger than we were. Things aren't quite as tight'.

'We're cruising. Financially we were fine last year... It didn't affect us like it did other people. It has been tough but it hasn't been dire. Other people have certainly struggled a lot more'.

'It [our financial position] would be more settled and more manageable now... The price of the grain helped make the position a bit sounder than it was last year'.

'A big change is we've got black letters on the cheque account. We haven't had that for a while!... We're the strongest we've been for 3 or 4 years'.

'This year we won't be in the black all year because we'll run back into overdraft, but we're going to be able to meet our commitments this year, whereas last year we weren't able to. We'll be able to pay for all our inputs – chemicals and fertilizers – up front this season, whereas last season we deferred it and paid it all in January. So in effect we're paying last season's and this season's together... We've been able to catch up and pay for two seasons'

'At least this year we'll be able to make payments on things and pay things back. We're not spending any money except on inputs. The machinery loan will be paid back, the property loans will be paid back and we'll probably make our interest commitments on some others. We'll be biting into it instead of having to borrow'.

Some others, however, felt that last season slightly pushed them further behind:

'It [our financial situation] would be weaker than twelve months ago... We pretty much just covered our costs'.

'Because we had to borrow money and stuff, we're way back'.

'We're probably not back to where we were twelve months ago, though we're still better than we thought we would be in September'.

'Harvest didn't go very well at all. We did actually *have* a harvest, but nothing brilliant by any standards. We got enough that we could put away a little bit to sell later on, which is what we usually try to do - try to sell some to get us through later in the year - but no where near as much as we would have got in previous years or as we would have wanted to... We were finished [our harvest] by the first week of December, which was really strange, really sad. Usually we'd only be starting then'.

Families remain focused on financial pressures

Even among those who feel their financial pressure was somewhat alleviated by last season, there remains a strong focus on the need to 'tread carefully' and to face the ongoing financial issues created by previous years of drought. Many are concerned that even if the

last season did not actively move them backwards, by not moving them forward to an adequate degree, they are in danger of "slipping further behind" financially.

For example, many interviewees voiced concern about the debt levels they are still carrying, with their attendant interest burden:

'We've got a heck of a debt'.

'Our debt is enormous. I've never had it anywhere near as much as it is at the moment'.

'We've increased our overdraft another \$50,000 to give us some more strength up our sleeve and just to go through this year'.

'By the end of this year we'll still be catching up. We've paid back the overdraft and loans that we took, but we'll probably have to bite into that again before the years out. By the end of this year I reckon we'll have to go back there again, although not to the amount we went last year. We've just got to tread carefully for the next twelve months and hopefully the next one is a reasonable one and then by the end of next year we'll probably be back to where we were before the drought.'

As discussed further below, others are concerned about their ability to meet the rising cost of inputs:

'The financial pressure is still the same. Whilst we had a half reasonable harvest with good returns, the costs have doubled so the pressure is still there'.

'Sometimes you say you're going to invest in the future, where this year [by using minimal fertiliser] we're just investing in next year's crop basically'.

'Our bank account is definitely a lot lower than what it was... The bank account is lower but the cost of things has gone up hugely... We've got enough money that if we're really careful we'll get through, but if we don't have a harvest at the end of this year then we'll be in serious trouble. It's not just the fact of surviving, it's the fact of paying all the loans we have and all the interest off them. That's why X is away working, so he can make money to pay the interest off the loans that we've got so at least we can stay above water with those sorts of things. I think we should have enough if we're really careful, but it's going to be tight by the end of the year'.

Some are also concerned about the lists of capital improvement requirements that are accumulating for their farms:

'There's a sense now that along with the drought the farm has to be going backwards because the machinery is getting older, it's getting more out of date, so not only do you have the debt to pay off but you have to catch up. This is all assuming that it does rain again'.

'You can't stand still. If you have five bad years your header is five years older, your tractor is five years older and your ute is five years older. All of a sudden if you don't get out of that in ten years you're in big trouble because everything is too old... For a lot of people, there is a lot of catching up to do'.

'We've probably hung off replacing equipment and things that need upgrading so that makes you wonder'.

'We probably haven't bought machinery that we should have bought'.

In summary, 2007 seems to have resulted in mixed emotions dominated by feelings of relief, combined with an ongoing focus on the financial challenges ahead.

4.2.2 The coming year instils a wide range of emotions in people

Individuals offered various reasons for feeling optimistic about the coming season

The highs and lows of last season have impacted the farming community in diverse ways. While, at the time of interview, approximately half of the interviewees seemed to be still smarting from the pain inflicted by last season and previous drought years (discussed below), the other half seemed almost euphoric about the coming year. Those who were most optimistic were those who viewed the coming season as a new beginning, holding the potential and even likelihood of being more favourable than recent seasons. Some interviewees commented that they felt the general mood in their farming community was more positive:

'I think generally around here people are a whole lot happier'.

'Things have changed dramatically. It's more positive I think. Who knows what next year will bring? But you just go along instead of having that gutted feeling that there is no future and feel like you're letting people down. It's more positive'.

The optimism about the future expressed by interviewees was based on seven factors. First, there was a continuation of the kind of 'defiant optimism' discussed in the previous section, where optimism emerges as a feature of determination. In February, that determination was to forget about last season and 'get on' with the current one. As one farmer stated:

'We've come to terms with it and we're moving on... It is history and you've just got to get on with it'.

In keeping with the relationship between defiant optimism and the dominant professional ideal in agriculture discussed in the previous section, this determination to 'get on' with the next season was described by some farmers as a basic requirement of farming.

'We're gearing up for a normal season, we've got our fertilizers in the shed ready to go and we're just treating it as normal. Cautiously normal... I think you probably have to do that every year, whether you've just had a good year or not. It's just the nature of farming'.

Second, optimism was also expressed as a feature of relief, as a logical outcome of pleasure and pride in having survived the difficulties of last season:

'I think everybody is feeling a bit buoyant after surviving last year. If you can survive last year you can survive anything! That's almost the attitude I think. We've been through the worst of it. It can only get better from here on'.

'We're optimistic. After what you have been through, you don't think there is going to be another drought, you think it's going to be good this year!'

'I'm feeling positive, certainly better than this time last year. Just having that relief of clearing last year helps a huge amount mentally. I lost it there for a few days last year...'

Third, some have been buoyed by the slight hope afforded by last season. After having a relatively good harvest, some interviewees stated, for example:

'I think we've been very optimistic and have been the whole way through. I think we are even more so now that we've had a good harvest and there has been more rain around'.

'You feel as though you can achieve something now, whereas before you doubted yourself and everything you were doing'.

'I like it again at the moment. Not *love*, but I like it... Now I cope well every day... It's nice to be in control of your life again, and have those dreams and goals come back'.

Fourth, optimism emerged out of an apparent annual cycling of emotions, with hope for the coming season discussed as a natural feature of the time of year.

'It is always good this time of year, you get a bit of rain, you scrunch up a bit of soil and you start thinking about what might be and forget about the bad years a bit... I would say that every February I feel pretty much the same way - there is always a sense of optimism'.

'I think when February comes around people get more optimistic again and knuckle down for the year ahead'.

'You're always positive at this time of year because you never know what the year's going to bring and you always hope'.

'It's all the same. It's another year with the same expectations and the same hopes'

'At this time of year, you haven't had to front the season and it could still be a great season. It's not like July where the season might be gone and you've got to face up to it. It's a good time at the moment for us'.

'At this time of the year I'm always positive. You close off last year at the 31st of December and you move in and you start planning and people are positive'.

As with last season, some are especially hoping that this year will be a redeeming year for them, the one that allows them to turn things around:

'Most people are still hopeful that this will be "the year" and I'm hearing more positive things'.

Fifth, a degree of optimism was expressed by those who have assessed the situation they are in and concluded that their level of personal responsibility for their current difficulties is low. That is, reflecting the reappraisal approach to dealing with stress discussed in the previous report, some farming families feel able to face the current season as optimistically as normal based on their belief that they are not to blame for the difficulties of last season:

'I don't think we did anything wrong last year. It just didn't rain'.

'Even though...that dry period knocked everything down with yields and stuff, you can see that you can still grow things and it's not really your fault'.

'We've just come to the decision that you can't do anything about it so you just get on with it'.

Sixth, some interviewees underpinned their optimism about the future with analysis of the specific situation currently facing farming. For these respondents, not only is the coming season a new beginning, but coming seasons represent a 'new era' in agriculture. As some explained, they feel the profitability of cropping is increasing, based largely on their reading of the positive price signals for grain:

'I feel incredibly confident about future prices and demand for our product. In fact our crops are on just the start of a boom. I firmly believe we're just about on boom times. We get to the stage where we're going to have starvation in the world because there'll be such a shortage of food'.

'I'm pretty excited about it [the future of agriculture in the area]... If we can just have an average run of seasons and this high grain price hangs around for a few years, which I think it will, we could see a whole new era of farming in Mallee.'

'To be perfectly honest, I think, if we can get this weather thing sorted out, then agriculture has a pretty bright future for the next four or five years. There is a worldwide grain shortage so I can't see wheat prices dropping below \$250 a ton for the next five years and perhaps even \$300 could be the floor. With higher grain prices there is going to be less livestock around so livestock prices should stay strong. I think agriculture has got a fairly positive future at the moment'.

For one farmer, this sense of a new positive era was also related to his particular circumstances as he nears retirement and gears up for a "last push":

'There is talk that there is rain up in Queensland and when they're getting lots of rain it always comes down here and what have you. There are high grain prices and high wool prices, etc, etc. All our kids have left home this year... I feel like this is my opportunity to really knuckle down and get things done here. I reckon I've got

probably 10 years to go and I want to give it a red hot go and see if we can make an inroad into this debt'.

Another interviewee commented that he thought quite a few older farmers may be gearing up for a similar last push, choosing to stay in the industry in the short term to make money while the situation – based on grain prices – was 'so good':

'Some of the ones that are still here might only be staying for the short term and they might think that they'll just stay while it's so good. They might get out after a couple of years or something. There might be a few thinking along those lines. I heard someone say the other night... "Why would I be going now?" This could be the best time we've had in the industry since the '70s'.

Finally, some people expressed a feeling of optimism that they will be OK regardless of what happens in farming. Many related this to the effects of a relatively recent holiday and the broader perspective it had afforded them.

'We had two weeks holiday and that's always good. You need that perspective to realize that this isn't everything...'

'[The holiday] may have not been beneficial financially, but mentally and socially it has been'.

Pointing in some cases to a sense of enhanced financial security, others discussed future holiday plans. As one young couple remarked:

'We're going to Adelaide for a couple of weeks with the kids... We've bought a little camper trailer so off we go... If you don't do that sort of thing you wonder why you're farming. You've got to take advantage of years when you have a bit of spare cash.'

Holiday plans not only indicate enhanced financial security, but how some are adjusting their attitude to the financial pressure of the drought, taking a longer term view of how best to cope as the drought continues. One farming family discussed how, regardless of a poor season last year, they have decided to release the brake they had previously imposed on their personal spending because they are sick of living in "crisis" mode.

'X [his wife] is going overseas for a holiday and previously I would have said we couldn't afford it, but if one of the kids came home and said they needed to go overseas and borrow \$3,000 we'd probably find it. We would find the money for them, but not for ourselves, so we just thought, "Bugger it", and she's going... I think our attitude has changed too. Twelve months ago we faced a drought and we pulled our belts in and all that of thing, whereas this year about half way through the year and particularly that time through October we thought: "Why are we beating ourselves over the head with a sledgehammer?". Your friends and people that you know outside farming are sailing along and the stock market is going gangbusters and here we are pulling our belts in another notch! We just thought "bugger it" and did a bit of retail therapy! This was in September. Then we had our neighbours over who were all doom and gloom and we told them that we were getting the builder in next month to start some extensions - we're finally moving the toilet inside. You just think: "bugger it, why not?"

This family illustrates how, rather than continuing to delay their plans, some families have decided to push on with them regardless, despite what they acknowledge is the apparent irrationality of doing so. As discussed further below, such a decision represents a new way of coping as much as any predictions about new conditions emerging. That is, stepping out of crisis mode is motivated as much by the expectation that drought will continue long term as by any optimism that the crisis has actually abated.

Overall, optimism about the coming season and seasons was expressed by a range of interviewees for a range of reasons. As we now discuss, however, many others feel less able to dissociate the future from the stresses of the recent past.

Some interviewees are suffering ongoing stress and health issues

Not only have farming families' financial and physical reserves been tapped over recent years of drought, but so too have their emotional and mental reserves. For a significant number of interviewees, it seems their capacity for optimism in the future has been drained by an accumulative sense of exhaustion and disappointment.

Numerous interviewees described how stressful they found last year, some using hindsight to reflect that they or others had not been coping well. Even if they described the stress as something that had substantially passed by the time of interview, the descriptions underline the toll that the anxiety of last season created:

'Last year... it was really tough and I hated it... Looking back now, I think I got very low, especially from about February onwards. I wasn't feeling well and ached and things like that. I ended up with high blood pressure'.

'It was a fairly stressful season because we were one hot day off not having a crop. That was fairly wearing on everyone. We'd seen it the year before with the crop all dying in one day and that was very much in the forefront of everyone's mind - that we could lose the crop in one day. So that was fairly stressful'.

'We've been through some dreadful times back in September, October and November. We were at each other's throats. The kids used to step in and tell us to stop arguing'.

'[A neighbour] was telling me that they went for a week without speaking to anyone and they just felt rotten and I thought that is probably happening all over... I think a lot of that went on and I think people bear the scars of that with pressure on relationships and questioning why you're doing it and the isolation... What worries me is that these people who normally would cope can eventually buckle when all this pressure is put on them... You're talking about people who are the strength of the community'.

'I'm not a big drinker, but I think there are a lot of blokes around that are terrible drinkers... One bloke owes \$500,000 and he was saying he reckoned he'd clear it up at harvest time, but he just drinks and drinks'.

For many interviewees, the stress of last season and preceding years remains. A number commented on how tired they feel as a result of ongoing overwork, while others gave indications of depression:

'I know I'm probably a lot more tired than I was this time last year because I'm doing that much more than I was [with on-farm and off-farm work]. It does wear you down. I think it wears down your spirit and stuff like that. You've got to pick yourself up and keep going. It's not worthwhile dwelling on it either because it's not going to make it rain if I worry about it'.

'I get aches and pains and things that I never used to have... I don't sleep well. In fact, I sleep terribly'.

'I don't want to go into town as much as I used to... Sometimes you just don't feel like talking very much'.

'I think in some ways perhaps I am crumbling'.

These problems of stress and tiredness are made worse by ongoing financial restrictions on people's lifestyles. As a young woman who lives 20 minutes from town commented:

'The stress of the money is the worst thing I think. I don't really have a life at the moment: my life is the farm. I don't go to town unless I really have to because of the cost of fuel and I don't drive round and visit friends because that's more cost'.

As mentioned in the section above, some families are releasing the brake on their spending to a degree. A farmer discussed how, regardless of a poor season last year, he feels the need to start taking this approach in order to help his wife cope with the ongoing stress:

'We've just taken a whack out of the share portfolio... I've just decided to keep taking money out of it to maintain a certain living standard because I think that's the key aspect of our stability this year: to maintain a psychology. I'm prepared to say, "Why press yourself too hard to repay things when it's not a dress rehearsal?"... I'm very conscious of the fact that X [his wife] is very fragile and you could sort of psychologically blow her to bits... You feel sort of responsible'.

Not all families have the option of lifting restrictions on their standard of living. A significant number mentioned that they have not been able to afford a proper holiday in the last year. A mother of three children under ten with a husband earning off-farm income inter-state described the situation facing her and her children:

'We haven't been on a decent holiday for six years... I mean, I took the kids away for three days to the Grampians this year. But it was just me and the kids, so it wasn't really great. X [her husband] was away working. It was the end of the holidays and the kids hadn't been anywhere and I just thought we had to go *somewhere*, so we went to the Grampians... At least they could go back to school and say they went somewhere. And I had to get away. I was at the stage where I couldn't stand this house anymore'.

An inability to get away from the farm and to rest is obviously likely to worsen pre-existing levels of stress and tiredness. Even those who enjoyed the reprieve of a holiday, though,

were not necessarily relieved of such feelings. As one woman commented about returning from holiday to do the farm book work:

'I just didn't want to come back from the holidays and face the bookwork again. It seems to be a bit overwhelming lately... But that's farming... And I guess that just comes from having a holiday. I guess also because we're still not out of drought'.

Overall, many interviewees indicated that their emotional reserves are low and in need of replenishment, regardless of the "escape" offered by the strong prices last season or the holiday breaks some of them had. As a result, their outlooks on the coming year are coloured not only by factors such as weather predictions and market forecasts, but by a growing sense of exhaustion and trepidation.

Many feel hesitant, fearful, sceptical and demotivated about the coming year

Drought continues to feel current and threatening for many interviewees. In contrast to the optimism felt by the interviewees in Section 2.2 above, others' feelings about the coming year are dominated by hesitation, fear, scepticism and demotivation.

Based on their experience of last year, some individuals were hesitant about whether conditions would improve this year.

'I'm tentative. We sort of scraped through again and the signs are good for next year, but based on the last five, you can't be too confident. I'm not confident that it's going to be a good season. I hope like hell it will be, but I'm not confident... It's hard to be really confident when you've been through five years of no rain. You just wonder what's in store next.'

'I think it is still a bit nerve racking because you don't know what the future holds with the drought. It's lovely that the prices are high and everything else, but because of drought...if it doesn't rain, we're not going to be part of it. If we become part of that drought cycle and can't grow the grain, then the prices won't matter because we won't be able to grow the stuff'.

'[Last season] has made people nervous... It was looking so good and we just didn't get that rain to finish off and it makes you nervous'.

'We feel apprehensive about how long the drought is going to go on... it's not over yet'.

'It's good, but the potential is still there to go back into it. There is no way known we're out of this cycle'.

As the references to nerves and apprehension indicate, this hesitation is borne in large part out of fear. Although last season generally finished off better than many farming families feared it would when interviewed in September, the slight improvement that occurred has not been enough for some of them to put the season's earlier collapse out of their mind. The way last season failed has introduced a new possibility into people's minds, adding to their mental inventory of things that could go wrong. Indeed, the risk literature suggests that

because the events of last season are relatively recent and fresh in people's minds, their estimation of how likely a reoccurrence of such a situation is is likely to be heightened.

Fear about the coming year is not only a product of people's estimations of the probability of things going wrong, but a product of the expected severity of the consequences that they foresee arising from another poor season. That is, farming families' strong concern about the risk of further drought is influenced by the magnitude of its possible effects on them as much as by the likelihood of its occurrence. Underlining the ongoing financial pressure that they and others feel, some interviewees explained:

'When you're in a very weak financial situation you certainly don't go into seasons with much confidence. You know you could be in real bother if you have another hiccup'.

'I think if this year is hard, it's going to be a whole lot tougher again'.

'I think this year will be a test too. If this is a tough year, it will probably see a lot go.'

'A lot of people would have cleared out if we didn't get anything [last season]... This coming one will be the test, that's the worry'.

Associated with ongoing financial pressure is ongoing emotional pressure. Just as one induces fear, so too does the other. One farmers' wife described vividly the fear she feels of being emotionally tested again the way she was last year:

'If I believed in God I would just be praying. That's how it is... I find it very difficult to think about this coming year without feeling just absolute panic... It's the anxiety of wondering if we're going to get a break, and if we do get a break is it just going to be like last year [and fail]?... The anticipation of feeling like I felt last year for another year is just awful'.

While the interviewee above feels panic at the thought of what the coming year might hold, others feel de-energised and increasingly cynical. As tiredness takes its toll, scepticism about farming is growing among some farming families, as illustrated by the following exchange:

Interviewer: How would you describe your mental outlook?

X: It changes all the time.

Y: Depends whether I'm tired.

X: We're both pretty worn out.

Interviewer: You think the stress of last season has worn you out?

X: The last few seasons.

Y: You get very sceptical... I feel some of farming is positive. When you see other people still positive about it or new people coming into it who are positive about it... but I'm getting a bit sick of bad seasons. That's not something you can change either. I just get a bit sceptical about it'.

Some interviewees particularly expressed scepticism towards predictions about weather conditions in the coming year, especially positive ones. As the interviewee [Y] above continued, for example:

'I don't believe weather forecasts and stuff like that. *If* it's raining, then I'll believe it's raining'.

Another woman also explained:

'People will say to me, "This year's going to be a good year", and I'm like, "Don't tell me anymore". Because people have said for so many years that this year's going to be a good year and it hasn't happened.... Don't tell me if it's going to be a good year or a bad year because I really don't want to know. I'm past believing that this year is going to be a good year. I'm over predictions.'

Others expressed scepticism about getting rewarded for their efforts. As a farmer described:

'I'd like to have more to look forward to. We can do the crop choices and the chemicals and we've got all those skills, but if you don't get rain you can't do anything. That's the most disheartening thing about all the work you put in: you don't get a reward for your effort. If it doesn't rain, nothing happens'.

A lack of guaranteed reward is one of the factors underpinning the demotivation some are feeling about farming. One young farmer described how difficult he has found it recently to feel motivated to work hard:

'Sometimes motivation is hard because you feel like why should you do something just to get another kick?... Sometimes it's hard to get out of bed in the morning... It gets hard to see the point in working hard sometimes... You just have to get back to the enjoyment of the job – and there is a lot of enjoyment in the job – but sometimes it is hard to see it because you get so many kicks'.

Some are struggling to make sense of last season

Adding to the demotivation some feel is confusion about how to interpret and allocate responsibility for what happened last season. The young farmer above discussed how last season has added to his growing sense of confusion and concern about the future of farming:

'Back in the mid 90s... it wasn't a matter of making money or losing money, it was: "how much money are we going to make?" So when you did something you were excited about what you were trying to do because it was going to work. So working all night or doing all that sort of stuff, you enjoyed it because you were going to get a reward for your efforts. If you did that extra bit you got paid the extra amount. It was easier to do it then... That's the thing I can't understand: it was just so easy to make money... You could get rye grass all through your crop and you were still making

money. Until you get past it and look back on it you don't realise it... Now I find it hard. And I feel after last season that, after we had such a good start then it turned off, I feel even more confused or concerned. You know that the same thing could happen again...'

This third generation farmer talked in the September interviews about feeling let down by the Mallee and nature in general. Similar sentiments were expressed in the latest interviews by others trying to interpret what has been happening. One woman emphasised that the disappointment she feels about the ongoing drought conditions is not a reflection of farming families being 'soft', but of a loss of something she and others once believed to be reliable:

'We've never had it soft. We've *never* had it soft. Living in the Mallee you're never going to have it soft; there is always the wonder about how the season is going to be. But in the past the bad years have been balanced by the good years and the moderate years and we had confidence that in the end it would all balance out... X [her husband] used to say, "Good old Mallee, it really doesn't let you down in the end". But it *has*. It definitely has. So we certainly can't say that anymore. For us personally, it has let us down year after year after year really... Everything that seems potentially bad, now I think is going to happen.'

One of the main things that seems potentially bad to many farming families, and which represents a changing relationship to nature, is the possibility that the drought in some way reflects longer term climate change. While some remain convinced that conditions "have to" improve, others are increasingly sceptical about how relevant past experiences of cyclical good and bad conditions are to today's situation. More interviewees than ever expressed concern about climate change:

'History may not be where we can turn to to understand the changes that are happening. That's where I'm full of fear and full of angst and just sick of it'

'To a point, trends and patterns are well and good but we're chartering history really aren't we? It doesn't mean it won't turn around, but it doesn't mean it will. This could be it'

'I'm optimistic on certain things and not optimistic on certain things. Climate change keeps getting rammed down your throat. It's impossible to be optimistic about climate change. How bad it is, I don't know... I'm optimistic about the prices, but not optimistic about climate change.'

'Optimism in our productive capacity has certainly been challenged by climate change'

'If we continue to have less than 10 inches of rainfall every year, then the future of farming is in trouble'

'Climate change is what worries me about agriculture. I don't know if it's going to be quite as easy to grow as it has been in the last century.'

While the stress caused by climate change stems in large part from a sense of having limited agency to stop it, the feeling that one is in some way to blame for one's difficulties is equally a source of stress. As seen in Section 2.2 above, in trying to understand last season and what is happening to them, some individuals have been trying to critically evaluate their own role in creating their current difficulties. While we saw above that some have drawn strength from their conclusion that they are not responsible, others are nagged by feelings of self-doubt. As some interviewees stated:

'I have to say, I've looked at my farming methods really critically and thought where I could have done better. You know, can I really say it was the drought or was it some decisions that I made, like having too many sheep or whatever?'

'Sometimes you start to doubt whether you're any good at what you do... Although you can't judge if you're any good at what you do if it doesn't bloody rain'.

'It's hard when my girlfriends get a new car or a new this or that and I just wonder what we're doing wrong... You do wonder sometimes what you're doing wrong, but I guess we're all struggling'.

One young farmer was particularly critical of his ability to make what he idealises as rational, timely and confident decisions:

'To make the right decisions I think you have to remove yourself emotionally somehow. To stop making stupid decisions or take advantage of situations... I've found it very hard. You know you should be doing things but you don't feel confident to do it. You do it anyway because eventually you've got to do it... A week later and you get up the courage to do that job...'

This farmer's reflection exemplifies the way many individuals have been prompted to try to make sense of what happened last season and what is happening to farming and the climate longer term. Although there is great diversity in the conclusions people are reaching about their own role relative to that of weather, there is an emerging consensus that a serious contributing factor to the difficulties farmers are facing is increasingly the cost of agricultural inputs, as we now discuss.

4.2.3 There is growing anger about input costs and farmers' relationship with agribusiness

Recent jumps in the cost of inputs are a major concern

Raising the stakes on the coming season is the escalating cost of fertiliser, chemicals and fuel. Dampening the positive effect of high product prices, the current and predicted price of inputs is threatening to severely curtail some farming families' profitability over the coming year, increasing the pressure upon them to have a good harvest. As some of the many who referred to this challenge reported:

'Fertiliser and fuel have gone up and chemicals are ridiculous'.

'The biggest challenge is the cost of fuel, cost of fertilizer ... The challenge is to keep your costs down'.

'They're saying that grain prices will stay high for a couple of years yet, but that won't help anything with the costs the way they are'.

'We bought our fertilizer early, but we didn't buy any chemical and the price of chemical is just unbelievable at the moment. It has more than doubled, so that does put a shadow over the viability of the crop... You've got to look at the risk factors of spending so much money on a crop'.

Not only is the amount of money required to buy inputs an issue, but so too is the timing of when to spend it. As discussed in the previous report, the need to "gear up" for the next season frequently puts financial strain on farming families because of the inevitable time lag between preparing for a season and being (it is hoped) financially rewarded for it. Cash flow difficulties are being exacerbated by the recent and ongoing rises in the costs of inputs because not only is more finance being demanded of farming families but, in an effort to avoid future peaks in price, some of them have purchased inputs while still waiting for payment from last season or still paying off pre-existing expenses. As a farmer explained:

'The biggest decision for us was whether we buy chemical at the old price and pay for it six months in advance or buy it later.... All those things were decisions we had to make when there was no cash flow at harvest. We've got cash flow now, but it wasn't there when we bought it. We had to go into overdraft to buy all our fertilizer and chemical'.

Farmers are questioning their relationships with some others in the agricultural industry

The 'ridiculous' prices being asked of farmers for inputs is causing many to question their relationship with the sellers of such inputs, and with some other players in agriculture more generally. Given the difficult times they have been through and that many continue to experience, many interviewees are disillusioned about what they see as their exploitation by large agribusiness companies, adding to the sense of scepticism discussed above. As some explained:

'The way companies have treated you last year and the start of this year makes you very sceptical about some companies... They're just whacking a profit on it... All that sort of stuff makes you think they're all against you. People you thought were farming with you or were a farmer's company - they're not, they're just out to get everything out of you they can. If you're in a spot, they'll take advantage of it'.

'Everybody has got a heap of money, but it's not going to buy them anything because of costs. In the meantime, everyone else associated with it thinks farmers have got heaps of money and everything will go up again'.

'The trouble is, when the prices are so good, everyone comes in for their bite of the cherry... It's ridiculous how much the price of everything is going up'.

Fertiliser companies were particularly the focus of interviewees' bitterness. As two commented:

'The fertilizer side has created a lot of headaches. You develop a bit of resentment because you feel there is a lot of profit taking being done by major companies and

we're on the receiving end of it. I know it's a supply and demand thing, but I also resent being charged double the price for fertilizer. It came into the country and was being sold at \$500 a ton and now the same fertilizer is being charged at over \$1000 a ton. It doesn't sit real well because these companies send their rep's out and they're working for you and that sort of thing, then on the flipside they're taking huge profits because the opportunity is there'.

'(Sarcastically) I'm pleased to see the fertiliser companies have taken advantage of it [high grain prices]... I just think it's rubbish. You can't tell me it would double in price in one year... No matter what they say they just can't justify that amount of price rise'.

Fertiliser prices have been especially thrown into the spotlight because of the current ACCC investigations into the recent increases. The government's involvement in the situation was, in turn, also the subject of ire for some interviewees. One commented that:

'I can't believe the government hasn't done anything about the price hike'.

Farmers' concern about the character of their relationships with fertiliser and chemical companies is symptomatic of or has heightened their growing concern about the character of their relationship with some other players in the agricultural arena. A sheep farmer expressed disgust at the meat companies he believed kept the prices down last autumn when many farmers needed to sell lambs:

'They kept the price low when they knew people were desperate to sell... They knew people had no harvest yet and were relying on this lamb money to get them through, so it was rotten of them to keep the prices down'.

Another relayed anger about being "done over" by a large hay purchaser:

'We cut four paddocks for cereal hay and we had them forward sold with Murray Goulburn, but then they pulled out on us and left us high and dry. It was very frustrating and disappointing because we missed all the opportunity to sell our hay... Murray Goulburn have a lot to answer for in that regard and they just got away from that scot-free and I think it stinks. We had barley contracts with ABB which we weren't able to fill and we had to take the wash out on them... But it seems like what's good enough for the goose is not good enough for the gander. With the hay contracts they just decided that it didn't suit them and they walked away and that was it... We needed that like a hole in the head'.

Also reflecting a belief in a double standard at work, others expressed a lack of trust in the genuineness of some agricultural advisors' concern for farmers. As seen in Report Two, although farmers' reliance on advisors is generally increasing as the complexity of farming grows, some remain sceptical towards them. It seems this scepticism may be growing, fuelled perhaps by the riskiness – at least in hindsight - of the decisions advisors have encouraged farmers to take. As two farmers commented:

'They [accountants] are the worst people you could ever deal with because they have no respect for paying bills and they don't care how much debt you have... They've never run anything that they've actually owned, so they don't worry about it'.

'The chaps that are advising people to do that [take out forward contracts] aren't taking any risk at all'.

The comment above about forward contracts points to the recent changes in crop marketing that require farmers to negotiate another circle of relationships. Interviewees commented on how having to manage their own sales adds to the complexity and risk they need to manage:

'We've always had the Wheat Board or the Barley Board or something else to fall back on, but all of a sudden we have to look at where we're going to trade and who we're going to trade with and what prices we're going to set'.

'Now because it's all deregulated you've got to decide: do we sell it this week? Do we sell it next week?... All this too-ing and fro-ing, and the price goes up and down like it did in the forties for no real reason'.

As discussed further below, some farmers are sceptical about the companies involved in offering futures and forwards contracts, especially following the negative experiences many had with such contracts last season. As one commented:

'Ultimately, there is only going to be one winner... You're the fool that hasn't got the product that you sold, and the buyer is the one that is always going to be the winner'.

Overall, it seems there is a growing sense of competition within the agricultural industry itself. In previous interviews it was the relationship between agriculture and other industries (and the related relationship between rural people and city people) that emerged as a concern for farming families as - in trying to better understand the circumstances they faced - they strove to determine who did and did not share their situation. Agribusiness was generally spoken of favourably and empathetically, with concern being voiced about how local agribusiness companies were faring and how they deserved as much financial assistance as farmers. However, recent events and difficulties, in which some agribusinesses have been the source of angst for farmers, suggest that a growing number of farming families are now focusing in on the differences between farming and non-farming members of the agricultural industry. The dividing line between the two groups is emerging as an indicator of who farming families can identify with and trust, leaving many feeling more isolated than they previously were. In particular, the long-standing issue of terms of trade is rising in prominence as it is becoming more personalised. Farming families' disappointment that yet further obstacles to their financial viability have emerged is heightened by the fact that those placing these obstacles in their way are people they previously thought to were "members of the agricultural team", "on their side" in agriculture's struggle against drought and urban bias.

Among the relationships with sellers and buyers that are increasingly involved in running a farm business are those with other farmers. Farmers have always dealt with other farmers as purchasers or vendors of various assets or services. Yet, farmers' growing sensitivity to the character of their relationships with non-farmers in agriculture described above, combined with diversification into products wanted by other farmers such as hay and straw, seems to be encouraging some interviewees to also reflect on their relationship with and

obligation to “one of their own” at a time when their own needs are also acute. As an interviewee remarked about his new experience of selling hay to dairy farmers:

'I know some dairy farmers are quite well off, but some are struggling too, so you've got to be fair to both sides. We're all in the same game: we're all farmers. But, then, you do have to look after yourself as well'

Reflecting the tension described in the last report (and again below) that can exist between one's own needs and the needs of one's local community, the comment above underlines the dual sense of alone-ness and comradeship that seems to be growing among farmers as they collectively identify themselves in opposition to non-farming players in agriculture and also seek to strengthen their individual positions. This web of relationships, loyalties and needs adds significantly to the complexity of the decision-making environment farming families are facing.

4.2.4 Most farming families are trying to take a more risk-averse approach

Many are approaching the coming season more conservatively than normal

The continuation of the drought has encouraged most farming families to take a more conservative approach to farming this year. Last season's collapse powerfully reinstated drought as an ongoing and serious threat in their minds. The potential consequences of drought have also increased for most families as their financial and/or emotional reserves have been further eroded or only marginally replenished by the events of the last year. Although, as discussed above, about half of the interviewees feel optimistic about the coming year, about 80% of farming families reported that they are going to adopt a more conservative approach to production and marketing in some way, following their experiences in recent years. As encapsulated in the following observation by an interviewee, this move represents an openness to change:

'Farmers are pretty amazing, they stick at the one thing and don't change their mind much, but when it gets tough, people do things that are fairly out of the ordinary'.

The following comments point to the kind of adjustment that is taking place:

'It'll be a new mindset now... People will be more conservative.'

'We're probably a bit more conservative in case it happens again'.

'After every drought you're more conservative. You're far more conservative because you don't want to go back there. That's part of life I guess. It has made me far more conservative for this next crop.'

'[Our approach will] be fairly conservative... If we have a fantastic opening break in March... it will just mean we'll do it easier and hopefully we'll get better yielding crop and that sort of thing'.

'Hopefully we're just a little more wary than we once were'.

'We know it's the climate we live in, so you treat every year as though it might be a drought and you have to be ready for it no matter what it is'.

'You're not regimented like you used to be. I think basically in the last ten years the weather has made people change their ideas on farming and what they do on the farm... Especially after last year, thinking that we'd had such a good start and thinking that this was the one. But you've never really got it until the money is in the bank. I think that the year before having a drought and last year looking good then falling over at the last minute, we've seen it all and hopefully learned from it.'

'A lot of people budget for a good year and that's all well and good if it's going to rain, but what if it doesn't? It's a bit like if you only crop half: if it's a bumper year you're not going to make as much, but you will still make money, whereas if it is a dry year you will also make money. So you budget to be as safe as possible and forget about chasing the carrot'.

It is important to note that not all farmers are taking a more conservative approach. As seen also in Section 2.2, some farmers feel that such a move is a temptation that should be resisted, particularly given the potential for a redeeming year that high commodity prices seem to be creating. Their attitude is not to be intimidated or put off by recent poor seasons, but to treat the upcoming season as normal or even a potential boomer. That is, their approach is conservative in the sense of 'no change'.

'I really don't think that the drought has dictated anything to us or made us do anything different or made us think any different. I wouldn't say it *hasn't* affected us, but, you know, you've got to be in it to win it'.

'My lifetime has been agriculture and I'm positive about it. People say it's climate change and everything else, but we have to live with climate change... I've never not sown... You go about farming and you don't hesitate, you do the actions. X [his wife] disagrees with me sometimes when I go and get \$4000 more of chemical or 20,000 litres of diesel fuel, but it's got to be done'.

'We bought some stock since harvest, but the way the grain prices are I think we'll sell it all back again... We weren't planning on sowing all the crop again, we were trying to get into more of a rotation, but you've got to try to make hay while the sun shines. If grain prices are going to be good this year, then you have to try to capitalize on the prospect of an average season with terrific grain prices. It could be the best year we've ever had.'

Although the above indicates that there are notable examples of farmers who are maintaining their normal, generally high-input approach to farming, as discussed earlier most are adapting what they are doing as a result of the drought, altering, for example, their enterprise mix, how much crop they sow and how much input they use. We now look at the specific production choices such interviewees reported they are making to gain a better idea of how these farmers are adapting to ongoing drought.

Most farmers are adapting their production practices

Whether the changes are forced or voluntary, temporary or permanent, most farmers are adapting some of their production practices to compensate for their current financial position and/or to allow for the financial pressure that would be inflicted by further drought. Virtually all are striving to reduce their costs and thus the financial risk that production this season represents for them. Some of the areas in which changes were reported are: enterprise mix and stocking rates; crop type; fertiliser use and type; chemical use; cutting for hay; and use of contractors.

As described in Report Two, most of the farmers interviewed are at least potentially mixed farmers and treat the balance of crops and livestock on their property as a risk management tool, albeit with varying interpretations of whether crops or livestock constitute the better bet in drought conditions. Some farmers again discussed enterprise mix and stocking rates in February 2008 as a major consideration in their plan for the year. Most were opting to increase their proportion of stock, given the higher risks they perceive to be involved in cropping, particularly given rising costs. As some said:

'Our main [change] will be that [we will have] probably around 1000 ewes. That will be our focus and the crops will be bonuses, which is different... It's because we can't take the risk with cropping all the time and the costs are just rising and rising'.

'We've grown our sheep numbers to prevent a drought'.

'The blokes who don't have sheep are missing out on thousands of dollars'.

'We'll do less cropping... Sheep have money at the moment'.

"[We're] reducing the cropping acreage and having more cattle and just seeing that through"

'We've nearly had a 20% increase in the beef herd [since harvest]... With the price of fertilizer and chemical...if you locked in the expenses for the next crop and it's a dry year, it's going to be fairly difficult. We've always split the business with the livestock and they generate a fair amount of income and that money is guaranteed. Our expenses on the livestock side of the business have barely increased and we'll have a much better income out of them this year than cropping'.

'We've made a conscious decision to put more energy and a bit more money into the stock side... The stock can't produce the same return as a crop. In an average year your cropping side is going to be way ahead, but in a below average year your stock...because there is no cost involved...The sheep and the cattle have carried us through quite a few dry years now.'

While motivated by the same desired reduction in risk, other farmers had concluded that they should *reduce* the proportion of stock in their mix:

'We sold our ewes... because we could see things going wrong. They were sold three weeks off a lambing to the meatworks. I was terribly disappointed but we would have had nearly 1000 lambs [to look after]'.

For some who have decided to destock, the issue of water security was the determining factor, given that stock have a continuous need for water and that the Wimmera Mallee pipeline is yet to be completed:

'We're still waiting for a secure water supply and perhaps then we'll get into some stock again. Until that happens we'll continue cropping. We'll always crop, but we may run more sheep. We thought about even feed-lotting cattle with all this hay, but water is the big issue there. Until the [Wimmera Mallee] pipe comes we probably won't do that'.

'Nothing has changed in terms of the farm, other than we're not running any stock... We always have been prime lamb breeders... But we have no stock on now. It is the first time in 120 years that we haven't had stock on the place and that's mostly because of water'.

For others reliant on grain for feed, it was the high price of grain that has forced them to destock. As a young farmer commented:

'We've de-stocked a lot of our pigs. We've still got pigs, but we've de-stocked a lot and we're continuing to de-stock. With the price of grain the way it is at the moment, we're really not coming out very well with our pigs'.

Some grains demand higher prices than others, but also come with higher costs and risks. A notable number of farmers discussed how they are going to forego the temptation of higher returns on higher risk crops like legumes and canola in favour of the more guaranteed income offered by wheat and barley.

'Well our plan is not to sow legumes ever again and not to sow canola again. It's because of the expenses involved in growing both crops. To get a good return you've got to plough it in now when the money is short. The whole aim is to sow the less expensive crops to grow and you may get a lesser return but you don't lose as much. We're coming into a year where we're going to need finances to carry us through so the plan is to sow wheat and barley. It's nice to grow canola and get a nice big \$500 or \$600 a ton for it and be in front, but you still have to grow the tons. We got a thunderstorm with heavy rain after the crop was windrowed last year and we lost 50% of our grain on the ground'.

'We didn't want to risk putting in stuff that was going to be too expensive to spray, like canola and legumes and stuff like that... If you're trying to recover from two years of no income, you've got to be as reliable as you can'.

'The whole idea is to sow the less expensive crops to grow and you may get lesser return but you don't lose as much'.

'My approach is the best crop doesn't make you the most money'.

One of the things that make some crops more expensive to grow than others is how much fertiliser they demand. The amount of fertiliser that needs to be applied to any crop is, however, not clear-cut. Given the escalating cost of normal fertiliser, many farmers indicated

they are going to decrease the amount they use this year, either because they are questioning the amount they previously, habitually used, or because they feel they need to adopt such an approach in the short-term for financial reasons.

'I think probably the last ten years has taught us to manage our inputs... To pour the fertilizer in and grow the best crop in the district isn't necessarily going to make you the most money. So you look at every cost along the way and we've learned a lot over the past few years'.

'We're probably looking more carefully at inputs because I know last year a lot of people put a lot of extra ground into cropping because they were trying to recoup their costs a bit. I think this year people are probably a bit more cautious because you can end up having huge input bills. So I think we're probably questioning that side of it'.

'We're just going to soil test a lot of the paddocks and see if they need it. If the prices are going to stay up... One of the things we decided was not to risk by taking short cuts, but not to overstep it either, if that makes sense... We can always apply later – that's the lesson that I've learned. Especially with nitrogen and also lesser risk crops'.

'I think people are looking at that situation more now, finding out whether they need to put that much superphosphate on or whether they can cut back somewhere'.

'I've decided not to put fertiliser on a lot of our country this year which is the first time I've ever not put fertiliser on... So we're really mining a bit of our country for a couple of years'.

Instead of or as well as questioning the amount of fertiliser they use, some farmers are questioning the type of fertiliser they use. Some, for example, are looking at cheaper conventional alternatives to superphosphate:

'I've been looking at tanks for liquid fertiliser and liquid nitrogen... Liquid nitrogen is going to be cheaper than fertiliser. I'm just looking for opportunities I suppose'.

'I'm just planning out what I'm thinking of doing at this stage with my cropping program. It's not going to change much at all, it will still be much the same as what I have done in other years. It's just with the superphosphate I might not use the dearer ones that I was'.

Others are looking beyond conventional fertilisers altogether to "natural" alternatives:

'We'll have a go at the organic stuff this year I reckon'.

'We've done a bit of biological farming anyway to build the soils up and just with the cost of fertiliser we're thinking about doing a bit more of that'.

'Last year we bought a super...which was triple strength... Now I've gone back to the health stuff again, so instead of costing us about \$60,000 it will only cost us about \$22,000'.

While the amount and type of pesticides and other crop chemicals that farmers use seems to be less open to question than for fertiliser, some farmers are also making adaptations in

this area to reduce costs. Besides altering crop type to reduce the need for spraying, some farmers are using fallowing rather than direct drilling to reduce their chemical bills, while others have altered how they spray or how much they use:

'With chemicals the way they are, there is no way we can direct drill at the moment. We'll stick with the fallowing for now'.

'It's been a real thing for X [her husband] whether he sprays the paddock or digs it up, because what costs more?'

'Things have changed a lot in terms of farming now. We're all out at night spraying conserving every drop that falls, whereas we never even used to worry about summer rain'.

'X [her son] doesn't use as much spray as that book tells you to use. He cuts it back'.

A further way to reduce chemical use is to grow a crop for hay rather than grain, as the former accommodates a much larger proportion of weeds. Following their crops' failure to produce adequate grain last season, many farmers cut them for hay as a measure of last resort. For some, it was the first time they had done so. While interviewees reported that it wasn't successful for all who tried it because they were under-prepared for the need to cart and store it, it opened other farmers' eyes to a potential new revenue stream.

'One thing we learned last year was that you can cut the poorer crops for hay and there is an opportunity to make a few dollars out of it... Actually that was a turning point too mentally because we were all stressing about how the year was going to be like, and as soon as we started cutting hay and doing something positive we could keep our mind off how bad things were. Not the fact that we were making money doing the hay, but just that we were doing something other than waiting for rain.'

'Before I put in crop fertilizer or broad leaf spray or grass weed spray, I'll sit down and look at the economics of cutting for hay. I wouldn't have even thought of that five or six years ago, but the last few years has taught us that there is certainly a return to be made there... You just become a bit more conscious of what everything you do costs you and I think we're coming more successful by managing all our inputs'.

'We haven't done it [grow hay] for a while, but it's going to be our policy from now on'.

Finally, a few farmers discussed their use of contractors as an area they have altered in order to reduce costs, some reducing their use and others increasing it. One in the latter camp linked it to his production of hay:

'We got a contractor in to do nearly all the [hay] carting and we've never done that before and that freed up a lot of labour... And his bill was less than one load of fuel'.

Not only does the use of contractors for cropping activities free up labour, it avoids the need for expensive equipment. As now discussed, many farmers are trying to reduce costs by reducing their capital expenditure.

A freeze on capital expenditure is common

One of the more temporary and involuntary measures farming families are taking to adapt to the financial pressure of ongoing drought conditions is a freeze on further capital investment. Although some made purchases on the back of last season's harvest and others made purchases at last season's early break, the decision to not update agricultural plant at this point in time seems to be relatively widespread, underlying or complementing some of the practice changes discussed above such as a move away from chemical intensive crops.

'Last year we were starting to get a bit confident and thought it would be a good year to do that sort of stuff [buy new plant] but it [a good season] didn't happen. So we won't be doing that again'.

'There are a lot of things I would like to update: I'd like a new set of press wheels; I wouldn't mind putting a light bar on the boom spray... but I won't worry too much about that... We're not spending any money except on inputs'.

'Until I get a good year, I'm not going to commit myself to these sorts of investments [new machinery]'.

One farmer commented that he thought this reticence to make large capital investments would be a relatively long-term change because of people's nervousness about spending:

'People who have run short of money are not going to rush out and spend it when they get it next time. It's going to take a long time to change now'.

Nevertheless, as some interviewees pointed out, one of the consequences of the drought and the clearing sales it has induced is the availability of some cheap second hand equipment. Some - with the ability to do so - have taken the view that investing in such equipment at this point will save them money in the long run. Two farmers discussed how they have recently made new purchases in order to reduce their reliance on contractors:

'I got a header in tip-top condition for \$20,000...which means I am paying \$5012 a year for a header rather than spending it on contractors'.

'We've bought a tractor and we're doing all the cropping ourselves now [rather than contracting it out] and more of it... Our overdraft has grown to accommodate that... The upside is if we have a good season and the prices stay strong we can come back, whereas before there wasn't much light at the end of the tunnel'.

The quote above points to the other motivation driving the purchase of new equipment, which is the potential to gain high returns through a relatively high risk approach. While the discussion above in Section 2.5.1 makes clear the popularity of a more conservative approach to farming among the interviewees, it is important to reiterate that not all have adopted such an attitude. As one farmer commented, the main lesson he learnt from last year is to act decisively at the first sign of an early break:

'The biggest lesson was probably early sowing. That's something that we've tended to do anyway but it really did show up. There was a huge difference in yields between what was sown early and what was sown late. It was probably underlining what we perhaps already felt.'

The tension between taking a cautious approach and “chasing the carrot” - as a farmer above put it – is a continuation of what was found in the September interviews. As now discussed, it was evident in the February 2008 interviews not only in terms of production practices, but farmers’ attitudes to marketing.

Many farmers have been put off using forward and futures contracts

Given the way grain prices rose throughout the year last year, virtually all of the 45% of farmers who reported locking into forward and futures contracts in 2007 also reported that they had lost money in the process. As one said:

‘We’ve lost \$40,000 or \$50,000 of profit straight off the top of our hay harvest... When we were doing money on the grain contracts, that was a really stressful time. A fortnight before we washed out it was terrible’.

Many more observed what happened to those who were caught with unfavourable contracts. As two such observers remarked:

‘Those who didn’t contract their grain aren’t going too badly, but those who did are kicking themselves’.

‘We didn’t do any futures trading last year and everyone we know that did futures trading got burnt badly. That was the easiest money we got by doing nothing’.

As a result of the poor performance of forward and futures trades, many of those involved, as well as many of their peers who observed what happened, now feel more cautious about such marketing strategies. Some of those involved talked about what an impact this experience or a similar one in previous years had on them:

‘We don’t forward sell grain. We got caught doing that a few years ago and just got out by the skin of our teeth’.

‘We still have losses on our contracts and losses on our futures but fortunately prices were good... We haven’t locked in any forward sales [this year]... We could lock in some for this harvest at \$380 a ton and normally you would think, ‘Why wouldn’t you lock some in?’. Well, it’s because we got our fingers burned so badly last year’.

Despite being ‘burnt’ by past attempts and feeling more cautious about “going hard”, many of those who have used such a marketing approach remain torn about abandoning it. As the farmer above continued:

‘We haven’t locked in any forward sales, so that’s something different... And we haven’t had anything to do with futures; that has changed. This time last year we had grain already hedged even though we hadn’t even planted it... So that’s one thing that has changed. We haven’t locked ourselves into anything that we might regret later on... But it hasn’t put us off going hard again... Even though we got our fingers burnt last year you’ve got to press on and recognize that \$380 a ton is a good price... We want to get as much out of it as we can while the price is around \$400 a ton’.

While those who have not used forward or futures contracts seem less likely than ever to begin to do so, those who have used them seem more interested in refining how they manage them than avoiding them altogether:

'I think swaps are still a very good tool for us, but we did have some forward contracts as well... and we probably won't do that again'.

X: 'We're going to be a little bit more conservative until we know we can sure up production. Last year made me follow the market more than ever before. It was all I can think about at times, it was unbelievable what was happening. So I think we're going to be more aware of what's going on and not go quite as hard'.

Y: 'It was always our strategy [to hedge] because you can't just leave it all until the end. We were always going to have some sort of hedging in place, but we're just going to be more aware of it and follow it a bit more... I know some people had guidance last year that they don't want again. In saying that, we probably didn't have the guidance that we needed, even though I'm experienced in that area. We still needed some outside advice so we might get that this year'.

The issue is whether using forward and futures contracts constitutes a reduction or inflation of risk for farmers. As much as efforts to reduce costs through altering production practices involve uncertainty and risk as short-term and long-term requirements interact, efforts to increase revenue through controlling prices seem to involve a higher level of uncertainty and risk again. Discussing such 'proactive' marketing approaches, one farmer highlighted the difficulty farmers face in determining the best risk management strategy:

'The risk management is a big issue. That's the really big issue... You've got this conflict about trying to be proactive about running your business, but the risks attached to it are huge. That's what a lot of people found out: they lost their harvest before they even had it. How much should you do these sorts of things? That's one of the biggest challenges'.

Overall, farming families not only face the challenge of determining how risk averse they want and need to be, but also how they can best enact their desired approach. There is no clear-cut answer to what high and low risk approaches in farming look like. Does taking on proportionately more stock decrease one's risk in drought? Does saving costs by using less fertiliser reduce one's financial risk and, if so, over what time scale? Does locking in a seemingly good price for one's harvest protect or threaten one's investment in it, given the uncertainty that surrounds weather and yield? These are some of the questions farming families are increasingly confronted with as the ongoing drought heightens the importance of risk management for them.

Off-farm income remains a priority

As found in Report Two, a further way many farming families are aiming to reduce the risk of drought's financial impact is by building up their total financial security with off-farm investments and employment. Although most also reported that they currently do not have adequate farm or off-farm income to be able to implement the first of these strategies, it is significant that investing off-farm rather than on-farm remains a common goal.

'There are a lot of people who have off farm investments out there and it has probably saved them... If we have some good years and we've got money to invest off farm, then I'd be reducing debt. I guess the key priority to reduce debt and consolidate a little and then get yourself into a position where you'll be able to invest off farm'.

'If you've got \$20,000 or \$30,000 to put into that you might be better off putting it into off farm or the stock market or education or something'.

'I think maybe if we do have some reasonable years we might invest off farm to cover those years where it might be a bit tougher.

'We haven't been in the position to make off farm investments, but I think perhaps investing off farm into something else might be a drought management strategy down the track'.

Less an ideal and more a necessity is investing time and energy in off-farm work. Most families use some kind of off-farm employment to supplement their farm income, with most partners and 35% of those who are actively farming in paid off-farm work. Many of these expressed gratitude for the enhanced financial capacity and stability it offers them. One couple run a chemical distribution company on the side, taking advantage of others' growing frustration with large agribusiness companies. As they commented:

'The cash coming in makes a heck of a difference to the overdraft'.

Others are also involved in agricultural industry-related businesses, such as contracting and financial management consulting. Reflecting the growing complexity farming families have to deal with on the financial management front, the woman involved in the latter observed that:

'People would rather outsource it [financial advice] than learn it themselves, so I've taken that on'.

Working off-farm requires sacrificing at least some of the time and energy that would otherwise be spent on the farm. As it is usually added on to rather than substituted for farm work, it also comes at the cost of other priorities such as family and home. As one woman said of her son:

'X has been lucky enough to get a bit of work out at the carrot farm... That's why my lawns look like this'.

A young mother highlighted the cost to her and her family of her husband needing to work off-farm as well as on:

'He [her husband] has gone to Adelaide for 15 days... He's just driving the truck and loading and unloading the chooks... It's hard... I just don't have enough time to do the house because I'm always at the pig shed or I've got to spend time with the kids... It'll be nice when he's home... But it just means when he comes home and he has to do everything in two or three days that he would usually do in a week, just to catch up'.

The quote above highlights another area that clashes with both farm work and paid off-farm work: childcare. Although unpaid, such work adds to the family's income to the extent that it avoids the need to pay for such a service. Combined with a lack of commercial childcare, looking after young children at home is another task many young rural couples must manage, as some families discussed in interview. In one family with three young children and a fourth on the way, the husband looks after the children while the wife does part-time off-farm work. He commented on how challenging he finds the combination, remarking that:

'It can get pretty full on looking after the farm and the children. It works so much better when she is at home'.

For some young families, off-farm work for the wife remains an aspiration. Two discussed how, with the men already juggling on-farm and off-farm work themselves, the option of him also managing childcare while their wife does paid work is closed to them. In addition, they indicated that any ability the woman has to do paid work in addition to looking after the children would need to be funnelled into their farms, given their husbands are already working off-farm. As one couple in which the husband travels away to cart hay explained:

X: 'The worst thing is that with the hay carting, with only a single trailer, it's a lot of extra work that I hadn't planned on and I still have to do 90% of the farm work as well'.

Y: 'The plan was that I'd be able to help him do stuff, but while the kids are little you just can't do that. You can't just strap them in a tractor all day; that's no upbringing for a kid. So he's pretty much got it all to himself'.

Another woman who is already managing her and her husbands' farm in addition to three young children while he drives a chicken truck (discussed above), and who feels unable to leave the farm regularly because of the cost of fuel, described how much she would appreciate having even one day a week of off-farm work to get away from the farm and generate some extra and independent income.

'Our money always goes back into the business, that's the way that X's [her husband's] family has worked. That is something that I find really hard because I don't have my own money to spend. I spend the farm's money and you sort of think twice. If I had my own money and I was able to go out and work... I would love to do even just one day a week. But X's not around to look after [the kids] and it's just not an option. But then I could spend it and feel happy about spending it. If you're spending the farm's money you think twice about it... It would be great just to have a day off with other adults and I'd have money to get little things for the kids... But once [the kids] are old enough, I'll be on the header or the truck or something, I imagine, so...'.

As mentioned in the previous reports, the tension between spending money on the farm versus on the family or home more generally was commonly mentioned by interviewees. The quote above indicates how off-farm employment, particularly that done by women, is often viewed less as a way of improving the financial security of the farm business, and more as a way of improving the financial security of the family or individuals within it

independent of the farm. Like the use of off-farm investments, this focus on the financial security of the family separate to that of the farm represents another way in which farming families are trying to manage the risk increasingly believed to be associated with farming.

Not all families are able to adopt such an "insurance policy", given the multiple demands on them, including the increasing levels of attention and money that farms themselves seem to be demanding as the drought continues. Nevertheless, as discussed in Report Two, building one's farm-independent security is emerging as a key feature of "drought proofing" efforts among an increasingly risk-averse farming community.

As with the on-farm production and marketing decisions discussed above, however, the distribution of risk across different options is not clear-cut. Placing one's farm in competition with off-farm demands heightens as well as alleviates risk for the family involved to the extent that it weakens the farm business. As we now discuss, the ultimate expression of such a weakening, and of a risk-averse approach to farming, may be the abandonment of the farm altogether.

4.2.5 The question of whether to leave farming is less prominent but of ongoing relevance for some

Most families feel more positive about staying on their farm than they did in September

In September 2007, virtually all families were questioning whether they should continue in farming or at least on their present farms (Report Two). In February 2008, all remained on their farm and most seemed relatively content with their decision. Although tempered by comments about their reservations about farm life - reflecting the process of questioning they have been through and perhaps periodically re-enter - interviewees offered up observations about what they enjoy about farming and living on a farm.

Some farmers discussed farming as their job of choice. As two remarked:

'Being sixth generation and farming in the same area as my forefathers is great. Also the freedom of just being your own boss and working for yourself and for your family to try and achieve goals is great. I love it. I just wish it would rain!'

'This is what I'm educated in and what I enjoy doing. To make a jump to something else, it would have to be a pretty good thing to make a jump to'.

For some interviewees, it is the physical environment of farm life that they are drawn to, notably its spaciousness. As two commented:

'I just like living where it's quiet... I just don't like close proximity'.

'I love the solitude. I enjoy my own company and I don't class myself as isolated out here'.

When asked about what they like about being where they are, an older couple explained:

X: 'That's a tricky one! Sometimes I wonder why we live here because it's flat, it's not outback. But we're lucky we have the river and the sky is magnificent. I suppose if you

lived in town you'd get sick of people being so close. Your personal space grows being out here'.

Y: 'I suppose it's what we've made it and we've done everything to make this comfortable for ourselves and what we like. It's probably not the most profitable property around, but it's done pretty well for us... It's lovely to see all the trees we've put in and all our land care improvements'.

Most younger women referred to lifestyle and especially the benefits of farm life for children as the best thing about living on a farm. Although not obvious for those young families in which overwork and isolation seem to be dominating family life (mentioned above), farm life offers some families the chance to have more time together:

'Just being together as a family is good. So many families in the city have the mum and dad go off to work and then after school the kids go to crèche and whatever and they're travelling for an hour each day. We're having that contact all the time'.

'It really is the best place to bring up your family and everything like that. We're together every day working and that's really good. I enjoy being out on the farm. Yesterday I was in the shearing shed with X [her husband] and I like it. The last two years I didn't really like getting in the ute and having a look [because things were so dry], but now I'm starting to change again, so who knows how I'll feel next year!... I'm probably just a bit sick of the isolation'.

'It's a good lifestyle for the children, they get out and about and get in the back of utes and all sorts of things. I think for the children's sake it is really nice. It's probably a safer environment too. Not safe in terms of machinery, but you can walk down the street pretty sure you're going to make it home at the end, whereas in the city who knows? So it's a nice safe lifestyle and they can go out with dad during the day and dad pops in for coffees, which doesn't happen in the city. That's what I think is probably the best part about being on the farm.'

As discussed in the previous reports and further below, how growing up on a farm affects children is a major consideration for farming parents. While those above feel on balance that such an upbringing is positive, others are less sure. The enhanced contact with immediate family that farming offers can be balanced by greater social isolation from others. By creating overwork and stress, drought can also reduce the benefits of the former while exacerbating the occurrence of the latter. We now look at the pros and cons some young farming families are working through as they consider whether to stay on their farms.

Leaving farming remains a consideration for some young families

Although most young families have decided at least for now to remain on their farms, one has decided to leave and about a third are still considering the possibility. When asked about their plans for the future, one of the farmers in the latter category described his and his wife's ongoing openness to the possibility of leaving:

X: 'Well you'd consider any option... You might consider selling the farm. You might consider getting another job and putting another man on the farm. You'd consider anything'.

Interviewer: And have you considered leaving the farm?

X: 'Yeah we've considered leaving the farm... You've got to always readdress your situation and what you think you could do... I probably always think of it'.

Another similarly discussed leaving as an ongoing option for him and his wife, although not one they were considering seriously at the time:

'We have been toying with the idea of moving. We kind of worked though that a fair way and it didn't happen... We were seriously thinking about it but things didn't fall into place... But we haven't put that completely out of our minds'.

Others reflected on the possibility of leaving as something they have thought about but rejected for now. One farmer pointed to overwork and a lack of family time as an issue:

'It was really tough [last year] and I hated it... We were wondering whether we were doing the right thing... It is a good lifestyle, but we seem to be busy all the time. I remember dad used to play golf one or two days a week and we used to go water skiing on Sundays and things have changed. Now we work on Sundays. When we're busy, we're busy, and when we're not supposed to be busy, we're busy anyway. But we'll stick at it and hopefully things will improve'.

The persistence the farmer above demonstrates was mentioned also by another young couple who are also hoping things will improve. As seen in the previous section, this couple perceives close family ties – in this case with an older generation as well as their young children - as one of the main perceived benefits of farm life:

X: 'It's crossed our mind for sure... We really looked at it closely and thought if things get much worse we won't have much choice... But the persistence thing has kept us here. In the southern Mallee things aren't going to stay bad forever. You may have a run of fifteen years being bad but it's not going to stay bad forever. So you always work for the good times'.

Y: 'You can't make those decisions quickly... There's a lot to consider before you decide to move on... When you actually are considering a change like that you start to appreciate what you have got. You can take it for granted and it takes something like that to realise that if we did move on we wouldn't have the support of family and all that goes with it. Plus X's [her husbands'] heart and soul is in the farm so it would be a hard day if he ever had to leave the farm'.

The quotes above underline the extended time frame on which the decision about whether to stay or go tends to be made, given the magnitude of the family, employment, home, education and lifestyle changes often involved. Combined with the long term character of drought and its creeping impacts (Report One), and the long term character of other pressures facing farmers such as terms of trade, it can be difficult for farming families to move from a feeling of discontentment with farming to actually deciding whether to leave. A

couple that have reached a firm decision and have decided to sell after the next harvest described the complexity and difficulty of their decision:

X: 'We've been thinking about going for a couple of years... I still think there's a little bit of future left in farming, but really not a great lot. The costs are getting too outlandish. They will come back, but they won't come back to what they used to be'.

Y: 'We were going before harvest and I got cold feet because I just thought: "what if we go and X [her husband] really doesn't like it and really wants to come back farming?". Because you can't go back. This is a door that once you go through it, you can't go back...'

X: 'The thing is, you've got to really be switched on to a lot of things in farming today. It's difficult: you've got to be up to date and you've got to start economizing and work everything out. I used to do that to a point, but since family came along and I've had to cart hay, I've been leaving that alone a little bit and I've got myself behind the eight ball now. It's just going to take too much to get going again. Then you still have the hassle that you don't want to change and you want to keep going like you used to'.

Y: 'It's been going on for a couple of years, with the kids and X working off-farm and everything... So although it's sad, it's sort of nice to finally know what we're going to do. This house has really been a bugbear and if we can't get a truck and a shed then there's no point fixing up the house. It's just nice to know that I only have to be here for another maybe twelve months and then I can say goodbye to the house'.

X: 'Farming has certainly changed in the last few years. Fallowing is still the only way at the moment and only cropping half is still the only viable option to you, but along with that you've still got to pay for fertilizer and you've still got to pay for fuel and you've still got to buy groceries and drive so far to get things... You might turn over a lot of money but it requires a lot of money to stay here. If you do something else you might not turn over as much money, but everything is a lot simpler and you haven't got 15 things breaking down all in a row... Once you sort of evaluate everything else around you, I end up having limited time that I can spend on the farm and then you've got limited avenues for the kids growing up. You've got to look at what you do for schooling and their social life too. You've got to look at all that; you can't just palm them off on a school bus and hope that everything works out. When you combine all that with everything on the farm, it's a little bit ridiculous... Anyway, we're getting out'.

Y: 'If the block doesn't sell then we'll look at something else... It'll be hard to sell because people don't have the money... We only need to have a drought this coming year and we won't even be able to walk away from the land let alone try and sell it'.

X: 'I don't see myself having any problem getting a job. I may be limited to what I may be able to do, but as far as any manual sort of work, surely I'll be reasonably right. Especially when you see some people now that have jobs. It's just that I don't have any pieces of paper or anything and sometimes that goes ahead of ability'.

This case study also highlights the interconnections between generations that drought can throw into stark relief. Continuing his discussion of his and his wife's decision to leave, the above farmer mentioned that his parents, with whom he currently farms and who are

resistant to him and his wife going, are likely to be forced to leave once they are on their own. Talking about his father, he commented:

'I don't know whether he thinks we're going to change our mind again. He's probably still got his head in the sand a little bit... I don't think he'll have the ability to [stay farming]'

The issue of succession was then revealed as a further factor influencing the couple's decision to leave. As the forty year old farmer continued, reflecting his disenchantment with farming illustrated above:

'When you start looking at, it I'm already half way through [his farming career] and I haven't even got a go yet. Who knows, I might not be any good, so I may as well get out before I make a failure of it'.

While the issue of the lack of succession this farmer refers to is clearly independent of drought, we see how drought likely worsens the situation. The farmer's pessimistic prediction that he might fail at running the farm alone is based in the difficulty he is already having – outlined above - "staying in front of the eight ball" in the increasingly costly and complex world of farming, on top of off-farm work.

Overall, this interview extract provides insight into the various calculations of risk farming families – and especially young farming families - need to make in considering the pros and cons of farming and farm life. It illustrates how for some families, farming is becoming too high risk or costly a proposition. It points to the diffuse ways in which drought may be influencing their farm experiences and decisions: increasing the complexity and risk of production; creating a financial need for off-farm employment that then competes with farm demands; and further reducing the avenues for children growing up by accelerating processes of rural decline. While none of these factors are created by drought alone, it is likely that they have been exacerbated by it.

Drought is affecting the timing of retirements and departures from the industry

Farming families' concerns about drought and their reactions to it range across short, medium and long-term time scales. In the short term, some families are taking drought season by season, monitoring their ability and willingness to stay on their farm according to how well they survive each production cycle. In keeping with this, the day to day difficulties created in part by drought such as overwork are triggering some families, like the one above, to decide to leave relatively immediately. Others are factoring drought into their longer term view of agriculture and climate change. Drought is not in the foreground for such families, who do not view their involvement in farming to season by season proposition, but it remains very much in the background and could theoretically trigger a decision by them to leave at any time. Examples of this kind of thinking were given in Section 2.3.3 above.

Drought is also affecting some families' decision making in the medium term. Comments suggest that for some families drought is not a trigger to leave immediately, but a motivator for them to leave in the next two-five years. This view seems particularly pertinent to those at or near retirement age, for whom leaving is an inevitable and voluntary act, but one in which the exact timing is open to question. Drought in this situation can have an accelerating or retarding effect on the decision.

One farmer in his fifties illustrates how drought can accelerate decisions to retire out of the industry. In contrast to the optimistic view described in Section 2.2 that the industry is about to offer farmers the chance to make large amounts of money, this farmer discussed how the difficulties created by drought and other factors mean that he feels the longer he stays in the industry the more motivation and money he is losing. Combined with his need to fund his children through university and his own post-farming life, he is consequently now looking at selling and leasing his land earlier than he otherwise would have:

'You can keep going and get further in debt until the bank takes it off you anyway, or you can get to the stage where you sell some land, get rid of the bank, and put the surplus in another asset like a house... It's difficult, but you've got to be realistic... The things is, while I've got kids at university and I haven't got much money in superannuation, I've got to have income... So I'm thinking I'll sell some land and lease the rest of it... But the problem is I'm not ready yet to retire, I'd just be bored stupid, so I'm not sure what I will do... It's hard getting off the land'.

The problem of inadequate superannuation among those near retirement age is a common one, as seen in the previous reports. Most interviewees in this situation discussed leaving as something drought is making more difficult by delaying their financial ability to do so. The first and foremost way it does this is by draining post-farming funds. As one interviewee commented:

'We're getting close to retirement age and it would be nice to have no debt at all right now so we could start thinking about retirement. But with the drought it has been hard to save'.

Another reflected on the difficulty his parents are having accruing sufficient superannuation, and how this is retarding the succession of the farm:

'We've got some serious work to do [on succession]... It has been affected by the drought to a certain degree. We've always been wanting to put more into Dad's super and the past couple of years we haven't. We're continually putting some stuff in, but they want to put more in and we just can't, so it has been affected'.

The couple below pointed to a similar issue, compounded in this case by the fact that that the husband's father is increasingly impatient to leave:

X: 'Now they [his parents] are getting to the stage where they just want out altogether I think, which creates issues in itself because we're going to have to look at labour and that sort of thing... He [his dad] is getting older and finding it a bit more tiring I think. And probably just the pressure of the past few years. I think he just threw his hands up in the air four or five years ago'.

Y: 'He's been waiting for a big year to get out and it hasn't happened... I think he doesn't want to abandon the ship completely while things aren't good. He just wants a good year and a good amount of money in the bank so he can walk away knowing the farm is in good condition'.

X: 'I think he has a sense of responsibility and doesn't want to leave us in the lurch. He was actually encouraging us to go... He is very discouraged by the whole industry because they didn't have the same issues; they always had a pretty consistent

industry before, so he's really discouraged. So from that perspective, he's a great help to us, but when he's so discouraged that doesn't help either because it kind of gets you down'.

The above exchange highlights a second retirement issue facing those older couples with children who want to come home to the farm, which is that they not only want to earn enough to retire on, they want to keep investing in the farm to make it a more secure option for their children. As seen in Report One, some older parents in this situation feel a growing sense of fatigue and demotivation countered by a commitment to helping their children with the farm. The couple below, for example, are trying to get their farm to a point that it is profitable enough for their son to come home and for them to retire; a goal that has been impeded by the drought:

X: 'B [his son] is still keen but he's been practically full time shearing since June. If we could just say that we could afford for him to come back on the farm now that would be great, but it's just not working like that... And finance is going to be a big knocker, because it's fine to say we'll just walk out, but what are we going to live on? You need money to live on. And the boy is going to have to survive... I know sometimes I think to myself that he won't have a hope, but I thought that of myself... I was basically self-taught and we survived...'

Y: 'The other thing is he has just got engaged to his girlfriend... The extra problem there is whether C [the son's fiancé] wants to be a farmer's wife and we don't know that. So we're not sure what the future's holding there'.

X: 'He's still keen to come back to the farm but it would be good to say, "Ok, come home now"... For now we've just got to forget that I'm 63 and pretend that I'm 21 the third time over'.

Y: 'I think if B had not wanted to be a farmer we may have bailed out when things got hard a few years ago. We always said that we didn't want to get into so much debt that we'd leave here with nothing. But because B was there we have tried to hang on'.

X: 'B really wants to be a farmer. He feels like I used to feel'.

Some fear that the drought is also impeding their goal of preparing the farm for the return of the next generation by changing their children's mind about entering the industry. As one farmer commented:

'After years like this it probably puts a worse view on farming and another nail in the coffin from our sons' point of view. We won't have to worry about leaving the farm to them because they won't want it'.

While simplifying parents' decision making about retiring, having children decide not to come home can be disappointing, especially if it is based on the children's rejection of farming rather than their overwhelming desire to do something else. But, even if children do not want to actively farm, they can exert a braking influence on their parents' decision to leave farming through their strong attachment to the farm as home. As one couple reflected:

X: '[The farm] is our home. I think our children share that with us. When we talked about moving or looking at other opportunities they said "No!", because this is their home'.

Y: 'I used to be like that too, but I think as you get older you get over that. I have no particular attachment to this place. I could leave next week if I wanted to or had to'.

A third way in which the drought is delaying some couples' retirement plans is by depressing the property market and hampering their ability to sell at their desired price. As one commented:

'I think the drought has made it look less enticing for people to move to the country or this part of the world.'

Some interviewees reflected that they think others are waiting for prices to recover so they can sell up:

'A lot of people would leave if they could sell at their price'.

'People say that they can't sell at the moment because no one will want to buy it, but when we have a good year they will sell. That's the sort of psychology going through.'

For those who want to leave in the short to medium term, being unable to find a suitable buyer can be a serious obstacle. We saw above that the young couple who have decided to leave are concerned that if they have a drought this year 'we won't even be able to walk away from the land let alone try and sell it', while the farmer above who feels he needs to sell and lease his land to fund his children's university education commented that he has had a block for sale for two years with no success. Thus, even for these people for whom drought is triggering their desire to leave the industry relatively immediately, it is also serving to hinder their fulfilment of this goal. Likewise, for those looking to retire from farming in the medium term, drought is not only confirming their desire to go, but is reducing their financial ability to do so.

Having one's retirement from farming or farm life delayed can be upsetting. We saw above some of the demotivation and fatigue that can set in. This not only affects those who are still farming, but their partners who are forced to remain on the farm. One woman expressed the anger and disappointment she feels that her and her husbands' retirement plans and her own escape from farm life to the city has been delayed by the poor conditions of the last decade:

'My expectations of what was going to happen to my life are not what's happening to it.... To get to the crucial point of my life where I thought I was going to be letting it all hang out a bit and then all of a sudden it has gone like this [gestures downwards] instead of going like that [gestures upwards]. I feel it is *really unfair*... But there is no one to blame, so you can't focus on anybody. It can't be directed anywhere... I just feel a diffuse sense of anger and frustration and a sense of unfairness that it's happening and it's happening right now when I want it to be different.'

This woman continued that she is envious of those around her that are leaving. As her and her husband discussed, reflecting the fact that they have a son who wants to come home:

X: 'I think if people have gotten to the stage where they really want to go, I understand entirely. I'm envious, in fact, that they *can* want to go. X [her husband] can't do that, he can't *want* to go, and I'm bound to him...'

Y: 'We'd never sell out... I'm in for the long haul... What Z [his son] does is his own decision, but for me I love the life, it still interests me, and I believe there's a huge future for us'.

X: 'You may just not have a wife'.

As mentioned in the previous reports, it seems quite a number of women are keen to leave farming but are kept by their commitment to their husband. A young woman whose husband is combining on-farm and off-farm work described how she feels:

'I could pack up and leave tomorrow quite easily, quite easily. If someone gave me an out, I could go... There's so much stress. I would love X [her husband] to have a 9 to 5 job... I feel for him because he puts so much work into the farm and works really hard and gets no benefits... I sometimes hit a low and think it's really tough, but I think I'm so used to it now because we've had so many bad years. But sometimes I think it would be nice to just pack up and go. I don't think I cope as well as I'd like to sometimes... The stress of the money is the worst thing I think... And it would be nice if we were somewhere where we could walk to visit friends or do that sort of thing... I know my girlfriend is the same as me: she'd pack up and leave tomorrow if she could. But they're not going either'.

As another commented:

'I think it's a case with a lot of women that they want to move, but our roots are here. X [her husband] likes it here so we'll stay here.'

Overall, drought is increasing the desire of some people to leave farming. At the same time, it is hampering many families' ability to do so, whether they are near retirement age or not. How each farming family is being affected by the ongoing drought conditions depends on their particular set of circumstances and relationships. As emphasised in the previous reports, key to these circumstances and relationships and people's consequent decisions about the future is the status of their local community. We now turn to look at this community dimension.

4.2.6 Most are positive but concerned about their communities

People value the support their communities offer

Interviewees were asked about what they like best about living where they do. In addition to the farming-specific answers described in Section 2.6.1, some referred to positive elements of their local community. In addition to safety, the main characteristic they highlighted was the "sense of community" that exists in their local town, which was discussed as an

important source of support and identity. As people commented about the various towns they feel they belong to:

'There is no doubt that the community element of X [town] life is very strong and people love whatever it is. It's an intangible, but they love it'.

'It's safe and there's a good community'.

'It is a strong little community really. If anything happens there is people around.... I think there are still a lot of families around that seem to hold the community together.'

Concern about population decline is widespread

The last quote above about there 'still' being families around to hold the community together points to people's underlying concern about population decline in their local area. Contributing to this widespread worry is the experience of having those around them leave. Many interviewees observed or speculated about other families around them leaving farming and their community. In doing so, they pointed to some of the ways they are affected by such events themselves, such as the shrinkage of their support network, their increased sense of social isolation and the increased vulnerability of their community. As some commented:

'People are leaving all the time. We just lost another young family and their parents have gone. Another family has gone from out here that are my age [50s]. Farms are getting bigger so therefore there will be less people around. It's a lot more important now to have a local support network'.

'We've lost three young families just lately. There was a clearance sale today but I didn't go. That was for a couple and their three young children. Another couple that live 5kms away have three young children and they're moving away. Simply because they've accepted the fact that they were in a partnership and there wasn't enough work for two families so someone had to go. In this case I think it was the younger brother... Another young couple with a child were managing a property and I think they had a bit of a tough time of it and ended up having a falling out... He and his wife would have been terrific for the community. So there's three young families and there just seems to be more and more empty houses around the place'.

'We lost 3 neighbours this year... They were three neighbours I talked to a lot. So that's sad in lots of ways. Probably they were the three neighbours that I conversed with regularly... You look around and you think: "Shit! All the neighbours have gone"... It is the effect the drought has had on two of those blokes. They basically couldn't handle the stress. One had four kids and they've gone out of the area... The third guy retired because he has just changed the way he wants to spend the rest of his life and that's fair enough... We're probably more isolated now just because we've lost three of our neighbours and ones that we liked and talked to a lot and related to. When you lose them you become more isolated in lots of ways'.

'Met one today who sold his farm... a young bloke... I bought his tractor last year and he bought another one, so I don't think he was planning to leave last year'.

'I think that X [a neighbour] likes farming, but he's just had enough of it here and they're just gradually going backwards, so they're off. He just says, "What's the future?"... It adds to people's sense of despair. If these stalwarts of the community are going - and their parents were here and their parents before that - if they're going, things are crook. That's the sort of rolling stone thing going on'.

The quotes above point to the role of drought in triggering some families to leave farming and their local communities, as discussed in Section 2.6.2. How drought is affecting those around them is a serious preoccupation for many in small rural communities. As found in the previous reports, many interviewees expressed interest and concern about how well others are coping with the drought, demonstrating what was termed in Report One 'caring social surveillance'. As some observed:

'Our immediate neighbours had a really ordinary year... so I'd say they'd be feeling it pretty hard... We are concerned about them and so are other people'.

'We were fairly fortunate around here because we did actually get some crop... But I just think all of this is a big drain on small communities...'

'I watch people in the supermarket and the specials disappear incredibly quickly. And the butcher says that people don't buy the good meat... He said, "sometimes I wonder what people eat". So I think people certainly are tightening their belts, but if you meet them on the street they're no different.'

Beyond harvests and spending patterns, one of the most obvious indications of how people are coping with the drought is whether they decide to leave. It is this that has the greatest impact on others. Strong interest in families' decisions about leaving is fuelled not only by concern about the individuals' involved, but by concern for the wellbeing of the communities being left behind. Some interviewees indicated grave concern about their communities:

'X [town] is slowly spiralling out to the other districts'.

'X [town] has done its lifespan now, I reckon'.

'Long term as far as the community goes, I can't see - if we get two more years like this - I can't see that the community will be able to sustain itself'.

Besides size, interviewees also discussed related issues like inadequate services, as found in previous reports. One highlighted how rural communities tend to operate as what the literature calls 'professional nurseries': training grounds for young professionals who do their requisite period gaining clinical experience and then tend to leave. As he commented:

'I think there are a lot of inadequacies out here like education, medical and welfare. Invariably when we get someone good they get headhunted and away they go... We just lost our chiropractor in X and if you get a good dentist or something they're there for a year and they're gone. It's just annoying'.

Others pointed to the loss of social and sporting organisations going on in their communities, reiterating their importance to local communities described in Reports One and Two. One interviewee talked specifically about the local football team, underlining how its survival is (like some farms) 'a year to year proposition' and has been particularly weakened this year by the poor harvest last season.

'I think the biggest problem with a small town like X [town] is that the town itself has relied over the years on sporting teams and those sorts of things. It looks like they won't even get a football team on the ground this year. There's talk about that because the clearing of the bunkers has always earned them money to help get a football side. But, no wheat, no bunkers, no money, no team... It's a year to year proposition the footy thing. The cricket team has combined with Y [town], there's no tennis - so footy and netball is basically it. Without a footy team the town will just bloody die. That's the life blood'.

The specific relationship between harvest and football provides a neat illustration of one of the ways farming and local communities are interlinked. In particular, it highlights how the effect of drought on farming flows through to the broader rural community. As discussed in previous reports, the status of local communities, in turn, influences farming by contributing to whether farming families want to stay in the area. An older farmer's wife who wants to leave farming and her local community pointed to the influence of the latter on her decision:

'I compare it with the years we grew up. X [town] was a thriving community and it was absolutely fantastic to live here, you wouldn't want to live anywhere else. You had entertainment, you had people, it was thriving, it was great. Now it's a struggle. If we were living in the days that we did in the '50s, I'd be very contented and very happy here. That's where the difference is as far as I'm concerned. I just want a bit more culture, a bit more fun and that sort of thing'.

The two-way relationship between farming families and their local communities means that what benefits one benefits the other. In addition to this positive feedback, however, lie certain tensions between the needs of communities and families/individuals, as we now discuss.

Balancing the needs of one's community and family remains a challenge for some

One of the main reasons population decline weakens rural communities is not only because it means there are less people to support services and organisations with their patronage, but there are less people to run them in the first place. In the absence of the commercial or professional alternatives found in city centres, many organisations in small rural communities are run on a voluntary basis. Indeed, a culture of volunteerism is one of the things that contributes to the sense of community that is valued about living in such areas. Yet, finding enough people to be on committees and "do things" is increasingly a challenge:

'The town is getting smaller and the pool of people that are willing to do things is shrinking. That is one thing that I worry about - is where that is going to be in another 10 or 12 years.'

'Committees are folding up because we can't get the support and there are only a handful of people who want to take on positions... Those are the things that are depressing'.

'There are families that have three or four kids at the school now, but when that lot goes through the school is probably going to close. The school is a bit of a focal point because parents have things in common when the kids are going to the same school. It's at the stage now where every parent is on school council, whereas there used to be elections. There is just barely enough to go around. It's just the cycle of country communities becoming smaller'.

Significantly, it is not only the falling head count that is contributing to the lack of volunteers in small rural communities. As discussed in Report Two, there are also signs that some of those who remain are becoming less interested in supporting their local community. There seem to be two inter-related reasons for this. First is that, as found in Report Two, the continuing difficulties and stress of the drought seem to be forcing or encouraging a small proportion of families and individuals to focus on their own needs over those of their local community. For some, this situation is something they recognise as a thing of the past. Some of the interviewees for whom last season marked an improvement reflected that they had become more insular for a period last year as they focused on making decisions about their future:

'I reckon for a time in the year we were more focused on our own situation. That was probably around August. But I don't think we probably are now... It probably is dependent on the drought a bit because we had to make some decisions, so you had to spend some time making decisions.'

Other interviewees, for whom the pressures of previous years do not seem to have abated, the feeling of being unable or unwilling to contribute to their community if it requires a sacrifice of them is also ongoing. A young couple observed that they have been prompted by the drought to wonder about the amount of work their involvement in the community demands:

X: 'I think we have a sense of loyalty, but there is also resentment because we have a lot of city friends and it would be nice not to have to put in so much energy to get something back from the community'.

Y: 'It'd be nice if we wanted to play tennis to just go and pay our money and play rather than having to put in hours of work! Not worry about who's going to clean the toilets or pull the weeds from the courts!'

X: 'Maybe the drought makes you think a bit more about that because you think: "Well, we're not making that much money here anyway, why are we spending our lives putting into this community that doesn't really have a future because everybody just wants to get out?"... X is a very strong community, but there is just less people to do the jobs and probably less optimism about the future of the town because things are being lost'.

We saw in Section 2.5.5 above the tension that exists - as in all families managing the work-life balance - between the needs of farm and family. These combined farm and family needs can then stand in contrast to those of the community, particularly when the former are heightened by the effects of drought. When asked about his involvement in the community, one farmer commented, for example:

'Because of the drought there is so much more work on. With cropping the work just stops, but with the stock business, the work doubles. You're feeding and carting water and fencing dams and those sort of things. So for me, when I come home I just want to have a sleep... I just find my job fairly physically and mentally demanding'

Having children to look after increases the family demands that parents have to juggle as they divide their time and energy between competing priorities, as do issues like failing health and elderly relatives to care for. Stage of life is therefore an important determinant of how much time people have to devote to their farm and local community. Added to this are then the effects of the drought. Just as drought can increase the amount of attention and energy the farm demands of individuals, it can increase the amount that other family members require. A father of three, who is finding farming increasingly challenging, reflected on the need to focus on his children:

'I used to be really involved in town affairs but in the last ten years I've pulled back from that and concentrated on my own kids. It's all I can handle at the moment on top of the farm'.

One of this farmers' children is suffering from depression. As discussed in the previous reports, one of the results of feeling depressed can be a desire to withdraw from social interaction with others. We saw in Section 2.3.1 how some have been and continue to voluntarily isolate themselves from their community as they deal with the drought-induced stresses they are under. Such isolation is a further example of how one's personal needs and those of the community can compete.

A result of having less engagement with the local community is a growing lack of knowledge about how other community members are faring. As one woman answered when asked about her local community:

'I don't know [how the community is]. I'm too busy worrying about us'.

By weakening relationships, having less contact with other community members is also likely to increase people's natural propensity to keep their own situation to themselves, decreasing further how much community members understand about others' situations. As found in the previous reports, privacy is still an issue for some people:

'I don't know how others are... It has always been a big thing that you don't talk about how bad you are off or the fact that you've got a healthcare card or those things'.

'I don't really know how people are; no-one says, I just know there are a lot of people hurting. On face value, not a lot looks different, but I know it is'.

A cause and effect of weakened relationships between community members is falling support for local businesses. As discussed in the previous reports, whether someone shops

locally is considered by some to be a quintessential sign of their loyalty to the community. As one interviewee put it:

'Too many people are going out of town shopping, and our little businesses are struggling... People think they can get cheaper things in Horsham and Warracknabeal but when you look at the specials in X [town] they're very competitive. They also forget the cost of the fuel has to be added to the expenses... We support X to the hilt, but there are not enough people doing it. So soon our stores will have to close down. I know they're struggling'.

As indicated in the above, the challenge for farming families is the relative total cost of products in their local town versus larger centres. Whether the cost differential is real or not, there is a perception that shopping locally or further afield is a case of community loyalty versus financial pragmatism. But there are also other forces involved. Convenience is also a factor as the transfer of some shops and services to the larger centres draws people to them and away from the ones that remain in their local towns. As one woman commented:

'You find that you have to go to Horsham for other things on a more regular basis so you just naturally do everything else there as well'.

In addition, it seems some increasingly look to the larger centres to provide them with an escape. Suggesting that in times of stress people are as likely to look for social engagement as social isolation, albeit perhaps social engagement of a different kind to normal, the interviewee above who commented on supporting her local town continued:

'The thing is, we've been told – particularly by the women – that [the reason some now shop in Horsham and Warracknabeal is] it's a day out, they just want to get out and away from all of this. While they're over there they have lunch and go shopping and it's an outing for them'.

The second reason the proportion of people volunteering for their community may be dropping is because of the change in the constitution of the community. Shopping in a more distant town may not be starkly different to shopping in one's local centre if one increasingly does not know those who live in it. As in the previous interviews, numerous interviewees commented on how their local townscape is changing with the arrival of new, generally less well off residents. Replacing the traditional residents who have left, these new residents were consistently described in interview in terms that make clear they are seen as an 'undesirable' addition to the community.

'The community has diminished because the town is full of bloody blow ins... They're all on government benefits'.

'Some people that do come you're obviously very disappointed in. We've got people across the road that have been involved with drugs and all sorts of awful things are going on over there'.

'There have been some druggies arrive and I think the town is frightened of them'.

'Some people have moved into the town for the cheaper housing and accommodation and the population is sort of changing because they're not necessarily contributing. There have been other families leave the district that have been good hardworking

townspeople. The people that are coming to replace them generally aren't the type of people who can replace the ones that have just left'.

To the extent that the new residents referred to above do not contribute to the voluntary work on which small rural communities rely, their substitution for 'hardworking townspeople' will reduce the amount of such work that is done. It is also possible that, to the extent that the turnover in population alienates the remaining original residents, this latter group may become less motivated to contribute, further reducing the community work base.

Whether new or different residents feel unwilling or unwelcome to contribute to established town activities is an open question. On the one hand, there are signs that new residents are made to feel welcome. One interviewee emphasised that she has made good friends with a family that has recently moved into their area:

'There are friends that I've made who just moved to X in the last six months that have done a lot of travelling and are just interesting people... I find these people a breath of fresh air because there is no small town gossip and they've got interesting things to say. So you do get some lovely people, but they're few and far between'.

Another directly tackled the idea that country towns are insular:

'There is no divide between the wealthiest person in the community and the poorest person. X [town] is small enough that you can't afford to have differences like you do in Melbourne. I think country people are perceived as being insular and not open to new people coming into town, but I think it is probably the opposite. We can't afford to knock everyone back so you've got to accept everyone!... You see people who are 80 years old talking to 15 year olds like they're best mates and you don't get that at other places. I think country towns have a lot of support and acceptance to offer to people who come in.'

On the other hand, another interviewee who has married into a local area described how she continues to feel unwelcome because, she feels, she and her farmer husband are not of the right 'standard':

'I don't really know [how the community is going]. I don't really spend much time in X. I've never really felt like I've fitted in. I think there are two standards in X: the high standard and the low standard. And I think we've always been on the low standard and I've never really felt like I've fitted in... They do have a good network with footy club and netball club and things... So they probably look after themselves if you're in those clubs and those groups... I think you get good support if you're in the right group... I just feel like we've never been really good enough. You have to be of a certain standard and we're not good enough... I think it's so sad that people judge people by the way they look...and that's how I feel it is in X. People judge you because you don't look right or you don't dress right... Sometimes I go into the supermarket and I'm really tired and the kids are running and I'm just ignoring it and I'm just over it... I've suffered depression and I was going through a really bad patch and I had a lady who was judging me even though I know she had also suffered from depression. I thought that she should know what it's like and people forget what it's like when you've got kids this age and you're not getting any sleep and stuff like that.'

I'm on medication now and I've dealt with it and I'm fine but sometimes people judge and they have no idea'.

This interviewee and her husband are among those who are facing the greatest financial difficulties among the interviewee sample. Although only a single case study, their social situation suggests that there is a degree of class division within their town, as there may be in others. It suggests that it may be this socio-economic difference, more than the newness of residents, that is at the root of the tension between existing and 'undesirable' newcomers.

As discussed in Report Two, it seems some newcomers also bring a different, diminished sense of what it is to belong to a community. Because of the strong value farming families and other traditional small town residents place on community – discussed above - this difference represents a threat to what they know and love and, to the degree that the community relies on voluntary contributions, to the existence of "the sense of community" itself. It points to the challenge that those who live in rural areas face in holding their communities together in terms of culture as well as numbers while remaining open to a range of existing and new residents.

4.2.7 Financial assistance is accepted and welcomed by some but not all

More families are open and happy about receiving financial assistance

Reports One and Two discussed at length the contentious and stressful nature of the government's financial assistance system for many farming families. As a relatively new initiative in February 2007, the topic was particularly top of mind at the time. In the February 2008 interviews, the concept of financial assistance emerged as far less controversial, with many farming families having worked through their own difficulties in learning about, accessing and accepting some form of payment, and one family newly eligible because of the changes introduced in October 2007. Most interviewee comments about such assistance were focused on their personal experience of it rather than the system at large and described how useful the assistance has been in helping them cope with the ongoing drought conditions:

'We've actually got the full drought assistance... Without that we would have been in trouble'.

'We're getting the drought assistance through Centrelink – the exceptional circumstances... It's very helpful. It helps pay the food bills and stuff like that'.

'We got the interest rate subsidy again last year and that has been magic. If those things hadn't been there we would have been gone a couple of years ago'.

'I was more than happy with the interest rate subsidy and honestly if that wasn't in place – and I'm assuming I'll get it again this year – if that wasn't in place, I'd be worried because that would make a lot of difference to us. It saved us about \$43,000 last year and I'm hoping it'll be that this year.'

'It does make a difference in keeping people in the industry because you need something to get you through the suffering. If you didn't have that you'd probably sell a paddock instead and you'd be less viable. We could survive without it but, as X [her husband] said, it'd probably add other pressures'.

'We had the interest subsidy for three years and it has certainly made it easier for us. I doubt whether we'll get it this time but we certainly have appreciated what we have got out of it'.

'The interest subsidy last year was a big help to us... Really, I think it gave people the confidence to know they could borrow the money and they knew as soon as they had a crop they'd pay the money back. So that enabled people to operate for the year... I think it has helped people enormously'.

For some interviewees, their acceptance of government financial assistance represents a change in mindset from being uncomfortable with such assistance to having justified to themselves that such help is legitimate. As some commented:

'When we first started we weren't used to taking money from the government, but, ten or eleven years on, it's like: "If you can't beat them, join them". I think it's because most people are in the same boat and it's a fact that if you live in this area, you can't beat drought... It's good that the government saw the need to help and did.'

'We were in two minds about it in the first place... We didn't apply for a long time, but in the end we decided to... We weren't going to do it because we didn't feel like we really needed it because we've always gotten by... But we have gotten a rates subsidy and it has been a big help with our rates'.

In February 2007, financial assistance from community groups was even more contentious than that from the government for some interviewees. Although mentioned by only one couple in February 2008, discussion of it was - as for government assistance - about how grateful they are for it:

X: 'Through the CWA [Country Women's Association] we got some money for fuel and we got some for groceries, provided that we bought it at the local supermarket, which we did... They paid our SEC bill and the fuel and they gave us this \$1000 check, so they gave us over \$2000!'

Y: 'That was good and I made that last pretty well. Also, a church down in Melbourne gave us a couple of lots of food'.

X: 'If you take all of that away I don't think we'd have any money... But there's always somebody worse off out there'.

Social assistance – as in entertainment- or information-based events – was also little mentioned by the interviewees in February 2008, suggesting that few such events were being held around the time. However, one couple did refer to a recent such event in their local area and expressed gratitude for the financial support from the government it represents. As one remarked:

Full marks to the government for when they've given money for this, that and the other. We had a thing on in Z [town] a couple of months ago and they gave us \$300 for that and that was good'.

Overall, the dominant reaction to various types of drought-related financial assistance was one of gratitude, suggesting that the need for financial assistance within the farming community has become more widely accepted over the last six to twelve months. Nevertheless, such assistance still generates uncomfortable feelings for some farming families, as we now discuss.

Some still feel uncomfortable about financial assistance

Some of those receiving assistance revealed feelings of guilt associated with accepting such help. As one woman commented:

'I feel guilty spending money when I'm being given this subsidy'.

An older farmer was particularly grateful for the help he received from a Rural Financial Counsellor to access the financial assistance and similarly expressed feelings of guilt:

'He was fantastic, he'll be my friend for life. With the hours and the work he put in here, I feel so guilty that I didn't pay him anything.'

Feelings of guilt reflect the reciprocity that characterises our normal social and economic interactions. The absence of reciprocity from the relationship of assistance can make the "transaction" feel incomplete and one-sided, burdening the recipients of such assistance with feelings of inadequacy. An interviewee suggested that some recipients' self-esteem has been affected in this way:

'The problem has been with the whole welfare mentality of the drought payments and I don't know if that's beneficial to people. I know some people do need support, but I just think the way it has been done has brought on a bit of a welfare mentality, which has affected some people's self-esteem'.

Another reflected from a personal perspective how difficult she finds it to be the object of people's 'grace':

'You do realize that this sort of sense of everybody being kind to us is a horrible feeling. They mean well... but it's awful being the object of sort of the whole country's grace'.

Besides grace, charity or pity - which can imply a recipients' (inferior) condition is intrinsic and needs to be simply accepted - assistance can be motivated by a desire to improve the recipient. Like many outside observers, some interviewees reflected this view by expressing various criticisms of those that need assistance. One accompanied her in principle acceptance of financial assistance with the caveat that people should be encouraged to be as self-reliant as possible:

'I think it is very generous... Not overly generous, but I wouldn't like to see it increased. I think it would discourage people from trying their hardest and trying to get back on their feet again. It might make it very easy for people to sit back and live off the government'.

The self-help philosophy that this quote promotes was reiterated by two other interviewees who offered more individualised criticism of assistance recipients, arguing that they need to be more responsible. The first focused on the issue of money management:

'Some of those farmers [who receive assistance] haven't changed their ways. I don't know how you get around that, but I just think that a lot of those ones aren't going to survive on the farm anyway. I wonder if money was spent on making people accountable or limiting their personal spending would work. I think you would find with a lot of those people, their personal spending is big. I'd hate to see what some of them would spend.'

The other emphasised the need for farmers to take a more responsible approach to climate and risk, reflecting the difference in opinion on this topic that was discussed in Section 2.5 above:

'When they can make the decision to buy a \$300,000 tractor then you'd think they should be able to think about having enough money for a year or two if it doesn't rain. They haven't got their head screwed on. For a drought to cripple people that much that they're looking out for handouts, then it's sort of their fault. You can put it in the back of your mind that it [the weather] might turn around, but it could go on for a couple of years yet... You can't just say: "It's got to be a good year".'

Overall, the above reflects that although most farming families seem to be more accustomed to living and working in an environment characterised by financial assistance than they were a year ago, and are grateful for how it has helped them, the whole concept of such assistance continues to generate mixed feelings. In a culture seemingly dominated by a strong belief in self-reliance, 'handouts' continue to generate a lack of (self-) respect among recipients and observers alike, reflecting one of the reasons the newcomers (who are often on government support) discussed in Section 2.7.3 above have trouble fitting in. The result is that, as one interviewee commented:

'There have been a lot of people upset with others for getting it'.

Part of the complaint with financial assistance is that the money could be spent in other ways. Pointing to the ongoing issues of rural decline facing small rural communities and the close relationship between farming and non-farming wellbeing, some interviewees called for more general investment in rural areas. In particular, one farmer commented:

'Assistance is OK to a point, but the government can't do everything for you... Bringing industry to rural Victoria would be of more benefit than providing handouts'.

4.3 Conclusions

February to September 2007 in the Wimmera Southern Mallee was characterised by the low of drought punctuated by the brief-lived high of the early break. The pattern of the subsequent six months was not dissimilar, as the stress in September of the early break's collapse was alleviated in later months by better than expected harvests and buoyant prices. Although for some this improvement has been stable and places them in a relatively strong position, for others it was only relative to their worst fears in September and was a temporary reprieve from the continuing and in some cases worsening pressures of drought. The result is that as farming families gear up for another year, most are doing so with a heightened sense of caution as they try to accommodate the risk of climate unpredictability that they were so harshly schooled in last season. They are also trying to adapt to the growing financial risks associated with using inputs and marketing their own produce, which, thanks to the unpredictability of the market, are a further serious source of complexity and stress.

Given that drought and other long-term pressures are ongoing issues for the farming families involved in this research, many of the findings from this round of interviews reiterate those of February and September 2007. The differences between farming families' financial situations remain. While these have possibly been exaggerated by the events of the last six months, they are more likely to have been altered in complex ways as rewards in yield and profit varied according to the precise climatic conditions experienced, the different approaches taken to production including the amount spent, and the different approaches taken to marketing, influencing the prices ultimately obtained. Overall, while some are now better or worse off than this time last year, the mix of large and small incomes from last harvest combined with the large or conservative costs involved in different strategies seems to have resulted in a general pattern of marginal change that reinforces the influence of pre-existing financial reserves as the determining factor of financial wellbeing. That is, while last year represented a slight recovery period for some farming families, for most families recovery remains a hope and goal.

Hope itself also varies across the farming population. The discrepancy seen in September last year between the optimistic and despairing perspectives of individuals has been reinforced in this latest round of interviews. While for some, the financial 'escape' allowed by better-than-expected yields and high prices towards the end of last year has been the strongest influence on their outlook, for others the general collapse of the season and the continuation of drought has been the determining factor. Worries associated with the latter have been particularly compounded recently by the rising costs of inputs as families again face the challenge of cash flow and risk associated with gearing up for another season. Such a conflation of issues illustrates how the drain that drought places on families' financial and emotional reserves heightens their sensitivity to pre-existing issues in agriculture like terms of trade, and vice versa.

Such a conflation of issues also highlights farming families' enormous resilience. Although most families' situations have only improved marginally since September, if at all, most families have also retreated from being on the brink of leaving. While a few young families have decided or are still seriously considering leaving in the short to medium term, and for those near retirement age such a decision remains pertinent, most have decided to 'knuckle down' again, buoyed in some cases by the hope a new year offers. However, the level of concern about the future that interviewees' voiced, and the way drought is obstructing some people's ability to leave, suggests that some families' decision to stay may be a year-by-year proposition, mentally as well as financially. For, firstly, it may be that the complex

combination of positive and negative factors they have experienced over the last six to twelve months has simply not provided a clear direction for them, and so while most remain in farming, many effectively remain in a kind of 'wait and see' mode. Secondly, any future improvement in conditions may allow some people to leave just as it will allow others' to stay.

The interconnection of individuals, families and communities again emerged as a strong theme in these interviews. As seen in the previous reports, in many ways their needs are in sync and it is an ongoing fact that the revitalisation of small rural centres remains one of the most effective ways to help farming families, just as assistance to farming families contributes to the wellbeing of their rural communities. We have seen how important local communities are to many farming families and the value of the support such communities offer, particularly in times of drought. We have also seen, though, how at a more micro-level the needs of these different spheres can be in tension. For, one of the effects of drought is how it exacerbates the already difficult task of prioritising one's limited time, energy and money between farm, family and community, and in a significant number of cases, between farm and off-farm employment, including unpaid childcare. The involuntary, pressing nature of some demands, such as paid work or unavoidable family needs, mean that other areas – characterised as important but less urgent - may be neglected. How urgent different demands are for different families varies. For some, the farm is the central focus while, for others, such as the young family in the sample who are definitely leaving, the farm has suffered as generating cash flow through off-farm work and caring for young children has had to take priority. One of the results is that, just as some are having to let their soil fertility or machinery quality decline in the short term in order to survive the acute pressure they are currently under, so too are some having to step back from supporting and contributing to their community in order to cope with their individual situations.

The resultant issue of divided loyalties is emerging too within the agricultural industry as different players try to balance individual gain with the sense of team identity that is created by agriculture's difference to other sectors. While the previous reports provided signs that at a personal and local level relationships between some agribusinesses and farmers have grown stronger as a result of the drought as they empathise with each others' situations, the latest interviews suggest that the relative reprieve offered by last season has been also marred by what some farmers see as their exploitation by non-farming players in the agricultural industry. The sense of anger, hurt and injustice this is causing is contributing to some people's disillusionment with farming. It is also illustrative of the complex social as well as financial character of decisions farmers increasingly face in managing their farm businesses.

Overall, the February 2008 interviews presented in this report represent the continuation of the main trends identified in the interviews of the previous year. For, just as drought continues, so too do the effects and pressures it has created. And just as it is characterised by its extended character, so too do most farming families persevere. What this means in the context of the whole twelve month study is discussed further below.

Discussions, Conclusions and Recommendations for the 12 months

5 Discussion and Conclusions

5.1 Introduction

The above three reports provide a rich picture of the complex and challenging situation that farming families in the Wimmera Southern Mallee have been facing over the last twelve months as they cope with the aftermath and continuation of drought-like conditions. Thanks to the generosity and honesty of the interviewees, the skills and hard work of the local interviewers, and the foresight of BCG and the investors, these interviews provide unique insights into the circumstances, decisions and thoughts of a diverse group of individuals across an extended and difficult period. In doing so, they further our understanding of drought in general and the multiple challenges facing farming families. This section summarises the main principles, issues and trends that emerge from the research. Some brief reflections on the method are then offered before some conclusions and recommendations are presented.

5.2 Principles: what have we learnt about drought?

As common and devastating as drought is, very little social research has been conducted into it. Very little is known about how it actually acts on people, including those in rural areas and on farms where the impact is particularly acute. For this reason, it is important to consider what this research suggests about how drought is experienced.

The first thing this research has highlighted is that it is not possible to identify “*the effect of drought*” on an individual or family. Rather, we have seen that drought acts as a diffuse pressure on many areas at once, squeezing people in direct and indirect ways and exacerbating existing pressures as much as creating new problems. Farming families are especially vulnerable to the impacts of drought because not only are they affected indirectly via its effect on their community and sector, but they are affected directly by a lack of water for their household, garden and farm. How severely a farm is affected by drought depends on multiple things: its water supply relative to its water needs; its physical sensitivity to water shortage; and, most importantly, its financial sensitivity to the result of such a shortage, which is influenced, in turn, by the other challenges it is facing. How severely a farming family is affected then depends not only on the latter, but on their emotional and mental robustness at the time, as well as the type and degree of additional problems drought creates for them, such as its effect on their work lives or local community. Via its financial effect and people’s concern about uncertainty and risk, drought alters the direction and timing of people’s decisions and plans. As we have seen, it accelerates some processes while delaying others, stalling some decision-making by throwing rules of thumb and assumptions about the future into question.

The insidious, monotonous character of drought also stalls decision-making. In contrast to the sudden on/off nature of other disasters such as fire and flood, drought does not readily “trigger” responses at a particular point in time. Because it is characterised in large part by its longevity, and such longevity can only be ascertained in hindsight, it is not a clear and obvious situation that one can plan one’s response to. Rather, long-term drought of the type being experienced in the Wimmera Southern Mallee creeps up on people, slowly ratcheting up the pressure they are under by continuously eroding their personal, physical and financial reserves and gradually worsening, or worsening the impact on them, of other burdens.

Drought's effect can then linger long after it has passed climatically, as people are left with the problems of depletion created during its existence and the anxiety of wondering whether each subsequent delay in rain signals the beginning of another drought.

At a community level, the effects of drought are complex. On the one hand, drought is indiscriminate, a problem common to those living within the large areas on which it is officially identified. On the other hand, differences in rain patterns, water demand and vulnerability to its impacts mean experiences of drought vary markedly at a micro-scale, differing between areas, farms and paddocks, and communities, families and individuals. Heightened by the selective character of the government financial assistance system established to help some farming families during drought, discrepancies between people's experience of drought can cause social anxiety, particularly for those who feel worse off than others. As people struggle to make sense of what is happening to them, knowing that others are experiencing the same or worse difficulties can reassure them by reducing their sense of individual responsibility and thus self-recrimination. For this reason, as we have seen, community-wide drought initiatives can be an important source of support by symbolising the shared character of the problem. They can also bring people together in an unprecedented manner, revealing a rare positive effect of drought. Such an experience is not common to all communities or individuals, however. Drought can also negatively affect local communities as people withdraw to focus on their own problems or prioritise their own needs in other ways. The resultant changes to the community mean that all members of a community are affected by drought regardless of how it impacts them directly.

5.3 Issues: what are the main issues farming families are facing?

Drought wears away at farming families' reserves, deepening the indentations of pre-existing problems in their lives. Although focused on drought, the present study therefore also sheds light on many of the issues farming families in the Wimmera Southern Mallee are facing.

In terms of farming, the initial issues of water shortage created by drought are weakening farms by seeping through to many other areas. A reduction in financial reserves means the annual cash flow challenge created by seasonal start up costs is becoming more acute for many families, pushing them to take on (more) debt, sell assets or eat into savings. Such short term financial needs mean some farmers are unable to adopt recommended drought-proofing measures such as storage tanks and are having to forego long-term maintenance measures, such as sustaining soil fertility and updating plant. The resultant reductions in the robustness of their farms is compounded by the concern a growing number have about the reliability of farming as a source of livelihood, which is prompting farming families of all ages to try to "insure" themselves against further financial impacts by committing more money, time and energy to off-farm interests.

Financial necessity, heightened wariness of the financial risks involved, and interest in how best to manage drought conditions is also prompting a large number of farmers to question their previous production practices. Input costs are rising, both in absolute terms and relative to some farmers' shrinking incomes. As people's reserves diminish, their sensitivity to risk increases because the severity of any given impact increases for them. Combined with the uncertainty that surrounds weather, yield and product prices, these higher stakes are making decision making more stressful for some farming families and encouraging many to take a more conservative approach. As those who are optimistically and in some cases defiantly sticking with a high input/high risk approach realise, however, taking a lower risk approach

reduces one's ability to bounce back quickly if the drought does end and high product prices are maintained. Strong differences in opinion exist between farmers as to which is the most suitable approach under current conditions of ongoing drought combined with high prices and, by introducing a degree of social surveillance, these differences add to the stressfulness of the decisions involved.

To minimise the squeeze of falling terms of trade, some farmers are actively managing their input costs by intervening in the market at strategic times, based on predictions of future fluxes in price. Some are doing the same for product prices, using futures and forward contracts. Such a marketing approach calls on a relatively new area of knowledge and skills for many farmers; an area that joins other components of business and financial management, use of climate forecasting and drought-appropriate production practices as areas some farmers currently feel poorly equipped in. This marketing work also requires an adjustment of farmers' relationships with suppliers and buyers as they more actively engage with these other players in the agricultural industry. Farmers' relationships with the sellers of inputs have been tested lately as jumps in the cost of fertiliser and chemicals have revealed what many farmers feel is these non-farming partners' willingness to exploit them. The resultant sense of betrayal has left some farmers feeling more isolated and disillusioned with the agricultural industry at a time when many also feel the public image of the sector as a whole has been damaged by the vulnerabilities drought has exposed.

The above indicates how the complexity of farming is increasing in many directions at once. Decisions for farming families are also being made more complex and difficult by community and work-life balance issues. Just as decisions about the farm increasingly require farmers to make calls on the future in terms of production, marketing and investment, so too do decisions about the farming families' plans as they are forced to make calls on the current and future status of their communities. Some families are increasingly questioning the quality of life their farm and rural living situation provides and will continue to provide in the future. Representing a pull on their loyalties, they are considering the decline of their local communities and whether these communities will be able to adequately meet their future needs for education, social interaction and medical support, among other things. At the same time, some families' ability to help maintain their communities is diminished by their need to attend to work and family needs made more pressing in part by drought. These needs are themselves in tension, particularly for those juggling off-farm and childcare work as well as farm work. The upshot is that, combined with processes of depopulation and repopulation that are being accelerated in part by the drought, the robustness of some rural communities is weakening at a time when some farming families are increasingly questioning their community's appeal.

5.4 Trends: what are farming families choosing to do?

The principles and issues discussed above draw on the patterns that have emerged from the data over the last twelve months. More specifically, though, what does this research suggest about how farming families are responding to the drought and other challenges laid out above? Eleven main trends are apparent:

1. Virtually all farming families are eating into their physical, financial and personal/emotional reserves to cope with the drought and will continue to need to do so if drought continues;
2. For most farming families, the effects of drought will remain with them for years after the drought ends;
3. The majority of farming families are persevering and have not been pushed to leave farming, although most have had to alter their personal and professional plans and most have engaged the question of whether to leave and will continue to re-engage it over coming years;
4. There are strong differences between the circumstances and outlooks of farming families and these differences appear to be widening in some ways;
5. Regardless of how severely a farming family's financial situation has been affected by the drought, they have been and will continue to be affected by drought indirectly as it exacerbates other issues, affects those around them, and throws a veil of uncertainty over the future;
6. Farming families' awareness of and sensitivity to the risks involved in farming has escalated and many are adopting what could be a permanently more conservative approach to production, marketing and income protection;
7. The default position for a minority of farmers is optimism and the proportion of people who share this outlook swells at the start of each year when the potential of the new season is still unknown;
8. Some people's outlook on farming, climate and the world in general has been fundamentally darkened by their experience over the last few years and they now suffer from high levels of anxiety irrespective of weather conditions;
9. People remain committed to their sector and communities, but struggle with multiple demands upon them and are being forced to focus on their own needs to cope with the effects of the drought;
10. The vast majority of small rural communities are facing serious issues of declining active populations and services and this is negatively affecting the wellbeing and resolve of the farming families that help make up those communities; and
11. Financial assistance is now welcomed and accepted by most but will continue to aggravate negative responses among some for the way that it conflicts with their belief in self-help.

Given these trends, what seems likely to happen over the next twelve or more months? in keeping with the way farming families need to increasingly make calls on the future as they determine their strategy for the coming season, let us also make some informed guesses on what could happen.

If the drought breaks this coming season and farmers receive the rainfall they need, they will be rewarded for the risks they are going to take on production this season, whether those risks are moderate or large. Attenuated by the production approach the farmer has taken and the product prices they receive (with fewer locking into contracts following last year), average rainfall and yields could lead to marginal or well above average profits. What this means for individual farming families, then, depends on their financial and family situation and subsequent seasons. A good season this year could spell the beginning of a recovery period. It is critical to realise, though, that for most farming families this period will need to extend for a number of years or more if they are to return to their pre-drought position. Neglected or depleted areas such as debt repayments, vehicle maintenance and superannuation will ensure there is a steady stream of demands on their revitalised income for many years to come. Some may find the short term measures they took during drought have trapped them in an untenable position regardless of subsequent improvements in conditions. Such farming families may sell up as the continuing nature of their struggles despite the alleviation of drought saps the last of their motivation. Others are likely to find their problems gradually reduced but, as suggested by interviewees in Report Three, may celebrate this fact by also deciding to sell up. Communities will benefit from the general surge in spirit and influx of money that a good year would bring, but will suffer from the loss of farming families that may also result and are likely to continue to face issues of decline in the longer term.

If a good season this year is simply a short-lived reprieve from drought, most farming families are likely to persevere initially while monitoring more intently than ever whether they want, and are able to, stay. The sense of caution, questioning and in some cases anxiety that has spread throughout many farming families is likely to continue regardless of how the seasons unfold and particularly if they begin poorly. For the minority who are already feeling relatively financially stable thanks to last season or being minimally affected by the drought throughout, a good season this year could be enough to allow them to recover fully.

If drought continues this season, the farming community is likely to be seriously demoralised. There will be a number of forced and voluntary exits, while some of those left will be increasingly keen to do so and yet increasingly unable to do so on their terms. Whether happily, reluctantly or ambivalently, however, most farming families will persevere as the hope of better future conditions, powerful connections with farming and/or drought-induced inertia hold them to their farms. Communities in this situation would be hit with the double whammy of the loss of some farming families and heightened pressure on those who remain.

5.5 The interview experience

At the end of the February 2008 interviews, interviewees were asked to reflect on the experience of being part of the research over the previous twelve months. Their responses – detailed in Appendix 3 - underline some of the observations made in the reports and shed light on the value of reflection and talking to others.

Among the 95% of interviewees who were strongly positive about the experience, the main reasons for their enthusiasm were that the research allowed them to:

- Learn about others (through reading the reports, which they were sent);
- Learn about themselves (through reflection at an individual or family level);
- Be heard (have their experience and opinions heard); and
- Contribute to action on the issues (by participating in a process that they hope will subsequently improve the situation for farming families).

The value placed on learning about others reiterates the desire interviewees expressed more generally to understand what is happening around them. As discussed in Report One in particular, many farming families feel ignorant about how others in their community are coping with the drought and its attendant pressures and this ignorance is a barrier to them making sense of what is happening to themselves. They therefore found reading about others' experiences in the reports improved their understanding of the context they are in.

Besides finding access to the reports a route to better self-understanding, some interviewees also indicated that they found the process of talking and listening in the interviews helped them to make sense of their own situations. While the reports only represent a fraction of the detail discussed in each family's interviews, for the family members involved, their own interviews provided a valued opportunity to reflect at length on their own situation. For some, this was prompted by being asked to think about things they otherwise had not reflected on, such as how things had changed over the last six months and even how they were feeling. For others, the main value was in hearing what other family members said and stimulating conversation among themselves.

The other two main things interviewees' reported they got out of the interview experience – being heard and contributing to action - highlight the feeling, expressed in Report One, that farming families are largely unknown and ignored by the urban population and that what representations the latter do receive of farming families are unhelpfully distorted. To be able to represent the complexity of their lives and challenges to others was thus of value to some interviewees, particularly given the need many feel for serious action on some of the underlying issues they are facing.

Interviewers were also asked to reflect on how they found the interview experience. As detailed in Appendix 3, these responses highlight the challenges but also the benefits local interviewers experienced in conducting the interviews. Combined with the high quality of the interview data produced, these responses suggest that this project's unique approach of using trained local interviewers achieved its goal of not only enabling valuable research to

be conducted but of building capacity in the local community. As such, this project paves the way for the approach to be used elsewhere.

5.6 Conclusions

Overall, this research highlights how drought is exacerbating the already complex issues facing farming families today. By adding another layer of unpredictability and eroding their physical, financial and social/personal reserves, drought is heightening the uncertainty and risk many farming families are dealing with. This research highlights the commonalities and the diversity between farming families as they cope with this situation and different life stages, and documents both the anxiety and resilience different individuals, families and communities are exhibiting. It brings to the fore the importance of the wider rural community for farming families and the impact of challenges in this arena on farming families' decision-making. It details the dangerous positive feedback cycles that can emerge between issues as well as the rapid rises in optimism that can result from small improvements in conditions. In sum, this unique, extended snapshot of a community under stress provides insights for and about others experiencing drought and attendant pressures; insights that it is hoped will lead to an improvement in their situations.

6 Recommendations

While the primary role of this report is to stimulate reflection and discussion among the wide range of audiences it is applicable to, it is also pertinent for it to consider how farming families may best be assisted. To this end, four recommendations were made at the end of Part One of the research. Given the continuation of the drought, these recommendations still stand at the completion of Part Two of the research. To complement these points, some further recommendations are also provided.

6.1 Recommendations from Part One of the research

That more support is provided immediately to abate the accumulating effects of drought. Overall, there is an urgent need for a broad suite of efforts that addresses the immediate, long term, social and financial effects of drought and which takes into account differences between people (including stage of life and gender), appropriateness for rural culture, and people's desire for leadership and political certainty. As part of this, and as recommended by interviewees, work is needed to eliminate or reduce the divisive character of the eligibility criteria used in the current financial assistance system and to extend such assistance to those whose vulnerability to future pressures is growing daily. As similarly suggested, the rural financial counselling system should be expanded and training in business management skills should be made more available.

That information and skills training to aid farming families' decision making is extended effectively to them. Farming families are hungry for information and skills to help them break out of 'pause mode' and make the serious and difficult decisions that confront them. Information about the state of the sectors, regions and communities that people live and work in should be provided in recognition of the fact that the social identity and context of such families means that their decision making is influenced by how they are positioned relative to others and the decisions that others are making. Inter-disciplinary information to help farming families anticipate and plan for the environmental, economic, political, social and cultural conditions they are likely to face in the future is also needed. How to use such information is an important area for extension, and training in business management should be made more widely available. In conjunction with this, discussion groups, one-on-one support, and dialogue about positive case studies and non-financial benchmarks of value should be developed and promoted. This could be combined with a mentoring scheme and with the provision of assessments of farmers' skill sets, career advice, and an employment service.

That effort is redoubled to address the process of rural decline in small towns. Rural communities could be helped to conduct a risk assessment of the threats they face and how these could be controlled. Based on the Birchip model, the existing or potential "keystone" organization(s) or service(s) of each town, such as a medical, educational, agri-business or sporting facility, could also be identified and supported in order to provide a core for community employment and interaction. Coordination and collaboration between neighbouring small towns and the development of regional rather than town-based identities and loyalties could be encouraged. Work is also needed in many centres to address the cultural clash between the traditional and new populations and make the most of the in-migration at the community level.

That further research is conducted into:

- the ongoing effects of drought, people’s coping strategies, and the timescales of their decision making;
- the aftermath of drought, the recovery process, and the vulnerabilities and improvements that emerge from the drought experience;
- the differences in resilience that seem to exist between some rural communities and a prioritisation of threats they face;
- the critical success factors of rural businesses and communities that are thriving despite the difficult environment they are in and clues into how to reverse the negative feedback spiral of agricultural and rural decline;
- the experiences and needs of women and the younger generation on farms, including those who do and do not actively farm;
- the perceptions of those who have left farming for various alternatives and what skills they have called on most;
- ‘new car syndrome’ and the existence and effects of social surveillance in rural communities; and
- the experiences and perceptions of new entrants to small towns, including ex-farm retirees and those on government support.

6.2 Additional recommendations from Part Two of the research

That this report is made available to farming families in general and used to stimulate reflection about their own situations

Interviewees’ positive responses about the opportunity to read about other farming families’ experiences point to the value other farming families may also gain from such an opportunity. While specific to the Wimmera Mallee region and to a particular period in time, this report touches on issues and perspectives that are likely to resound with those in other drought affected areas, while any differences would also be informative. Given the dearth of in-depth social research on farming families’ experiences with drought and other challenges, this report could and should be used to stimulate reflection among other relevant populations, as well as further research into the issues it reveals. Farming families around Australia are facing the same sort of complex decisions as those documented in this report, as a growing number of complicated components demand to be reconciled with multiple sources of uncertainty and intangible social factors. Other research into complex decision-making (McGuckian and Rickards, in press) suggests that the process can be greatly assisted by providing opportunities for those involved to “tell their story” and work out, as they do, what is most important to them. While initiating such a process of reflection can feel awkward, conversation can be kick started by using a “trigger” such as this report.

That farming families are assisted in managing risk and multiple priorities

Risk is a serious concern for many farming families as they are required to manage it in a growing number of areas. Yet, understanding the risks involved in different decisions is highly complex and difficult. Such a process could be greatly assisted by information about the options. Technical information about the performance of different enterprise mixes, crop types, input levels, and labour saving devices, for example, could help to inform the complicated production decisions farmers face, as could seasonal forecasting and other climate related information. Marketing is another area for research, development and extension as farmers are increasingly called upon to make sophisticated and strategic decisions about their sales and purchases. So too is financial management for farming families seeking to balance the need to “insure” themselves against poor farm performance and yet also needing to invest in the farm to ensure its viability. How to balance these and other competing demands such as farm and off-farm work are important areas for research, development and extension. Many of these issues also require one on one work with farming families and the Rural Financial Counsellor service should be strongly supported to this end.

That government and others commit to halting rural decline in small communities

One of the most serious underlying issues still facing farming families is the ongoing decline on many of their local communities. Thus, although covered by the fourth recommendation above, it is worth reiterating the need for serious attention to be given to this issue. While the voluntary contributions of community members is and will remain central to the success of rural communities, larger scale contributions are needed to sheer up the essential social and economic infrastructure in such places. A state and federal government commitment to maintain small rural communities would economically and psychologically underpin such communities’ own efforts. Without such a long-term commitment, uncertainty and exhaustion threaten to weaken the community members’ own efforts. Radical regional development programs are needed to bolster the economies of small communities with additional industries and high quality education and medical services. Special initiatives that tackle some of the widespread social and health issues affecting many farming families, such as local health checks, holiday programs and support of local sporting organisations, also need support.

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Appendix 1: Interview Questions

February 2007

Basic interviewee information

1. Relationship between the interviewees
2. Age, gender and occupation of each interviewee
3. Family structure and location
4. No. years in agriculture; No. years on the current property
5. No. employees on the farm; Size of farm (ha); Enterprise type

The questions

1. So tell me about how things are going in this area.
2. When did the drought start? When you talk about the drought, what period of time do you think of?
3. How do you think people in this area are being affected by the drought?
4. What changes have you seen?
5. What worries you most about the changes?
6. What does the drought mean for your lives here?
7. What is it like to be living and working here in a drought?
8. How has the drought affected you each individually? As a group? How would you say each of you is coping?
9. Has your health been affected?
10. What do you do differently as a result of the drought? How have your activities changed, on the farm and more generally?
11. Has the drought changed how you *think* about what you do? In what way?
12. What about how you *feel* about what you do?
13. What are the biggest challenges you face at the moment? As farmers? As a family?
14. How are these challenges similar to and different from what others are facing?
15. Have you experienced other droughts? If so, in what ways was your experience of these drought(s) similar to and different from the current situation? Is there anything about the current drought that makes it more or less difficult for you?
16. In what way are the challenges that you're currently facing similar to and different from the challenges you were facing before the drought?
17. What decisions do you feel you are facing at the moment? What decisions has the drought raised for you?
18. How are you working through those decisions? What factors are you taking into account?
19. What options do you see for yourselves for the future?

20. What control do you feel you have over your future?
21. What is the main thing you want to improve about your situation right now and in the longer term?
22. What are the biggest obstacles in your way?
23. How could you be helped to improve your situation?
24. How well equipped do you feel to make the decisions you need to make? How well equipped do you feel to act on those decisions? Do you feel you have enough energy? Resources? Knowledge?
25. What kind of help do you feel is available to you and from whom?
26. Have you taken this help? If so, what difference has it made and how? If you have not taken this help, why is that?
27. Is the right help available? Is there something that needs to change about the help that is available?
28. Are there some problems that you feel no-one can help you with? If so, what are these problems?
29. How connected do you feel to other people in the rural community?
30. How connected do you feel to people in your local community? In what ways are you involved in the community here? Is there much of a community present?
31. To what degree does your connection with your local community provide you with a sense of support?
32. What would you say are your main strengths as individuals? As a family? As a business?
33. What do you like most about farming? Why do you do it?
34. How did you come to be here? – In farming? In this region? On this farm?
35. What are your hopes or goals for the future – both professionally and personally? What are you aiming for?
36. Why do you think that is? What has shaped your hopes and goals?
37. Have your hopes and goals changed over time? If so, how?
38. How confident are you feeling in your ability to achieve your goals?
39. How do you feel about being farmers/ part of a farming family in Australia today?
40. How have things changed since you or your family have been in farming? How do you feel about those changes?
41. What role do you think groups like BCG play in this region? What role do you think they could or should play?

September 2007

Introduction

1. Thank interviewees for participating. Explain the purpose of the follow up interviews

Basic interviewee information

2. Relationship between the family members present?
3. Age of interviewees?

Questions

4. Have you had a chance to read the report on the first interviews? What are your thoughts about it?
5. Thinking back to when the first interviews were conducted, how would you describe your situation at the time?
6. What do you remember as the most difficult aspect?
7. How would you describe the mindset you were in 6 months ago?

8. What has happened since then - what has changed around you?
9. How do you think your local community is faring at the moment? What changes have you seen over the last 6 months?
10. How has this meant for your own situation? What new issues or challenges have emerged for you?
11. What about your situation has remained constant over this time period?
12. Has your mental outlook changed over the last 6 months? In what way? What affects it most?

13. Does it feel like you are still in drought? If yes, in what way? If no, why not?
14. Would you say you are recovering or have recovered from drought? If not, are things remaining the same or getting worse?
15. What will it take for you and your farm to recover from the drought?
16. What do you think makes the difference between whether a farming family is able to cope with and recover from drought or not?

17. What stage of your career and family life would you say you are at?
18. How do you think this influences the type and intensity of the pressures you are under?
19. How closely do you identify with others at a similar stage of life or career?

20. How are you feeling now about being in agriculture?
21. How are *each of you* feeling about staying on this farm?
22. Have you made a firm decision about whether to stay or go? If so, what decision have you made?
23. What has influenced your decision?
24. What is the most difficult thing about making this decision?
25. What sort of information have you found you needed? Financial, technical, personal?
26. Have you been able to find this information? If so, where from? Who or what has helped?

27. What other types of support or assistance have each of you received over the last 6 months?
28. How has this helped each of you? What aspects have worked well and not so well? Who has delivered this assistance?
29. What special drought support or assistance do each of you need *now* or think you may need in the future? Is this available?

30. What services and infrastructure do you really value having access to in your local community?
31. How secure do you feel these are in this local area?
32. How does this affect how you feel about living here? Does it influence your decision to stay or go?
33. How connected do you feel to your local community?
34. Has this changed over the last 6 months?

35. We keep hearing about "drought proofing" farms. How possible do you think it is to drought proof a farm?
36. What have you done or are you planning on doing in terms of drought proofing?
37. What are the main challenges you face in putting these plans in place?

38. "Risk management" is also a term we keep hearing directed at farming families. What does this term mean to you?
39. What are the main risks you perceive to your farm?
40. How are you tackling these risks?
41. One of the approaches to risk management we hear about is diversifying into different enterprises. How appealing is this approach to you?

42. What production decisions have you made this season? What approach have you taken with your crops, for example?

43. What financial decisions have you made? Have you taken on more debt, for example?
44. How have you made these decisions?
45. Is this different to how you have previously made decisions? How has this last drought influenced your thinking?
46. What information have you found you needed with these decisions? Have you needed information about any particular topics?
47. Have you been able to find this information? If so, where from? Who or what has helped and in what way?

Looking to future

48. What are your hopes and plans for the next 6 months?
49. What are your concerns?
50. What would be the best case scenario for each of you?
51. What is needed for this to occur?

Thank you very much for your time and honesty.

These interviews will be transcribed in a confidential manner. The results will be analysed and used to inform BCG decisions. We look forwards to talking to you again next February. Please don't hesitate to contact us if you have any questions or concerns.

Thank you again.

February 2008

Introduction

1. Thank interviewees for participating. Explain the purpose of the follow up interviews.
2. Confirm name and age of interviewees and relationship between those present

Decisions over the last 6 months

3. Since I saw you last you've obviously been through harvest and had to make a lot of decisions. To start with, how did your harvest go?
4. (If applicable) And how are your stock? How have you managed them over the last 6 months?
5. Have you had to make any changes to your business as a result of the drought?
6. How are you feeling about these decisions now?

Changes since then

7. What about your situation now is the same as it was 6 months ago? 12 months ago?
8. How has your situation changed over that time? What new issues or challenges have emerged?
9. What are the main things you are focused on at the moment? Are these different to your focus in a normal February?
10. How would you describe your current financial situation? Is it stronger or weaker than 6 months ago? 12 months ago?

Mental outlook

11. How would you describe your current mental outlook? How has the stress of last season's collapse affected you?
12. Have you taken a holiday over this last summer?
13. How are you feeling now about being in agriculture?

Approach to farming

14. How would you describe your approach to farming? What do you think is needed for success in farming?
15. Has the drought affected this? What have you learnt from the drought? Will you and your family do anything differently this year?

Plans for the future

16. What are your plans for the farm for the next 6-12 months? Will you have to sell any assets to gear up for production this year?
17. More generally, what options are you considering for the future? What are your hopes and plans?
18. How have these changed over the last 6-12 months?
19. Is succession an issue your family is facing? If so, have these plans been altered by the drought?
20. Have you been thinking about whether to stay on the farm? If so, what have you decided and why?
21. How have you made your decision? Has it taken a lot of time?
22. What is the most difficult thing about making the decision to stay or go?

Assistance

23. Since September, the government has altered its drought support package. Have any of the changes affected you? Do you now receive financial assistance as a result of the changes?
24. How do you feel now about financial assistance in general?
25. Have you received any other forms of help or support over the last 6 months?
26. What would help you most at the moment? Is this available?
27. What do you think about the Exit Grants the government is providing? Has this influenced your decision about whether to stay or go?

Local community

28. How do you think your local community is faring at the moment?
29. What changes have you seen over the last 6 months?
30. What has this meant for your own situation?
31. In the last report it was suggested that while the drought is bringing people together in some ways, it is also creating differences in people's circumstances and forcing people to focus on their own situations. To what extent does this ring true to you?
32. Has anyone you know decided in the last 6 months to leave?
33. How does it affect you when people decide to leave? How does it affect the community?
34. To what extent do you feel a sense of loyalty or commitment to your local community?
35. Has this changed over the last 6-12 months?
36. Why do you think people decide to stay in a community? What makes the difference?
37. What do you like best about living here?

Participation in the research

38. To finish, what has it been like to participate in this research?
39. Do you feel you have gained something from the process of being involved? From the findings?
40. Is there anything we should have done differently in the research?

Publicity about the research

41. How do you think we should promote and use the findings from this research?
42. Would you be interested in being available for media interviews? With newspapers, radio or TV?
43. ABC 4Corners is currently producing a program called 'Can Agriculture Survive Climate Change?', using the Mallee region as case study, and it is going to mention this research. They are interested in talking to farming families like yourselves that have participated in the research. We have said we won't give them the names of any participants, but would let *you* know that the opportunity is there to talk to them if you would like to. Would you like us to pass your name on?

Thank you very much for your time and openness over the last 12 months. We really appreciate it. These interviews will be transcribed confidentially. The results will be analysed and used to inform BCG decisions. Please don't hesitate to contact us if you have any questions or concerns. Thank you again.

Appendix 2: Summary table of drought financial assistance

Source	Type	Eligibility	Further information
Victorian DPI	EC Interest Rate Subsidy	<p>This subsidy applies to interest and costs on borrowings supplied by commercial institution, vendor or private arrangements. It is designed to provide carry-on finance, improvements in productivity for recovery purposes, or debt restructuring.</p> <p>In assessing the eligibility of a farm enterprise for Exceptional Circumstances Interest Subsidy Support the following factors need to be satisfied:</p> <ol style="list-style-type: none"> 1. The producer must be located within an Exceptional Circumstances area. 2. The enterprise is in financial difficulty due to exceptional circumstances. In considering this, Rural Finance shall take into account the total amount of interest payable per annum, the estimated farm surplus over the medium term, and the applicant's equity in the farm business in relation to the amount of current and future indebtedness, together with both farm and off-farm assets and income. 3. Without support under these guidelines the farm would not have the capacity to achieve or maintain sustainable long-term profitability. 4. The farming operation has been profitable in the past and has the potential to return to profitability in the future. In assessing the likelihood of long-term profitability of the enterprise the following factors shall be taken into account: <ol style="list-style-type: none"> i. the expected future capacity of the farm to operate profitably (without Government support) as measured by its ability to meet its future financial commitments relating to: <ul style="list-style-type: none"> ▪ farm operating costs ▪ living cost of the farm family ▪ servicing of the farm debts ▪ future capital requirements for plant and improvements ▪ investment requirements to return the farm to profitability; ii. the long-term economic trends which impact on the farm enterprise; iii. the demonstrated technical, financial and business management performance of the applicant; iv. the provision of financial support for the farm enterprise by commercial lenders through the exceptional circumstance period and beyond. 5. The farm is of commercial scale. 6. The primary producer is primarily reliant on this activity for his/her livelihood. In this regard it is expected that the applicant has been a primary producer for at least two years and under normal circumstances contributes at least 75% of his/her labour to the farm enterprise and at least 50% of income is derived from farming. 7. The applicant is able to demonstrate a need for financial assistance after allowing for family resources. 8. The applicant has disposed of: all non-essential farm assets, and off-farm assets, such that the net value of off-farm assets is not in excess of \$458,000 (excluding bona fide Superannuation and Life Assurance). 9. Capital from livestock sales which is to be used for subsequent restocking will be ignored for assessment purposes however actual or budget amounts should be included in any application. 	<p>www.dpi.vic.gov.au/dpi/nrenfa.nsf/LinkView/50557DB7E35150F6CA25720A0022D0696163175BD669CCD84A256DEA00120A0E</p>
Centrelink on behalf of DAFF	EC Relief Payments	<p>Those eligible are farmers in an EC area:</p> <ul style="list-style-type: none"> ▪ over 18 years of age ▪ not receiving any other income support payments, and ▪ subject to the same income and assets tests applying to Newstart Allowance except that: <ul style="list-style-type: none"> – for the period 1 July 2005 until 30 June 2008 an amount of up to \$10 000 may be disregarded from off-farm salary and wages and 	<p>www.centrelink.gov.au/internet/internet.nsf/filestores/se090_0703/\$file/se090_0703en.pdf</p> <p>You need to request an EC certificate from Centrelink by calling the Drought</p>

		<p>farming assets, including the farmer's superannuation and life insurance in the assets test;</p> <ul style="list-style-type: none"> – proceeds from the forced disposal of livestock due to drought are excluded from the income test. Farmers will be required to deposit the proceeds from the forced sale in either a Farm Management Deposit or a deposit with a term of at least three months with a bank, building society, credit union or other institution that receives money on deposit. <p>Exceptional Circumstances Relief Payment is paid fortnightly at a rate equivalent to Newstart Allowance and, where applicable, Partner Allowance.</p> <p>If a family receives the Assistance for Isolated Children Boarding Allowance, receiving EC Relief Payments may make them eligible for an Additional Boarding Allowance.</p> <p>Leads to following assistance marked with*</p>	Assistance Hotline 13 2316.
Centrelink on behalf of DAFF	Health Care Card*	<p>Anyone over 16 years can get a Health Care Card if you are a low income earner or if you get one of a number of payments, including <i>Exceptional Circumstances Relief Payment</i> and Youth Allowance. If a dependent child receives a HCC, they are exempt from the Parental Income, Family Assets and Family Actual Means Test for Youth Allowance.</p> <p>If you were previously getting one of the payments continuously for more than 12 months, you can continue to receive a Health Care Card for six months after your payment is cancelled.</p> <p>A Health Care Card entitles you to reduced cost medicines as well as a limited number of other concessions from state and local government authorities may include reductions in:</p> <ul style="list-style-type: none"> ▪ health care costs including ambulance, dental care and eye care ▪ public transport costs ▪ water rates ▪ energy/electricity bills. 	www.centrelink.gov.au/internet/internet.nsf/payments/conc_cards_hcc.htm
Victorian DPI	Municipal Rates & Charges Subsidy*	<p>50% concession on the municipal rates and charges payable by farmers:</p> <ul style="list-style-type: none"> ▪ currently assessed to be in Exceptional Circumstances (EC), and ▪ <i>who are receiving Centrelink EC Relief Payments.</i> <p>The concession is 50% of the instalment amount or total amount due on municipal rate notices with no cap. The Department of Primary Industries oversees the delivery of the assistance by Councils and make payments to Councils to fund the concessions.</p>	www.dpi.vic.gov.au/dpi/nrenfa.nsf/LinkView/05B0FF236FAD78B3CA25705000144E626163175BD669CCD84A256DEA00120A0E
Victorian DPI	Water Rebate	<p>Rural water users receiving less than 50% of their normal water allocation will be eligible for a rebate to meet the fixed water supply charges on farmers' 2006/07 bills, up to the value of \$5,000.</p> <p>Eligible rural water users include:</p> <ul style="list-style-type: none"> ▪ irrigators supplied by regulated systems who are receiving less than 50% of their normal entitlement as at 23 October 2006; ▪ regulated surface water diverters receiving less than 50% of their normal entitlement as at 23 October 2006; ▪ stock and domestic customers supplied by regulated systems that are operating at less than 50% of their normal allocation as at 23 October 2006; ▪ groundwater diverters within Water Supply Protection Areas who are receiving less than an amount equivalent to 50% of their normal entitlement as at 23 October 2006 and; ▪ unregulated surface water diverters likely to have access to less than 50% of their water (as assessed by water authorities on 1 December 2006). 	
Centrelink on behalf of DAFF	Professional Advice & Planning Grant	<p>Farming enterprises:</p> <ul style="list-style-type: none"> ▪ Located in an area that has been drought declared for more than 3 years** ▪ There can be only one grant per farm enterprise ▪ The person who is applying on behalf of the farming enterprise must: <ul style="list-style-type: none"> – have been a farmer for 2 years prior to lodging this claim – contribute at least 75% of their labour to the farming enterprise, 	<p>www.centrelink.gov.au/internet/internet.nsf/filestores/su613_0612/\$file/su613_0612en_p.pdf.</p> <p>www.daff.gov.au/_data/assets/pdf_file/0003/149223/prof-advice-planning-grants-</p>

		<p>and;</p> <ul style="list-style-type: none"> - earn at least 50% of their income from the farming enterprise. ▪ Off-farm net assets of all the members of the farm enterprise must not exceed \$458,000. This figure is indexed annually (each July). There is no income test. <p><i>**In Victoria, as of 06/03/07, the EC areas that were declared for 3 years are: Central and East Gippsland; Central Victoria; Goulburn-Loddon-Campaspe; Eastern Mallee; North-East Victoria; and Northern Victoria. Note, this does not include the Mallee Northern Wimmera, South East Mallee or South Western Victoria areas of interest in this report.</i></p>	<p>180107.pdf</p> <p>For maps of EC areas, see: www.ruralfinance.com.au/pages/Default.aspx?PageID=61&id=1</p>
Local providers on behalf of DAFF	Financial counselling	Regionally-based Rural Financial Counsellors can provide free, independent financial assessment for farming families. This can include help filling in forms to claim the above forms of assistance.	Dedicated website unable to be found
GWM Water	Tank Rebate	Customers of Grampians Wimmera Mallee Water (GMMWater) unable to receive their winter dam fill are eligible for rebates on the purchase of Domestic and Stock Water Tanks. Tanks must be installed by 31 December 2007 and rebate applications lodged with GMMWater by 31 January 2008.	Contact DPI on 136 186 or GMMWater on 1300 659 961.

Appendix 3: Evaluation of the research process – feedback from interviewers and interviewees

Feedback from interviewees

Introduction

At the end of the February 2008 interviews, interviewees were asked for feedback on how they have found the process of participating in the research over the previous twelve months.

All but one of the families interviewed (95% of the interviewees) were positive about the experience. One especially stressed couple instead demonstrated ambivalence and disinterest.

What interviewees gained from the experience

Overview

Among those who reported that they found the experience to be positive, the main reasons for their enthusiasm were that the research allowed them to:

- Learn about others (through accessing the report);
- Learn about themselves (through reflection at an individual or family level);
- Be heard (have their experience and opinions heard); and
- Contribute to action on the issues (by participating in a process that they hope will subsequently improve the situation for farming families).

The relative strength of these responses is shown in the table below. It is notable that learning about others emerged most frequently as the main outcome participants valued about their participation, underlining their interest in what other people are going through, especially in relation to issues they have 'benchmarked' themselves on by being part of the research.

Outcome of participation	% of respondents*
Learning about others	58
Learning about selves	43
Being heard	31
Contributing to action on the issues	21

* Note the sum is more than 100% because people often gave more than one answer

Comments from interviewees on each of these outcomes is provided below.

Learning about others

'Reading [the report] was very interesting as far as the comments people made. It gives you an indication of what's happening out there... Sometimes it makes you feel more positive about where you are'.

'To see in writing that people have actually said these things has probably made us feel lucky. We're doing it tough, but probably not as tough as a lot of them'.

'The beauty of it is that I think we are all pretty similar and I think that's the reassuring part of it. We're all sort of going through it together'.

'Knowing that we're surviving and there are other people in the same situation'.

'You don't know how hard people are swimming to stay afloat. It is very interesting to hear that people are doing it just as hard as the rest of us. That gives us some comfort'.

'It's a bit of a learning experience if you see something [in the report] that others are doing differently, because I might be able to use that or it might be something I can do'.

Learning about selves

'The questions have made us think about things that you normally don't sit down and think about.... You've been a free counsellor!'

'You sort of become aware of things that you haven't put into the think tank before'.

'It has been good to think back because often the year goes by and you don't think back on things'.

'I know I've been in situations [in the interviews] where I've heard X answer questions and I haven't realised that she felt that way about things because I haven't asked her. Sometimes there needs to be an opportunity for that to come out'.

'It has been good listening to X's answers because sometimes you don't hear those questions answered by your husband... A couple of my friends actually wanted to be part of it as well and wish they had been rung up!'

'It has been good to hear some of X's [her husbands] answers and they probably are what I thought he'd say but it's nice to hear him say it. There are some things that you don't really talk about.'

'To hear X's [her husband's] point of view as well has been good'.

X: It has helped us talk more about things I think.

Y: After you left we had things to talk about that we probably hadn't thought of'.

Being heard

'It's always good to talk to other people about these things because we do talk a lot to each other about it'.

'It's been good... I think it should be presented to government as a package. This is what happens to a community in a drought and this is what pressure they're under. People just don't understand that'.

'It's probably good that people get to see what it's really like. If you live in Melbourne you've got no idea, and if you get the right people it can be good because you can see the true story. You can get your farmers with plenty of money and they make it look easy... But it's better if they pick people like us that don't have that bit of extra money behind them'.

Contribution to action on the issues

'I think the solutions are the thing. It's maybe asking the impossible but what's the answer to this? Is it just rain? Is it having structures in the community based on knowledge and social groups? To be able to come up with what the key factors are that will make this community grow agriculturally and socially and make people want to live here and be content – that's the thing'.

'I think [the research] should continue...[so] people can look back on this [period] and if there is a bit of this sort of stuff around then they can see what happened and how bad it was'.

'It's very good for the BCG and the information feeds back to the government, which is good for the EC because that is very important to us at this time'.

'It's important so people can be prepared for this long term drought phenomenon. We will certainly prepare better for it next time'.

'The fact that it might lead to some changes is the thing'.

'I think the bottom line is that people want to improve our communities and our situations, so if this helps...'

Feedback from interviewers

Introduction

Given the novel nature of using local interviewers for social research – for BCG and more generally – it was considered important to evaluate its relative success.

At the completion of all of the interviews, the four interviewers were telephoned by a third party to collect their feedback on the process. The results are presented below.

What interviewers gained from the experience

All of the interviewers stated that meeting new people from similar backgrounds to themselves was a valuable part of participating in the project.

'I'm a bit isolated where I am so it's good to go out and meet people'.

'It was good to speak to the farmers and meet new people'.

Some interviewers indicated that they gained valuable insights into farmers' situations and decision making processes, which some have applied to either their own job situation.

'It was insightful to see how farmers work and how they make their decisions... I have applied this knowledge to my actual career'.

'It was a good experience because I am a farmer too, so I learnt a lot about the complexities of different farming families and how they farm'.

Two interviewers also stated that they had learnt skills in dealing with stressed people that they had applied outside of the research.

'I learnt a lot...especially in terms of helping people who are going through a hard time'.

Active listening was another skill acquired by interviewers during the process.

'Active listening skills were good...learning how to go into someone's home and ask them personal questions [whilst showing empathy] was good'.

Interviewers' reported strengths

The majority of interviewers reported their strengths as their understanding of the rural and farming issues that interviewees were facing and a consequent ability to be able to develop rapport with and draw information out of them.

'I let them feel comfortable'.

'I was able to make people feel at home and comfortable. People were open and honest with me'.

Interviewers' reported challenges

Interviewers' challenges with the interviewing process were varied.

One stated that they felt dealing with emotional people was their major challenge:

'When people seemed upset, it was hard to know how to get them to open up'.

Conversely, another stated that they found getting interviewees to focus on the topic to be difficult:

'Cutting them short was very difficult'.

Another interviewer indicated that following the interview guide and capturing all the information was challenging:

'You had to be on the ball! I was worried that I wasn't getting them to answer all the questions'.

Finally, another interviewer reported a major challenge to be asking the interview questions without leading the interviewee:

'Allowing the person to answer fully without influencing them was hard'.

Feedback on Training

All interviewers indicated that they found the training and information prior to the interviews to be helpful and valuable.

'The training day was common sense sort of stuff but it was a great reminder before we went into the interviews'.

'The lead up information and the training day were really useful, it gave me a lot of good tips'.

'[The trainer] was good. She gave us heaps of information on how to actively listen and how to approach the interview'.

Interest in further social research

All interviewers indicated that as a result of their interviewing experience they would like to participate in future social research. Although most also stated that their opportunities for

this are limited due to other commitments, one interviewer reported that they are now contemplating incorporating social research into their university studies if possible.

'If I could work it in with my work I would'.

'I've thought about doing a social research project for my university industry project this year'.

Summary of advantages and disadvantages

Overall, the local interviewer approach has the following advantages, disadvantages and implications for the project.

Advantages		Disadvantages	
Advantage	Implication	Disadvantage	Implication
Capacity building in social research among local interviewers	Social outcome for region	Multiple interviewers	Introduces potentially unrecognised variation into the data
Increased understanding of research issues among interviewers and BCG	Greater capacity to use social research to explore regional issues in the future	Interviewers' lack of experience in interviewing	Potentially decreases quality of data
Increased connection between producers, BCG and local interviewers	Networks strengthened	Disconnection of interviewers from the rest of the research process (research design and analysis)	Potentially decreases quality of interviewing Reduces participatory benefits to interviewers and project
Employment that interviews represented for local interviewers	Social and economic outcome for local area		
Credibility and rapport of interviewers with interviewees	Improved quality of data		
Interviewers' ability to ask and explain questions in terms of the local context	Improved quality of data		
Interviewers' feedback on the draft interview questions	Improved quality of data		

ⁱ The first was Stehlik et al (2000)

ⁱⁱ Representative of only a very few respondents, the following unusually positive farmer illustrates the diversity of responses: "We're just a bit lucky with the way the rain falls... Well it's a combination of technology and luck where the rain falls... It's luck and good management that's stood by us, I guess, in the last 10 years... I guess as the last decade's progressed, we've got smarter and smarter how to utilise every millimetre of rain and turn it into money. How precious each millimetre of rain is and how we can, with conservation tillage - that's been a real saviour. Our crop yields have been pretty good right through. Even last year we did pretty well and I guess our farming practices, we've put a lot of work not only into our stock, but ways of utilising each millimetre of rain and making plants get the most from it... We put a lot of time, effort, research and money into growing good pastures and good crops... I'm dollar-driven, for one thing, which I think you've got to be if you're going to make it. Learning - each day you learn something. Actually, you don't try to make too many mistakes; you just can't afford to make mistakes now. In the past we could learn from our mistakes, but now you've got to research things that well, and researching things and doing them well I guess interests all of us here... One of the most exciting things apart from stock is putting seed in moist soil and watching it grow to a crop and harvesting the rewards... It's just producing, being primary producers, and putting the research and the inputs in... We love looking into things and really researching things to do it well, then putting it into practice. Then when it rains, it's just exciting and if it doesn't rain, it's sad. But we don't need to go to the casinos, do we? All the uncertainty I think is good... It doesn't always work out the way you want it to, but that's half the fun of it anyway... I guess we've always treated these challenging years as, should I say, exciting, in inverted commas. I'll always learn from it and I'll always come out of it wiser, and better farmers and better people for it... Certainly the main negative is loss of income... But we've moved forward, we bought more land, bit more land, and certainly progressed, certainly haven't gone backwards... Farming excites me... you just have to really love it'.