

Part Two – September 2007

3 September 2007

3.1 Overview

This section reports on the interviews conducted in September 2007. By providing a snapshot of the situation in September 2007, it builds on the understanding we developed in Part One about the issues farming families are facing in a period of great uncertainty and diminished capacity. Like the first round of interviews, it explores immediate and longer-term pressures upon farming families and their decision making around the present and future.

An assessment of cropping in the region by the Victorian Department of Primary Industries at the time concluded that:

'Crops range from very good to un-harvestable with significant variability not just between regions but also within farms. It's disappointing the early season potential won't be realised. Overall harvest will be well below average' (DPI 2007: 1).

The interview findings presented in this section attest to the disappointment felt by farming families. Based on 20 interviews and a total of 43 interviewees, the findings also represent both the variability among farming families and the overall sense of shared difficulties. In exploring the circumstances, decisions and mindset of the interviewees, it refers to differences between those in the younger and older age groups as appropriate.

With the imminent return of drought and the ongoing legacy of previous years of drought, the Australian and Victorian governments released new drought assistance packages in October 2007. It is important to note that these changes were not in place at the time of this round of interviews and do not form part of the changing context farming families were facing at the time.

Eight key findings emerged from the interview data:

After a period of hope, stress was rising again in September

- Following a difficult period of waiting, spirits rose with the Autumn break.
- Many farming families are now more vulnerable financially than ever.

The threat of further drought is having a significant impact

- The threat of further losses is causing great anxiety.
- Most people's hopes for a redeeming year have been crushed.

Some people are losing faith in nature and farming

- Disbelief, despair and depression are widespread.
- People are becoming frustrated with agriculture.
- There is growing concern about the challenges facing the industry.
- Defiant optimism is present and encouraged.

Risk has been approached in a wide variety of ways this season

- Risk-taking and risk-averse strategies to production have been used by different farmers.

- The cautious approach being encouraged by drought challenges the dominant professional ideal in farming.
- Decisions around enterprise mix are complicated by assessments of risk.
- Efforts to adopt on-farm drought proofing measures are limited by a lack of capital.
- Forward selling has badly impacted some farming families.

Many farming families are looking to increase their off-farm income

- Many view alternative income as key to “drought proofing”.
- The time and capital being committed to farming is decreasing.
- Farming families of all ages are trying to protect themselves with off-farm investments.

People are questioning their plans for the future

- Professional and personal plans are being postponed and compromised.
- Virtually all families are questioning the value and possibility of staying in farming.
- Some people are restricted from leaving by financial and family reasons.
- Even those deeply committed to farming are questioning its value to them.

The rural community is fatigued and fragmenting

- Many people are concerned about how others are faring.
- Issues of rural decline are ongoing and problematic.
- Fractures are appearing within the farming community.

Assistance has been utilised and is needed

- Families have benefited from various types of financial assistance
- Calls were made for further information and improvements to the financial assistance system.

Overall, the interviews suggest that the six months between February and September involved an exhausting series of highs and lows for farming families in the Wimmera Southern Mallee region and beyond. This round of interviews capture a period when the growing likelihood of further drought was threatening to derail the renewed efforts and plans of many farming families. They highlight how farming families' attempts to recover from previous drought conditions required them to cope with additional calls on their reserves as they prepared for production again. It also highlights how they needed to cope with the unavoidable lag period that exists between them committing further reserves and receiving the subsequent financial rewards that will help them recover. This process of recommitting and waiting places farming families' in a vulnerable position long after drought has seemingly disappeared. It also leaves them exposed if drought appears as a possibility again, as in September it seemed to be doing.

Irrespective of how seasonal conditions developed from September on, the interviews suggested that the threat of further drought had already inflicted a serious toll on the farming community. Due to this and the low levels of financial, emotional and social reserves farming families were already operating on prior to the recent dry conditions, the next six months will once again form a momentous period. The pressure on decision making already present in February 2007 will continue to mount towards February 2008. Although at the time no major

decisions about the future have been made by the farming families interviewed in September, the signs suggest that the interviews we conduct as the summer draws to a close next year will reveal that, unfortunately, some critical breaking points have been reached.

3.2 Key Findings

3.2.1 After a period of hope, stress was rising again in September

Following a difficult period of waiting, spirits rose with the Autumn break

To contextualise their current situations, interviewees were asked to reflect back on the period since February, when the last interviews were conducted. Consistent among their responses was the feeling that the six month period has involved a roller coaster of conditions and emotions. Consistent with Report One, interviewees generally reflected that when this ride began in February, they were at a dark, low spot – 'flat' and 'miserable'. As one stated:

'It was probably the darkest period that it has been since I've been back from school. The drought was horrific, the heat was unbelievable. You don't know whether it's going to rain again...We were wondering if we'd have to go through it all again...'

For some, this difficult period extended far beyond February. One couple discussed the difficulties they had until May:

X: 'We couldn't get money from the bank because they were snowed under with applications, so that was a real worry. We bought sheep feed and weren't able to pay for it, but luckily the blokes didn't harass us. And we had trouble with fuel... We had no money from January to May'.

Y: 'We were living on family payments that we got for the children. I usually like to let that accumulate for camps or shoes or whatever, but I was using that money to pay phone bills and everything like that. I accessed money from the CWA and the Salvation Army just so we could keep the phone and keep the power and things like that. We couldn't pay school fees... but then they paid my school fees so I was really grateful for that'.

X: 'You want to be able to provide the basics for your family and we couldn't... You sort of feel like begging for money. It was really hard. You had to confront businesses that you couldn't pay. Not being able to pay school fees was really hard because you feel like you're not looking after your kids... You just feel awful not being able to provide for your children'.

Y: 'The loan and the subsidy - it all came through in about May. We were sort of wondering how we were going to put in a crop, but it all came together after a lot of anguish and a lot of waiting... So now as long as we get more rain we'll be right...'

Waiting and wondering is a key theme among all the interviews. In February, people were focused on the future, as they waited cautiously – hopefully - for the season to begin.

'I think every February you're full of hope, no matter how bad things have been in the past. And you're full of fear - in about equal proportions... This February was worse because we had behind us so many bad years'.

'Waiting was difficult. Waiting for the business to start coming through... Waiting for the dry to end... And we were looking forward. The drought year was finished so we were looking forward to the next year... You look at the bad year you've had and what it has left you with, and you plan what you're going to do... We were probably as positive as you can be for that time'.

People were trying to put the difficulties of the past season(s) behind them and rally the enthusiasm to tackle the next one. The rains that came for many in late April – creating the best autumn break in a decade - gave a much-appreciated boost to this campaign. As described further below, many people were full of optimism.

Bolstered by a strong break and the promise of more rain to come, all of the farming families interviewed made the decision to continue with production this year. They were assisted in this decision by the widespread optimism that affected their communities as the season started promisingly and grain prices rose to dizzying levels. Just as they had shared the pain of the previous season, they shared the joy of the new season's potential. Interviewees commented on the lift in spirit that went through the community, the 'spark it put in our step'.

Many farming families are now more vulnerable financially than ever

Yet, the decision to continue farming was a decision to take on more risk in the short term. As discussed in the previous report, acting to produce a product in response to or expectation of rain incurs an immediate and significant financial cost. Many families needed to extend themselves financially to put crops in, using savings, liquefying assets or, most commonly, taking on more debt. The older couple below discussed how they have had to use their superannuation:

X: 'We couldn't buy our super [superphosphate] the last few years. We've been buying it and paying for it the following year. But we couldn't do that this year because of the failed crops last year... So we sold some shares to buy it'.

Y: 'We sold nearly half our shares. That was always going to be our superannuation... So if we have a decent harvest that same money is going back into the super fund. We've really got to do that no matter how hard it is... But, then, if we do get a bit of spare money, some of my equipment is so old that I'm going to have to pour money into that... So that's a bit of a worry too'.

Others discussed the debt they have taken on, some for the first time:

'Over the last six years we have been reducing our debt all the time. But this last year we had to borrow that all back... You sort of think "Bloody hell!"'

'We originally budgeted on reducing our overdraft by August to back under half of what it was – and now it's nearly double what it was!... It doesn't make it very easy'.

'Until this year we haven't really had a problem with the money side of things. But we've got a debt now'.

'We haven't had an overdraft until this year... That doesn't sit well with us... We thought that we were getting ahead, you know, and all of a sudden it's all gone. Everything that we'd worked for - not just over the last twelve months, but for the last ten years - it just seems to have disappeared overnight'.

These comments illustrate how for most farming families the cost of continuing has been to place oneself in a position of heightened financial vulnerability. When comparing their position in September 2007 to February 2007, many interviewees mentioned the growing financial pressure they now feel:

'Financially we're probably feeling it worse now that when you spoke to us last, because we haven't had any income in that time and we won't have any income until probably December/January. We're just getting deeper into debt as every day goes by. If we have a good year this year we're still not going to recover in one year from a drought. It'll take a few years to recover.'

'Certainly there were financial pressures [in February] but probably at that stage financial pressures weren't as bad as they are right now. We didn't have a great harvest in '06 but we had *some* harvest and the prices were good and the bank account was in the black. When you get bank statements in the black you don't worry so much... Now, at this point of the year, it's well and truly in overdraft. We've spent money on fertilizer, chemical, fuel and basically getting the crop in. Now when the bank statement arrives, we're not so quick to open it'.

'Last year we had the drought and we had no money coming in - but we did have pool payments from the year before and so there was money coming in every quarter from the previous harvest... If we don't get any harvest this year, and that is looking increasingly likely, we'll have no money coming in from last harvest and we'll have losses from grain trading and we'll have to start selling stuff to carry on'.

'We've really gone back to a drought situation. The hardest part of this year is still going to be October/November. That's when we're still not going to have any cash flow - unless we pull FMDs [Farm Management Deposits] out. We've tried not to use FMDs this year because we need to roll them into superannuation'.

Although the difficulty of cash flow is the same in any season for those involved in cropping, this year it poses a more serious challenge because of the lower resource base virtually all started the year with. As described in the previous report and sections below, these eroded resources are not only financial and physical, but emotional and social.

3.2.2 The threat of further drought is having a significant impact

The threat of further losses is causing great anxiety

The interviews in September 2007 provide a snapshot of a system under threat. At the time it was likely but not definite that drought-like conditions had returned. After the season's 'brilliant start', more than six weeks had passed without significant rain and crops were beginning to show signs of distress. Interviewees varied in their assessment of whether the season could - or would - be 'saved' by subsequent rain.

Irrespective of the actual losses that some families had already experienced at the time of interview due to the lack of rain (discussed further below), it is important to appreciate that the *threat* of potential losses posed by the dry conditions had, in itself, a significant impact on all involved. Psychologists have documented how threatened loss as well as actual loss is a serious cause of stress (eg. Gleitman 1995). Part of this is to do with the uncertainty involved. 'Uncertainty', as one interviewee said, 'is harder to deal with than the truth'. Uncertainty allows the imagination to go into overdrive and tires the mind with myriad possibilities. It prevents natural problem solvers from going into their preferred mode of coping and puts a brake on planning, activity and resolution. It instead holds people in 'waiting' mode while fuelling their anxiety about the future. As some interviewees said:

'The hardest thing is waiting... There's not much else you can do... You can't do anything...'

'I feel like we're only marking time, we're just waiting'.

'I just wish we could skip this month and just see how things turn out'.

Anxiety about the future is acute among many farming families in the region because of the past poor seasons they have come through. The nightmare of drought is still lurking in their minds while its effects continue to shape their everyday existence. In September, the question was starting to arise as to whether the conditions they were experiencing spelled a return to drought. People were asking themselves whether the dry weeks they had just had were a hiccup in an otherwise good season, or whether it was the relatively wet period between April and August that was instead the aberration. Questioned on whether they thought they were in drought, some interviewees revealed that they were again beginning to worry this was the case:

'If you drive around, I would say "No", looking at the crops. But deep in the back of my mind I would say "Yes", because we're obviously far from a guaranteed harvest...'

'Well, once you miss out on a couple of rains... you wonder if you're going to get any more'.

'You start to wonder what would happen if we had another bad year'.

'I think in February there was always hope that the next year has to be a better one. Whereas with the last month having no rain, people are starting to lose that element of hope'.

'If this year is a total wipe out... because we have none in reserve from last year, that's when it all hits home...'

'I don't know... Things were wonderful a few weeks ago and now it's just hanging on a knife's edge'.

'All I know is that our position financially, yet again, is on a knife edge'.

'The stress has built definitely in the last month. Up until a few weeks ago, I was super positive and things were ticking along really well. But that element of doubt is beginning to creep into my mind now... You know there are these beautiful crops that are just one good rain away from being a really good year, but we're just not home yet. You just have that shadow of a doubt there that it could all fall in a hole again. We had really good crops last year until the AFL Grand Final and then it all fell in a hole then. ... We're just on a knife edge waiting'.

'There was that little moment, that little moment a couple of months ago when the Mallee looked like paradise... I did feel so much better for two months. I felt I knew what I used to be like. Just back to being me again. And then there was a great big period of anxiety and all the rain sort of trickled away. And now we're here... paying a lot of interest... and psychologically worse off... It's like being half a person, it just takes the spirit out of you'.

A discussion between a married couple further illustrates this rising concern:

X: 'Up to a month ago we were pretty happy with ourselves and now things are getting a little nervous again'.

Y: 'I think it's worse than a little nervous!'

X: 'With another good rain things will brighten up again. But until then things are a bit nervous... If we had have been done with it a month ago we'd be bouncing around now saying it is all good, but we're starting to worry again... We've still got a chance, so while you've got a chance you can hope that things will be alright... It's when the last plant falls over that it will be interesting'.

Most people's hopes for a redeeming year have been crushed

Threatened loss is not only a serious cause of stress because of the uncertainty that threat involves, but because of what may be lost. It is especially stressful when the potential loss is momentous, such as when the loss would be of something of special importance or when one's resource base is at a vulnerably low level. Both of these circumstances match the situation in September for many farming families.

What was being threatened was, among other things, the potential loss of the promise – dreamt of for years and dangled before the community this year by the early rain and high prices - of an income that would rescue families from the downward spiral many feel they have been, and are, trapped in. Encouraged by the season's early promise, many people had pegged their hopes on this being *the* season that it was all going to come together and get them back on track. As some interviewees described:

'I find it really tough to think we could have had a really good year and paid off a lot more money'.

'If you had of come and done this interview a month ago you would have got a whole lot of different answers. We were positive, we'd bought a new header, just locked in 700 tonne of barley for what we thought was a good price... Now we're over \$100 behind on it. Every day it goes on it's just heartbreaking... I was hoping this year was going to be the bumper one that would get us out of debt.'

'This was a one in 100 year opportunity to have both good prices and good yields at the same time. And it still could happen, but every day that goes by the potential is dropping off and the possibilities of high prices and high yields are becoming slimmer everyday'.

'This year the grain prices are through the roof and we should be overjoyed about that. And if we could just get some good rain we would have such a good year and the local economy would be so buoyant. It should be the best year we've ever had on a farm: financially rewarding and getting everyone out of debt. But it hinges on whether we get another two or three inches of rain or not'.

People differed in their assessments of how much damage had been already done to the season. The farmer below, for example, was relatively optimistic, boosted by his good fortune the year before:

'We had a fair harvest last year so we're not in the same category as a lot of people. Even this year things are looking pretty good still. If we have as good a year as last year we'll be satisfied, but I'm still hoping it will be a bit better'.

The overall feeling, however, was that, irrespective of how the season turned out, the season was failing to do what it was *supposed* to do, which was to redeem farming families from the poor fortunes that most have suffered. Although at the time the season may have still turned out to be an average year financially for some families (given the good prices), many seemed to feel this hope was small compensation for the amount of pain they have been through in recent years. People were hoping for more than another year of "survival"; they were hoping for a year of genuine "recovery". That it was becoming apparent that this was not going to be the case – that many families were going to have to try to merely "cope" for another year – was bitterly disappointing for them. As some explained:

'If it doesn't rain again this year I think it's going to hurt more than ever because of the fact the prices are up there and we know what we could have had and we didn't get it. I think that will really knock people around if we don't get a reasonable harvest.'

'After this year starting out so positive and then to be kicked in the guts makes it twice as hard as it would have been, had you prepared for it in the past six months'.

'I think the hard bit is a lot of people thought this year was going to be the best year out and they've taken a massive fall, not necessarily because they've put a lot of inputs in, but emotionally'.

The exchange between the married couple below further illustrates that some people are indeed feeling crushed at the thought that the golden opportunity of the season has slipped through their fingers.

X: 'Well this years *dead*'.

Y: 'It's not *dead*, lots of things can happen...'

X: 'Yes, but the real possibility of the wonderful year is *dead*'.

Y: 'No, there's a lot of salvage... It's important to salvage what you can'.

X: 'Yeah but the vision or the utopian idea of it being a good year - that's gone'.

In this exchange it is the female that is feeling more pessimistic about the season. This is consistent with the overall findings that found that 35% of females seemed pessimistic relative to 22% of males, and that 35% of females expressed feelings of optimism relative to 61% of males. Some interviewees did not express strong sentiments either way.

For some interviewees at the time, even though they did not know whether or how far the season was going to move them "backwards" financially, the realisation that it was not going to "move them forward", as it had seemed to originally promise to do, was enough to give them the feeling of "going backwards" or "downhill" anyway.

'The last five or six weeks have gone from brilliant crops to going backwards'.

'Up until a month and a half ago I would say we were sitting on cloud nine. In the last six weeks it's going downhill fast. The stress is well and truly set in now.'

'You look back two months ago and everything was looking really good: the prices were going to be good; and the yields were going to be good... In the past week or so it's all going backwards again...'

The word 'again' points to how interviewees remain sensitised to the pain of drought despite brief relief from it earlier this year. People are reacting strongly to the threat of further drought because of their intimate knowledge of what difficulties further drought would entail and their waning belief in their ability to cope with them. Many interviewees are emotionally exhausted. As one remarked:

'The drought is still too fresh in your mind, you know. If things do turn sour again, how do you get through another one?'

As discussed above, given the toll of previous drought years, many farming families are operating on low levels of reserves. To even participate in this season, many have had to lay themselves on the line financially and emotionally. They have little buffer to absorb the impact of another bad year. As one farmer put it, 'there are a number of people on their last chance this season'. For it to have got to this point is deeply devastating for many farming families, not just those who personally face financial crisis. We now turn and look in more detail at the psychological toll the threat of further drought is having.

3.2.3 Some people are losing faith in nature and farming

Disbelief, despair and depression are widespread

Having to deal repeatedly with the issue of drought is beginning to grind down some individuals' faith in the world as they know it. Irrespective of any particular future impact of drought on them personally, many people are being negatively affected by the emerging fact of further drought itself, by the possibility or reality that things could actually turn so bad. This depressed outlook is spreading as some people's fears that further drought may occur

(discussed above) are morphing into a bleak acceptance that it *is* occurring. The following quotes illustrate this resignation:

'We've given up hope that it's going to rain. It's not going to rain'.

'If it hasn't rained for three months, why would it rain cats and dogs in the next two weeks? It's over'.

'I've been through a lot in the winter... I went through all that anger you know – hope, anger, depression. But now I feel as though I'm getting through it... I feel better than I did a month ago. But that improvement is more a resignation and the fact of knowing that it's all over... Knowing is better than worrying...'

Parallel to feelings of resignation are feelings of disbelief, disappointment and despair. People demonstrated feelings of shock and anger that drought is being inflicted on the farming community once again, and feelings of hurt and confusion at the injustice of it all. As some interviewees stated:

'There's a whole culture that's going through the bush of, sort of, just, desperation, you know?'

'It's tragic. It really is tragic what is happening'.

'I remember years ago listening to stories about Queensland - how they'd had *eight* years of really bad times. And I remember they asked me what I thought and I said "Well I would hate to be those people who have had eight bad years, and I don't want that to happen to me". And now, I know that that *is* what has happened to me... Now I'm in that position that I said I really dreaded being in...I can't believe it'.

Combined with hurt and confusion are also feelings of guilt. As well as being vulnerable to larger forces like the weather and the market, farming is obviously characterised by active human agency: the ability to skilfully negotiate and exploit larger forces to produce a desired end. With such power comes a sense of responsibility. And when such power fails to achieve the desired end, it can also bring a sense of guilt. Thus, although drought-induced failure in farming is at best only ever partially a human creation, those who experience such failure can feel a failure themselves. As one young farmer commented:

'You feel like you're letting everybody down. You've got your parents and your kids to look after and you've got to keep your wife happy'.

As seen in other quotes below, children's wellbeing is a key concern and source of guilt for farming parents. Employees are also a source of concern and guilt. A number of interviewees commented on the sense of responsibility they have as employers and the sadness and guilt they feel at the possibility they may not be able to provide for their employees.

'We also put a man on this year but I don't know how much longer we can keep him for... Sooner or later we're probably going to have to tell him to go'.

'We also have people who work for us, so it's hard... We don't want to have to let them go'.

Overall, memories of the last drought period and the difficulties of its ongoing consequences are now creeping back into the foreground as the landscape dries out. Shadows cast out by the mid-year rain are rushing back in to darken people's outlooks. Interviewees talked of depression, demotivation and those around them who 'went under' last time or who they fear may 'go under' 'this time round'.

'It's driven my old man into a corner... I don't know how he'll cope'.

'I've been feeling low... I try to hide my negative impulses.... But X said to me the other day: "I haven't seen you for weeks. Where have you been?"... I guess I've been less social than I have been in the past'.

'With the drought you think in the negative all the time'.

'I've got an office full of stuff and I just can't get motivated to get in and do it... Without doubt, without doubt I have been feeling quite demotivated'.

'Two doors up a man did it - he shot himself in the shearing shed. There is a lot of it around... A work mate did it... Life is not easy I can tell you that...'

'I went to the doctor for high blood pressure... I talked to him for a bit and he said that he thought I needed anti-depression tablets... He kept asking me how my husband was and things like that... and he wrote out a prescription and said I'd be back on track... I went to the chemist and he said it was a mild dose and they weren't addictive. But I told him that I didn't need them. He said, "Don't worry, there are about 130 people in this community that are on them"... That concerns me because that's a hell of a percentage'.

People are becoming frustrated with agriculture

As the above quotes indicate, one of the effects of drought is that it is altering people's outlook on the world, throwing into doubt their previously optimistic beliefs that good will be rewarded and things will turn out well. People revealed many feelings of pessimism and caution about the future, some of which have lingered since the drought last season. As some commented:

'You know, you just can't be too positive because it can just get shattered'

'Even though we had a fantastic start, I can remember sitting around the table and everybody was talking so gleefully about the harvest and stuff and I said "We haven't got it – we haven't got it yet..." because I was still worried... you just never know.'

The feeling that agriculture or the seasons it relies upon cannot be "trusted" and allow farming families to relax and be happy is feeding a growing cynicism about the whole exercise. Part of the dismay at the lost opportunity of the current season is that it looked - for the first time in a long time - to be avoiding one of the core frustrations with agriculture, which is the antagonism that typically exists between good yields and good prices. As interviewees explained:

'Of course, next year we might have the yields, but we won't have the price'.

'Whenever the prices are good, we can never get good yields... It's always the way. That's why until the money is actually in the bank we wait and see how much we smile... It's part and parcel of farming'.

'If everything had have run in our favour this year rainfall wise and the way the yields were looking, we probably would have made \$400,000 over budget... But now we're that far behind and the opportunity's going to pass us by. And then next year something else will go wrong...'

The feeling that "something always goes wrong with farming" seems to be increasingly shared by many farming families. As found in the last report, frustration with the weather is sensitising people to other painful characteristics of the current agricultural industry, such as the rising cost of inputs and land and the related debt trap that many feel they are in. As one young farmer explained:

'We'd like to be able to set up and grow... but we've got no spare cash... I guess most people our age would be trying to grow. And then if you can't grow - well, you can understand why people get upset about it... I think especially when you can see other industries where people are growing and this industry isn't. If you are solely in this industry, you're not growing, which makes it tough... When you can see people who are working as hard as you are and they're moving forward and you're not, you sort of think, "Why are we still doing this if we're not moving forward?"... It makes you more disappointed.'

Two young farmer's wives similarly commented about farming:

'You put in all this work, but you can't see that you're ever going forward. If you work in any other industry or if you work for a wage you put in your effort and you get rewarded. Whereas in farming you spend years and years of putting in all this effort and all you're doing is getting a bigger debt. And that's tough'.

'I feel for X [her husband] because they put so much work into putting their crops in and in the end it just doesn't work out... It is very hard'.

Young couples are perhaps especially exposed to galling comparisons with other industries and career paths. With social groups that perhaps extend beyond the farming community to a greater degree than those of older farming couples, and generally more opportunities and years to explore other options, some young farming families seem to be increasingly finding their decision to farm a challenging one to justify to themselves. A discussion between a young couple illustrates how some are weighing up the costs and benefits of farming and the rural lifestyle:

X: 'We've been left behind by our friends a little bit income-wise'.

Y: 'We're getting left behind a little bit because a lot of our friends are living in Melbourne and they're living in a house worth \$1 million and they've got jobs that pay \$150,000 a year. We can't seem to make that sort of money...'

X: 'You get a bit envious. At the same time you know there are qualities that you get up here that you don't get down there. Your children's upbringing and things like that.'

Y: 'Like they have to get up and go to work at 7am and take the kids to crèche and that's not necessarily a good thing... But then they come home with \$300,000 income between the husband and wife'.

X: 'And actually a crèche would be lovely. There's no crèche here, or a 3 year old kinder, I'd love a 3 year old kinder'.

As seen in Report One and discussed further below in Sections 2.6 and 2.7, features of farming and rural life combine to shape the decisions of farming families. Furthermore, aspects of both are unsettling some families' decision to farm. As discussed further below, part of this is a growing cynicism about the potential for agriculture to deliver to families the goals they want to achieve, including an equal standing in the world with their non-farming friends.

Another frustration with agriculture is its dependency on nature: a world that in drought conditions seems especially uncontrollable and unreliable. As interviewees commented:

'Financially we haven't felt the effects yet, but it's annoying. It's annoying that it won't rain and it's annoying that it's just so tough'.

'What annoys me is when it doesn't rain. You can be ready, but then the seasons turn around'.

'We've lost a bit of faith in at all. I still consider myself a positive person but I've lost a fair bit of faith in the seasons and the weather... It's disbelief at this stage - that we can get to this stage of the year and be on the edge again. To think that it has all come down to the next rainfall event again... I can't believe it'.

'I think I'm getting to a point where I'm losing motivation and all that sort of thing... I'm not a quitter but on the other hand you might eventually have to say that the weather has beaten you...'

'If this season doesn't finish off, then it's becoming more and more unreliable. And how much more can you take?'

'I haven't learnt to hate the land. I haven't learnt to hate nature... But you can't... If the land can't provide me with the where-with-all, I'm going to have to go and find it somewhere else'.

'You feel like it's letting you down. You've tried hard and it's letting you down.'

This last quote communicates the sense that nature is not playing fair; that no matter how hard and cleverly farmers try, they cannot rely on being rewarded justly for it. Just as the drought is sensitising people to the frustrations of agricultural trends such as declining terms of trade, it is sensitising people to the frustrations of agriculture's vulnerability to a seemingly contrary natural world, albeit one that may be being impacted or weakened by human interference.

The disjuncture that is created between endeavour and achievement contradicts one of the fundamental beliefs in western society referred to above: that genuine effort will be

rewarded. A farmer pointed to this belief with an anecdote about another setting in which this belief is espoused: school.

'Our daughter who is doing Year 12 was asked to do a talk on the drought. She likened it to spending all your time working on your VCE knowing that you're going to fail. She said that's what a drought is. It's a great analogy'.

The analogy underlines how fear of failure is becoming in some cases a pessimistic expectation of failure. It points in part to how, by disrupting the relationship between hard work and success with a large dose of unpredictability, drought is increasing people's sensitivity to nature's unreliability or own vulnerability, heightening their feelings of insecurity, unsettling their worldviews and eroding their contentment in agriculture.

The rapidity with which the current season has unravelled seems to underline how tenuous farming families' weather-based security is. The quotes below point to interviewees' focus on the pace with which the good season has discontinued:

'The pastures are folding up incredibly quickly'.

'We have just come out of the drought, and history tells us that it won't repeat itself. All the signs were looking like things were going to be good, so I was extremely positive... It's crazy how things have turned around so quickly'.

'This year has been one in which you could not believe actually... You know, 100mls of rainfall to the 2nd of June in the growing season and then this sudden "Stop". I mean, there's been no place in history where it's happened before where you've got such a deep start and such a sudden dry finish'.

'You're always looking forward to the year to come. Already now you're looking forward to next year. Had you come around for instance six weeks ago doing this, things would be looking pretty good. If you come around here now, things are going backwards quickly'.

'It has been a bit of a roller-coaster this year. It's really been only the last three or four weeks where we've slipped back into the position we were in this time last year'.

In contrast to the excruciating wait for the season to 'reveal' itself (described above), and the protracted character of drought, the suddenness with which the season seems to have gone from potentially wonderful to potentially disastrous is contributing to people's sense of alarm. The traditional guide as to what to expect – history – is proving unreliable, leaving people with a heightened sense of uncertainty about what the future holds and how they are going to manage.

Exacerbating concern about the future is climate change. Whether understood as human-induced or not, climate change threatens to further strain the relationship between farming and nature by intensifying uncertainty and inflaming extreme conditions. Although some interviewees are climate sceptics, some are troubled by worries about climate change in the longer term, just as they are troubled by worries about drought in the short term:

'There's just a nagging thing in the back of my mind about climate change...'

'[The dry climate] feels long term to me. I mean I'd like to think that next year it will suddenly turn around and this has just been an aberration, which is what X [her

husband] is still hoping. But it feels like climate change. I think there's no doubt it's at least largely climate change'.

Acceptance of climate change leaves open the question of what climate to expect. It's mere possibility throws into doubt what is "normal". With it, it throws into doubt what "rules of thumb" can be relied upon to help one manage.

One rule of thumb or belief that is helping some people cope is an acceptance of our human inability to control weather or future climate. As one farmer remarked:

'I suppose I've been through enough seasons to know that there are ups and downs and I sort of accept what's happening. I can't change the weather so I just go with the flow a bit. Years ago I'd let it get me down, but what will be will be'.

Acceptance of the uncertainty of the seasons paradoxically helps people cope by *reducing* an element of uncertainty - by resolving in their minds an issue that may otherwise remain a point of conjecture and effort. Just as we saw above an interviewee reflect on feeling better since resigning himself to the 'fact' that the current season is 'over', resigning oneself to a problem can be easier than fighting against it. This 'appraisal-focused' mode of coping involves altering how we think about a problem in order to be able to deal better with it (Nelson and Sutton 1990). It stands in contrast to the problem-solving and emotion-centred coping strategies mentioned in Report One. It is typically called into play when problem-solving is not possible.

The need for appraisal-focused coping signals the type and scale of issues that farming families are dealing with in amongst a myriad of more immediate and personal problems for which they have responsibility. These various issues coalesce in the question of drought recovery, which is a concept that calls for both a favourable change in weather and a human ability to subsequently respond. In talking about drought recovery, interviewees emphasised their ongoing and unavoidable reliance on weather. In particular, they underlined their need for a long enough period of farming-friendly seasonal conditions for them to manage themselves back into a robust position.

'We don't just need one year [of rain] - it's got to then be normal years thereafter. If you turn around and have another drought in two years time, it's really going to hurt because you'll still be recovering from the last one. It's because we've had this drought on top of many more before that... We've had this drought on top of lean times before that so that hasn't helped the cause. The lead up to this drought has been terrible... Even our normal years have got to the stage where they aren't good years any more'.

'The trouble is the further you go, the deeper you get. You have a recovery phase but you don't really recover. You can't get ahead. You just get back to where you were until it all starts again. That's the way it has been like for the past 10-15 years. You think back and wonder if you could have managed things better in the past. You think back to what you had with your house, cars, tractors and stuff... But, you know, I haven't been extravagant and I'm still struggling'.

'I think in many ways if we actually had a couple of good years we are in a better position [than if we didn't have the drought] because we are smarter farmers than what we used to be. We are getting better at managing. So I think in many ways we will recover well from it. But, having said that, to truly recover in a financial sense

we're going to have to have a real run of good years to build ourselves back up again'.

'So far there hasn't been a recovery period at all. That's what has really debilitated people more than anything'.

'Everybody back this way lost serious money last year and that set them back a long way. A bloke we know said just about all his neighbours have gone back at least \$300,000. After the '82 drought, dad borrowed \$10,000 and the first thing we did after we got the money was pay that back. That's just not going to happen now. It's going to take years'.

The severity and length of drought and its effects requires a corresponding intensity and prolongment of recovery processes. These processes consist of both human effort and favourable weather. They continue long after the weather changes for the better, but continue to rely on non-drought conditions, as the interviewees above are well aware.

There is growing concern about the challenges facing the industry

In response to the antagonism that seems to be in play between farming and the weather, some commentators are speaking out in favour of Mother Nature. Adding to the problems facing farming families, this criticism is making some interviewees feel the need to justify agriculture's existence in Australia and in particular their area. As one said:

'Someone said to me the other day - I was quite angry - they said "Of course the Mallee's marginal country anyway isn't it?" And it really isn't... The Mallee - the Mallee has made heaps of money... But this person suggested to us that the Mallee should just go back to timber... She said that's obviously how it should be. Well, maybe... but it's not because the Mallee itself is marginal. It's not marginal'.

Combined with anger at this lack of support for local agriculture is concern that it does point to the magnitude of the political, social and environmental challenges the industry faces. Among these challenges is the question of government policy. As discussed in Report One and further in Section 2.8 below, some interviewees are concerned about the short and long term commitment of the government to agriculture. To some, the future direction of agriculture and particularly drought policy is as worryingly uncertain and frustratingly uncontrollable as the weather.

'If there's one thing that's come out of this drought is that the government needs to take a good look at if they want farming or if they don't want farming in Australia. Most people can get through one drought, though things like last year are tough. But what happens now for the people who aren't going to get anything this year? The banks will just say that the time is up'.

There are many signs of growing disquiet among those in the farming community about the serious challenges facing the industry. In keeping with the findings in Report One, it seems the pre-existing stressors of the uncertainty surrounding government support and climate change continue to exert a presence. The result is that individuals' immediate pressures are increasingly accompanied by doubts about the industry they are in. As a young farmer's wife admitted:

'I would say I'm probably fairly negative about it... X [her husband] puts his heart and soul into it and doesn't get any rewards out of it. I mean, it's not like you can then go and invest your money in something else because there is no money coming out of it.'

Or as a farmer commented:

'What [the drought experience] has done to me - it has probably put a lot of doubt in my mind about what this caper is really about ... It does scare you a bit what the future holds for agriculture'.

Defiant optimism is present and encouraged

Despite the challenges facing agriculture in the short and perhaps long term, some interviewees remain defiantly optimistic about the potential of the current season and the future of agriculture in general, placing confidence in the weather, their ability and/or the potential of science to solve problems.

'I'm optimistic as far as the year goes. We vary rarely have two droughts in a row. We might have a downturn, but we won't have two droughts in a row'.

'I'm still quite optimistic that although it's not going to be a huge one, financially it still could be pretty good'.

'[The drought] is a challenge – just another challenge to try to get over and I think science will help us through'.

More commonly, individuals' signalled confidence in their and agriculture's ability to succeed *if* the season cooperates, reflecting the acceptance of having no control over weather mentioned above.

'We're doing everything right - we're just not getting the rain'.

'I'm still quite excited - as long as the rain keeps coming'.

'I'm positive about the long term, it's just a matter of whether we can stay in it for the short term until things turn around... If you come back in February, you might hear some sorry stories. But on the other side, if the rain comes and things turn around with high grain prices, you mightn't find too many people because they'd all be on holidays!'.

Whether one is optimistic or not is in itself a growing issue. Some utterances of or about optimism represent people's belief in the need for and appropriateness of having a positive outlook.

'We just try to remain positive. The game we play is to wait and see all the time'.

'We've got to keep each other emotionally buoyant. Emotion is probably more important than anything else. Once you emotionally go down the hole, then you're struggling in every aspect'.

'I think we're in reasonable shape, but you don't know how long you can go on staying optimistic'.

'You have to have a certain amount of optimism. If you don't have a sense of optimism about farming in general then you're probably in a pretty bad place'.

'You make your plans for good seasons'.

'You always think you're going to grow a good crop. You have to'.

This effortful optimism is fuelled in part by a sense that it is inappropriate, indeed rude, to be anything other than positive. Reflecting comments in the last report, one interviewee complained about the media in this regard:

'You listen to the country hour on the ABC and it is just misery. The woman on there just seems to play on it. She's shocking really'.

Whether you and those around you have the "right", "helpful" mental outlook is becoming a point of contention as the need to cope with poor conditions drags on. In particular, the common expectation that you and others will do your best to be optimistic can be challenging for those involved, especially when such efforts begin to waver, as the quotes above suggest is currently happening.

In keeping with this, a number of interviewees were apologetic that they were not able to offer a more optimistic perspective, or at pains to point out that they had only just stopped being more optimistic.

'If it stays like this for another fortnight, everyday we're just losing more... I'm sorry, it's just a bad day for you to come really... I'm usually quite positive, but today I'm not.'

'I wish you had have been here a month ago because my answers would have been so much different.'

'Even up until the last couple of days I've been confident that September will be wet. But now if it doesn't bloody hurry up it will be too late and too much damage will be done...'

'We've had optimism up until this last week or so probably. But it's all getting quite scary again because the forecast for the weeks ahead aren't very good either...'

Embarrassment at a lack of optimism is embarrassment at not conforming to the ideal of the successful, confident farmer figure dominant in Australian agriculture. This masculine symbol is entrepreneurial, undaunted by set backs, able to negotiate all obstacles. He boldly takes risks and reaps the resultant rewards. As we now discuss, issues of risk and drought have been occupying the minds of interviewees since February as they have had to make tough production decisions. In many cases, pessimism displayed at the time of interview is in contrast to the optimism felt at the time of planting.

3.2.4 Risk has been approached in a wide variety of ways this season

Risk-taking and risk-averse strategies to production have been used by different farmers

Many farming families approached production this year with more awareness of the business risks involved because of the low level of reserves they were operating from. The ways in which they perceived and responded to this risk are various. Section 3.4 looks at the decisions interviewees made earlier in the season around production, “drought proofing” and forward selling.

Farms in the Wimmera Southern Mallee predominantly involve cropping and, to a varying degree, sheep. At the start of this season, the major production decisions facing farming families in the region were:

- how much of the farm to crop;
- what crops to put in;
- what amount of inputs to use on the crops; and, if applicable,
- how many sheep to run.

Farming families' different responses to these questions point to their differing circumstances, approaches to farming, and perceptions of and attitudes to risk. In keeping with the hope – mentioned above - that this season would make up for prior poor ones, some interviewees (approximately 18%) went “all out” this year to maximise the potential gain. They cropped most if not all of their farms and/or used higher risk but profitable crops and large amounts of input. The following quotes illustrate this approach, as well as some of the regret that is starting to creep in, given the subsequent downturn in season:

‘Our strategy this year was to try and make up for the last few years... Anything that was in crop last year was re-sown and every acre has been sown. There was a prospect of good grain prices, and we put two barley crops in at the last minute because grain prices were predicted to be good and rain was supposed to be good. In hindsight we should have left them out and fallowed them for next year. We grew canola as an opportunity crop because we got a good, early start and we had a rain on Anzac Day and it was sown in the last week of April which was perfect timing. With an inch of rain it will still be a fantastic crop...’

‘The prospect of grain prices being so high was one factor behind sowing the whole farm. And we already had some wheat locked in. The weather forecasting – all the so-called experts were saying that El Nino was finished and La Nina was kicking in. Plus we had moisture - we had ten inches of rain in the first six months of the year so by the time of planting the crop we'd had more than half our annual rainfall’.

‘We had a good start so we went ahead with canola and things like that, which is starting to look like a bad decision. Generally we leave a couple of empty paddocks, but we thought this year might be a catch up year so we thought we'd put more acres in. We'll find out if that goes any good or not...’

‘I put most of the farm into crop to try to maximise income in as many spots as I could’.

'Unfortunately we've thrown all the inputs at it, even though I've tried to hold back... I've still thrown everything I've got at the crop. And now it still shuts down...'

'We did put in a lot of crop this year. We hung our hopes on actually getting a decent income... So there is some fear...'

'The challenge is I suppose that we spent a lot more money this year trying to chase a good year. So what do you do now?... We just got further in debt...'

More commonly, interviewees (approximately 55%) responded to the prior run of drought years by becoming more cautious with their production decisions this year:

'We didn't sow as much crop. We decided to cut back and cut our risk, so we cut back probably 500 acres'.

'In our mix of our crops, we've gone for the ones that have been less risk'.

'We've practiced a bit of low input farming this year with fertilizers and chemicals'.

'We tried not to spend too much on spray, tried to keep it within budget and not overspend on that'.

'I cut fertilizer right back from a budget of around \$60,000 to \$16,000. That was the main change'.

'We used less fertilizer: that bill was cut in half. And we just stuck to the basics, which are wheat and barley and beans'.

In keeping with the regret expressed by some interviewees about their decision to take a relatively high risk approach, one of the "positives" of the current season for those who have taken – often through financial necessity - a more cautious approach is that their decision means they have reduced their losses.

'The biggest thing we did [differently this season] was cut back on inputs for financial reasons. For a while it looked like we were going to need all the inputs that we didn't put in. But actually we've done well because the crops aren't going to be anywhere near as good as they looked like they would be a month ago. So we've kept our costs down which is probably handy'.

'We did just our normal herbicide spraying. We didn't use any urea. We looked at the economics of top dressing and decided against it, which now in particular I'm glad we did.'

The cautious approach being encouraged by drought challenges the dominant professional ideal in farming

It is important to appreciate that the move to more 'conservative' farming practices is not in keeping with the dominant ideal of an impressive farmer. As discussed above and seen in the following comment by a farmer, the ideal figure is one who aims for high potential returns and acts on opportunities to claim them in a swift and decisive manner:

'You have to have the ability to really capitalize on these years when the prices are high. You have to hit the ground running when you come out of a drought. Some people might continue on and miss opportunities, so you've got to keep your eyes open for opportunities all the time and grab them'.

There is an unresolved tension between this model of success and the emerging idea that an uncertain and potentially dryer climate calls for a more cautious approach. As one older farmer explained:

'There are blokes out here this year who have sown a few peas and sown canola, based on how the season opened up. Twenty years ago I would have done the same thing. But I've just backed off. I've sown no peas: I'm all cereals and I'm doing a bit of hay. I'm just not prepared to take the risks that I would have done twenty years ago. That's financially induced I suppose - you don't take any more risks than you need to because canola is a risky crop, peas are a risky crop and expensive to grow. So stuff it, you know - just take a step back and be conservative. I hate it because I like to be out there doing the stuff, but if it's going to cost you, there's no point'.

The idea of 'take a step back and be more conservative' is supported by growing concern with risk and its management. Numerous interviewees indicated they are more aware than ever of the risks involved in their business activities.

'We do plan far more than we used to about risk...'

'We think about risk management all the time now, especially having a young farm with nothing much to fall back on'.

Like the farmer above, many are also acting on this by becoming more conservative in approach, thanks in large part to the risks introduced by drought.

'I reckon this year I'm far more conservative than I was because of the droughts. That's probably part of your knowledge bank... you know it can go pear shaped'.

'I've reduced my reliance on borrowings and probably become more conservative in my planning'.

Altering the way one farms involves altering one's professional self-identity. The interviews suggest that through the accumulated weight of individual production decisions, some farmers are repositioning how they see themselves as farmers. The predominant model of successful farming - based on a relatively high input/high risk approach that can reap large rewards - is being increasingly called into question. As some interviewees commented:

'Every season is different. You always say you learn lessons from each year, but often those lessons don't apply to the next year, so you just take away what you can... I would say we were probably a bit more cautious and conservative and that is probably the way we'll farm forever now. The last five to ten years have probably made us more like that'.

Such a change in approach and identity is not easy or necessarily welcome. Some, like the older farmer above, resent it, and others, such as the farmer below, resist it:

'You shouldn't be in this game if you can't be optimistic because every year you gamble so much money on a positive outcome. You've always got to plant and you've got to think like it's going to be a normal year. There are people around here that are starting to take short cuts and it's going to hurt them in the long run'.

This quote illustrates the highly subjective nature of risk and the different time frames that can be taken in assessing it. What some see as conservative in the short term is seen as others as risky in the longer term. Thus, a growing awareness of risk does not spell a simple turn away from high input farming. But it does introduce a degree of ambiguity into the question of what the ideal approach to take is.

Decisions around enterprise mix are complicated by assessments of risk

Key to production decisions for mixed or potentially-mixed farmers is establishing the desired balance between crops versus livestock. Many interviewees illustrated how the two types of enterprises compete for their attention, time and financial input. Most who did so commented in favour of sheep:

'We're lucky we've got sheep this year. You know, we'll make some money... I'm not sure but we'll go close to breaking even'.

'With lambs you're not going to make the same amount of money as a good wheat crop, but at least it hasn't had the cost along the way'.

'You can't budget on income from crops... There is just too much risk... With sheep you've still got your lambs and it's more stable. You're not getting the highs and the lows of cropping... Everything in cropping has gone up too, like fuel and fertilizer... To me cropping is all about inputs. You have to have better machinery, more fertilizer, have your GM seed that you have to pay for. With sheep it's more about good management'.

'Cropping: it's really only gambling. No different to putting \$100,000 on a horse'.

'Honestly, if grain prices stayed above \$300 a ton, I would just unload all our sheep and live a less physical type of lifestyle. But unfortunately it would be a lot more risky'.

'The sheep are a risk management tool'.

Given the collapse of crop yields that was occurring at the time, this lean towards sheep is unsurprising. As one farmer commented:

'The sheep got the benefits this year. We're shearing this beautiful wool. We've got lambs that are fat, we've got great lamb percentage. We've still got enough feed... That's the huge difference between this year and last year, as far as the actual years are concerned.'

But the preference of interviewees above for sheep over crops is about more than the fortunes of this particular season. Although the troubles occurring with cropping at the time would have reinforced pre-existing preferences for sheep, it seems the choice between the enterprise types is being shaped at a more profound level by assessments of which option is lower risk.

Although the question of crops versus livestock represents heightening concern with how best to deal with the risk of uncertain and possibly drought-like conditions, the answer to the question of which enterprise type to favour is not clear-cut. As many interviewees pointed out in this and the last round of interviews, livestock are far from a sure bet during drought. Although they generally require less financial input and can enable some continuity of income, they also represent a large amount of work and risk. The relatively high level and ceaselessness of physical labour that good stock management demands is exacerbated during drought by water and/or feed carting. Responsibility for stock can also involve a higher level of emotional labour, especially during drought as conditions for stock become difficult:

'Livestock do really take it out of you in a drought because you're responsible... It's like having a kid, but you've got 10,000 of them... There's that whole business of "Will I get the sheep through? Am I going to have to pay another whole lot of money to buy grain at \$300?". Whereas with the crops... well, you sort of come to terms with losing the crops. Even this year, when I felt so confident on the 1st of August, you do come to terms with losing them. But the sheep, you know, it kills you...'

Fear of having hundreds or thousands of hungry mouths to feed in drought conditions is therefore another factor affecting the production decisions interviewees have made and continue to make. As the farmer below describes, prices then also come into it:

'We've got 800 ewes and lambs on at the moment, which doesn't bear thinking about. The hay that we thought we were going to cut has got sheep on it now... We've got some lovely new young ewes and they're vaccinated, but if this carries on and with the current grain prices, there is no way known we can carry our sheep on... But I honestly don't know what you would do, because you couldn't afford to sell because you know when you unload the sheep you're going to get stuff all for it... I've got a daughter who has a job in Mt Isa and if I could unload all the sheep I could go and make \$1000 a week doing something up there and just come back when it rains... But I don't know if I'll be able to sell them'.

Overall, the decisions arising as the possibility of drought emerges again are complex and difficult. They involve bringing together incommensurate factors like animal welfare, prices, and personal wellbeing, and weighing up short term and long term goals. The need to invest in drought proofing to cope with future drought – and, indeed, the coming months - adds a further layer of complexity to these decisions. We now look at the approach different farming families have taken to this issue.

Efforts to adopt on-farm drought proofing measures are limited by a lack of capital

Given that costs are a key component of the risks that farming families are increasingly focusing upon, their decision making is coloured by awareness of the costs each option involves. As one interviewee commented:

'We're very aware that every decision we make costs us and aware of potential returns and probability of returns'.

The growing possibility of drought means that assessments of the costs of any particular production path also need to include the "drought proofing measures" that seem to be

increasingly needed for that enterprise, such as storage bins for grain, or tanks, troughs and stored feed for livestock. Many interviewees described how they are trying to adopt such measures. Some explained their approach as:

'More sheep and more hay and hopefully get into a position where we've got a fair bit of grain sitting aside'.

'Storing a lot of grain if we can. That's probably a risk management strategy, knowing you've got a silo full of feed or grain. We've cut a bit more hay the past few years and that gives us a fodder reserve'.

Part of the dilemma facing many farming families, however, is that, thanks to prior droughts, they cannot currently afford to invest in these measures. One farmer explained he is making progress in this area but has a long way to go:

'Storage is not a problem. I can put some in the ground and do lots of things... We've actually progressed a bit actually... Considering last year was drought and this year is about to be, that's not bad. But...there's a long way to go'.

As another put it, in financial terms the issue is:

'How can you drought proof without rain?'

Difficulties in affording drought proofing measures due to previous and emerging drought conditions throw into question the viability of different production options. Combined with issues about drought proofing a family's business as opposed to farm, discussed in Section 2.4.4 below, the additional requirements that drought proofing represents further complicate the decisions many farming families are facing.

Efforts to adopt other on-farm risk management strategies such as diversification are also being stymied in some cases by a drought-induced lack of available capital. As one young couple explained:

'We haven't had any spare money to make any financial decisions to change the direction of the farm. The only financial decision has been to put the money back into the farm, which is no different'.

This quote illustrates how, in addition to the low input approach that some farming families are taking in response to uncertainty, another version of "conservatism" is also at work: a no-change version of conservatism. Like many examples of the recent shift to a low resource approach, taking a "no change" approach is also financially-induced in many cases. But, while the low input approach lowers financial risk (at least in the short term), the no-change approach may increase it. For, an inability to change direction represents an inability to adapt to new conditions. While at some levels lowering inputs may suffice as a suitable adaptation, other changes that demand the input of new capital (and expertise and energy), such as drought proofing measures or diversification, may be required to manage in the future. To the extent that past drought conditions are limiting many farming families ability to adapt in this way, this situation leaves them vulnerable to further such conditions; conditions that at the time of interview seemed to be emerging.

Forward selling has badly impacted some farming families

Forward selling is a relatively new phenomenon that is variously perceived as a source of decreased or increased risk. Hailed by some as a way of managing the fluctuations of the market and avoided by others as a risky and difficult gamble, hedging grain prices has played a large part in the current difficulties facing a significant number of farming families. One interviewee estimated that 'close to 50% of farmers around here would have some sort of hedging'.

Hedging is an issue this season (2007) because it seems many forays into it are turning out to be over-optimistic on yield and under-optimistic on price. The result is that not only are those involved threatened with the problem of poor harvests, but they have committed to selling certain amounts of grain at prices which at the time of interview were well below the market. Some explained their decision and situation:

'We've dabbled in futures trading in the past and this year we decided - because the way things were looking and the prices the way they were - we'd have a real go. But the market just kept rising... And it all comes back to that rain... Initial estimates were 30% of our crop marketed but you wind those yields back and now we've got 50% hedged... We're realizing the loss that we've made...'

'When we were hedging our crop, we had confidence. Four weeks ago I locked in barley - that's how confident I was in the season. Who would have thought the season would pull up like it is and cause all this grief?'

'There were prospects of good grain prices and we started hedging our crop, which turned out to be a huge mistake... Now we're looking like we might have a double whammy - we've lost money on hedging and we've got the risk of not growing any crop. It's rapidly turning into a critical situation'.

'We've all gone and hedged too much... We thought the price was good, but the losses are getting out of control.'

'A lot of people have forward sold... So they're watching themselves double lose in a way, which is hard as well'.

'We've lost money because of this grain trading... The ones who have been unsuccessful are basically having a double whammy. We've had a drought, we've had losses on grain trading and we're potentially looking at another drought. It's like having three droughts in a row.'

Various reasons were suggested for why so many farming families have been badly impacted by forward selling this year. One suggested people were relatively forced into forward selling by the Wheat Board situation:

'Possibly one of the things that has caused it is the Wheat Board debacle. Normally the Wheat Board do it all for us... But now they're not doing it and everybody got told that you've got to start managing price yourself. And things have gone pear-shaped and we've all been caught'.

Another blamed the marketing advice they subsequently received:

'The marketing firms have a lot to answer for... Now people will just not go near them because every person I speak to says that if there's one lesson they've learnt is that next time they're not going to book up any grain, they'll just put their money into silos'.

But perhaps the strongest incentive to forward sell was a level of desperation stemming from the losses of last year; a determination to try and gain back some control over one's future and to compensate for previous financial disappointments. As one farmer explained:

'The way grain prices were, I basically said that I wasn't going to miss this opportunity - this is the year that could write last year right off. So we went hard on our inputs and went hard on our forward sale... and got ourselves in a bit of trouble'.

As seen in other sections, previous years' droughts have created a desire to make up for lost opportunities among farming families. We have seen in this section that some acted on this desire to "catch up" by trying to maximise yield through a high input/large scale approach and/or by trying to maximise price through forward selling. Both strategies involved calculations of risk. As one farmer who took both strategies explained 'that's just our risk management policy'. It is impossible to know and perhaps unfair to ask whether such risk calculations were affected by drought-induced desperation or over-reaction to rain. In any case, the unfortunate financial difficulties such strategies look, in hindsight, to have created for those involved are likely to further focus farming families on "safer" sources of income, as we now discuss.

3.2.5 Many farming families are looking to increase their off-farm income

Many view alternative income as key to "drought proofing"

Farming families' efforts to reduce risk are largely motivated by a desire to protect their financial wellbeing. Such wellbeing is determined by the families' entire financial situation, not simply the financial circumstances of the farm. Demonstrating this whole-of-business or whole-of-family perspective, numerous interviewees discussed the growing importance they are placing on off-farm income in an effort to improve their financial security.

In keeping with this, some interviewees argued that the surest route to "drought proofing" is to bolster one's income against the possible financial impact of drought by reducing its reliance on that which drought most affects: the farm. As some stated:

'The problem is, you can't drought proof a farm to the point where you can always grow a crop... so you need alternatives'.

'Drought proofing is an alternative income'.

'You can't drought proof your farm, but you can have money off-farm.... You can take money off-farm from profits and invest it somewhere else... so if the farm loses a lot of money... I mean, it doesn't seem to make sense to take that money and put it in a sinking ship... But the thing is, if you're going to drought proof your farm by having off-farm assets then you're drought proofing your total business, you're not drought proofing your *farm*. That's *subsidizing* your farm... In any case, you can't do much

about that if you don't make money. You've got to have the farm running well before you can do that.'

'I don't really like the word "drought proof" because every farm experiences a drought. You can set yourself up to *cope* with drought but I don't know whether you ever "drought-proof" yourself. If we have a drought, it doesn't matter if we've got \$1 million dollars in the bank - at the end of the drought we're going to spend some of that \$1 million and we're going to be worse off than we were at the start... So we're not drought *proof*. We might still have money in the bank at the end of it, but we're not drought proof... You can set your business up better to cope with drought and that's it'.

The time and capital being committed to farming is decreasing

One source of alternative income is off-farm employment. Although it is a more limited option for older couples, in keeping with national trends numerous interviewees referred to this an increasingly important source of funds for their family. As one said:

'My contracting has kept us going... Without that I'd be very disheartened I think'.

Others discussed how they will need to rely on off-farm employment in the future if the current season fails. Heading off to the mines for a period was touted by a few. It is crucial to note that such options come at significant costs to the individual and family as competition for time and energy is created. For example, a young couple with three children under five and a pig shed to manage explained that, as in previous drought years, the husband would need to seek casual work up north if their financial situation deteriorates further:

X: 'If we have a bad year, it will put a bit more pressure on. Things will be pretty ugly. I pick up a bit of casual work now and again where I can. It puts food on the table even though it doesn't pay the bills. This time last year I had two months away'.

Y: 'If it doesn't rain, X will go away again and work and I'll stay on the farm with the kids and pigs... It is difficult... It is very difficult'.

Another mother talked of her family's increasing reliance on her salary and the difficulties of being away from her three young children:

'I've gone back to work because of the situation... I love work in many ways, but I do feel more stress being at work and being away from the children'.

A young farmer described the difficulty of combining his shearing work with running a farm with his ageing father:

'It's hard when I'm shearing to work at home because I work through the weekends and at night... It makes it harder for Dad'.

Another, albeit impermanent, method of seeking off-farm income is the selling of assets. While some farming families have sold off-farm assets to finance their current farm production, others are looking at the opposite flow of finance. Selling farm assets – namely land - to fund seemingly more secure and profitable off-farm investments or necessary

family expenses was mentioned by approximately a quarter of interviewees as an option they have used or are considering. Some interviewees explained this as risk management:

'Potentially selling a block or two is risk management... selling land and buying a house in the city, that's a risk management tool'.

Given the capital-rich, cash-poor situation many farming families are in, others explained it as a need to liquidate rather than transfer assets. In this case, selling farm assets is an option of last resort.

'I don't see any other way of recovering other than selling off some assets. I've got to repay those borrowings. There is no way with what I've got that I could earn enough to pay off that debt. I would have to get \$1000 a ton and that's just not going to happen. As I said before: you recover, you have income, you've got to pay income tax, you've got to pay interest, you've got to pay principle... The industry is not providing enough to do that'.

'We can always sell something... If the worst comes to the worse, we can sell some land...'

'I've been wondering how I can afford to send the two blokes [his sons] to university. I'll have to start selling off the farm... It's disappointing because we've been established here since 1949... But that's probably going to happen... It's been hurried up by the drought...'

A serious caveat with selling assets is being able to find someone willing to buy at a price you can agree on. As the last farmer quoted above continued:

'The problem is I've been trying to sell a block of land for two years and it hasn't sold... I thought I might put two blocks up and make it a bit of a parcel, but then I lose the house my sister lives in...'

Another similarly reflected:

'I used to think that if we want to go, there will always be someone there to buy the farm. And it came to me that there were an awful lot of people that are going to have to walk away or are just fed up with it. And it hit me that, if we decided to go, who was going to buy the farm? It's not a simple thing that the neighbours will buy it because everyone seems to be struggling'.

An alternative source of income from land is leasing it out, which for many is a less radical and easier step than selling and is something a number of interviewees (approximately 15%) indicated they have done or are looking into.

Farming families of all ages are trying to protect themselves with off-farm investments

Perhaps the most desirable form of off-farm income is that derived from a profitable investment portfolio, whether in the form of (non-farm) property, investment funds such as Farm Management Deposits, or shares. Numerous interviewees emphasised the value of such a portfolio to their financial wellbeing. As one farmer commented:

'If we didn't have financial investment in things outside the farm then we would have gone under in previous years... If you've got some financial investment in things other than the farm, you've got a chance to recover'.

Traditionally, investment portfolios have been viewed primarily as superannuation for older farming couples. Increasingly, however, they are being seen as a form of insurance needed by all those involved in farming, irrespective of their stage of life. Approximately 35% of couples under 50 mentioned this as a strategy they are pursuing, compared to 20% of those over 50. As two young interviewees remarked:

'If we were to have a good year, we won't reinvest everything back into the farm anymore. We will be looking more at off-farm investments... a safety net'.

'It has been very beneficial for X [her husband] and I in this early stage of our farming lives to go through all this because it makes us realize how important preparing for retirement is. We've seen people who are in their 60s and 70s now – whether they be neighbours or further away – who had planned to retire at this stage, but haven't been able to. Seeing that has been a really good lesson for us. We can see the need to build our investments'.

Indicative of agriculture's emerging image as unreliable, farming families of all ages are looking to underwrite their involvement in the industry with "more reliable" streams of income. That such streams of income include playing the share market – which relative to most jobs would be considered a risky approach to supporting oneself – highlights the relative level of risk that agriculture is perceived to involve.

The shift from farm to off-farm assets within farming families represents a further challenge to farming success. Whether in terms of funds or the time and energy individuals put into work, a competition is emerging within farming households between farming and its alternatives. While many farming families find themselves unable to earn enough farm income to invest either off-farm or on-farm, in other households it seems money and effort that would have gone into the farm is being increasingly redirected towards structures and activities aimed at complementing or subsidizing farming income. There are signs that the capital worth of some farms is being actively or passively eroded as assets are sold or improvements to farms - such as drought proofing measures, the purchase or maintenance of plant, and progress towards economies of scale - are delayed in favour of off-farm alternatives. The potential result is that the strength of farm businesses is being reduced at a time when their external challenges seem to be escalating.

3.2.6 People are questioning their plans for the future

Professional and personal plans are being postponed and compromised

The growing focus on off-farm income represents one of the ways in which drought and the threat of it are altering farming families' plans for the future. Some of these alterations are in people's goals and how they are planning on achieving them, and some are in the timing of what they are hoping to do.

In terms of the latter, approximately 67% of interviewees commented on the retarding effect drought is having on their personal and professional progress:

'We had wonderful plans but they've all sort of gone on the backburner again'.

'It has slowed us right down with what we wanted to do.'

'The plans we have, we are now putting on hold because, you know, the drought...'

The sorts of plans and goals people are delaying or choosing between include expansion, upgrading or maintaining plant, diversification and drought proofing measures, succession, moving or renovating house, holidays, retirement and building financial investments. Leaving farming is also an option on people's minds, as discussed further below. Approximately two-thirds of those who reported that their plans have been delayed are under 50, reflecting perhaps the greater number of plans such interviewees have or the longer time frames they have to execute them. Slightly more older interviewees (20% compared to 15%) reported that they were going to have to change rather than delay their plans.

Plans involving spending are being especially held back both by the financial impacts of the drought last season and by the uncertainty created by the threat of drought this season:

'You look at our current position and... we should spend nearly \$200,000 on vehicles this year. That's just on utes and cars. That's a lot of money. And up until before '05 we also had a plan to put another \$100,000 worth on the end of the house. Now of course we're 12 or 18 months away from even looking at that.'

'Five years ago was our last decent holiday that we've been on. It would be lovely, when we've got the money, to pack up and go away. But after the last few years, we don't have it'.

'The uncertainty of the weather patterns, the dry pattern we're in - it's just not encouraging to make full on, flat out decisions to go ahead... For the past couple of years, I've had equipment loans and not the finance to service them... One young bloke here has just bought a header out of WA and he's thinking of cancelling it because the season has fallen away so badly. But he needs it because he's just taken on extra lease land. And it's all done on finance so they're under pressure already...'

'It would be fabulous if we could have *something*... That would be our lifetime dream: to have some money put away so we can enjoy ourselves later on. But we're just not sure when it's going to happen'.

Some plans, such as children's education, cannot be postponed. Their continuation instead necessitates compromising on other plans and/or seeking additional income. We saw in Section 2.1 how one father is trying to sell land to fund his sons' university education. Other families are similarly faced with pressing educational expenses, some of which require compromise on behalf of the children involved:

'[The farm situation] becomes a family issue. We've got a daughter at college and that's a costly thing. But do you pull her out of college or do you let her go and finish? You couldn't pull her out at end of Year 11 and not let her do Year 12 at college. We made the commitment to give her a chance because unlike her father she's quite smart.... But it's hard and it's hard on the kids'.

'Our youngest is going to boarding school.... But if we have a tough year that will be one of the first things to go. He'll have to stay here... But I just wonder why a child's education has to suffer in a drought'.

A young farmer's wife also expressed concern about the impact of farming in drought on her children:

'It is very hard... I feel for the kids because there has been a lot that they have had to miss out on because we didn't have the money '.

It is these sorts of issues that underline why decisions within farming households must always be understood within their family context as much as business context. They also underline the possibility that if drought and its lingering effects begin to elicit too great a toll on the family, they may lead to not just a bump in the road for the farming family, but an actual detour, as we now discuss.

Virtually all families are questioning the value and possibility of staying in farming

The impact of drought on families' financial status and their associated opportunities is perhaps the number one trigger for them to reconsider the possibility, rationality and desirability of staying in agriculture. Individuals' concerns about their situation and growing frustration with agriculture mean that all interviewees are well aware of the at least theoretical option of exiting the industry. In some cases, people are seriously questioning for the first time whether they want to or will be able to stay. As one couple said:

X: 'I can't believe we're even thinking about it because we're usually very positive. But this year has just given me that element of thought in the back of my mind thinking, "What's the point?". Even though the crops are still looking good, it is just so hard these days'.

Y: 'It's just so stressful! Every year we seem to be going through the same stresses and you think that you're not enjoying it, so why not go and do something else?... I mean, I don't want to go and live in the city or anything like that, but sometimes you just like to have a bit of a guarantee of your income every year'.

X: 'And you have to be comfortable to make the decision to get out while you've got something. You don't want to run your equity down to nothing because there would be nothing worse... So, I love it here, but you've got to throw these questions up, because as soon as you start getting pride involved that's when you hang on until you've got nothing left'.

Although the specific questions people are asking themselves about staying in farming depend on their particular circumstances such as age and debt level, the mood of questioning is widespread, as the following quotes indicate:

'Everybody is in the same predicament as us: How much more can we borrow before it's unsustainable to pay it back? Why are we here if it doesn't rain?'

'At what point are we going to make a decision to say we've had enough of this? Where's our trigger point?... Because you can only take it for so long and the bank will only give you so much money'.

'There's just the feeling of "Are we doing the right thing? Are we wasting our time beating our heads against a brick wall?"

'Our youngest has got five years to go at school, and after that, who knows?... I just think there is so much more that we could be doing with X's [her husband's] ability and skills rather than beat our head against a brick wall here. It has been a long hard slog from starting from not much'.

'If we decided to stay, it would be a question of whether we made the right decision. I mean, is it always going to be like this here?... X [her husband] and I have only been back here for 10 years and pretty much all those years have been not good'.

'So, X [his friend] said: "Why am I here? I mean it's all going down hill and if I keep doing this I'll just go broke...". Not that he's going broke by any means. But you know what it's sort of like when you're young and when you keep sort of increasing your debt - which we have done ourselves, another half million... You sort of say "I've got to stop this". Sometimes you've got to make hard decisions. So, we don't like them leaving, but I understand it... '

'Everything is hinging on this season and if it doesn't rain again then everyone will just feel like throwing it in. You can't just keep doing something that doesn't work. If you're not selling any produce then you have to ask yourself whether you should close the doors. If you've got a farm and you're not growing anything then you're not sustainable... You can't just keep borrowing from the banks and the banks just can't keep giving it to you... If we don't get a crop I'll have to go and find a job, or send X [his wife] to work, one or the other. But someone's got to look after three kids, so I'll have to go and find a job in the mines or something – that's where everyone else is... But, I don't know, maybe we'll just sell.'

'If this year turns out as bad as it potentially could in X [town] then I might get a push from the bank. Why wouldn't they? But I don't want to be in that position'.

Farming families are grappling with the issue of whether to stay or go with varying degrees of freedom and with a varying breadth of options before them. While some are motivated by a need to escape and compensate for - perhaps temporarily - the particular financial circumstances of their farm, others are motivated by an uneasiness about agriculture in general; an uneasiness that has grown since February and seems to have contributed to more families questioning their future in the industry.

As emphasised in the previous report, an important element of the context in which families are making their decisions is what those around them are doing. The quotes above give the impression that not only is a large number of families talking about possibly leaving, but a significant proportion is likely to actually do so. Whether true or not, such an impression can itself be influential, playing a catalytic role in individual families' decisions to go. Such an influence is more than a crowd effect; it reflects the very real connections that exist between members of the rural community.

Some people are restricted from leaving by financial and family reasons

For some people who may otherwise decide they would like to leave, the opportunity to do so is blocked in some way. As seen in Report One, some older individuals' retirement from

farming is being delayed by their need to still earn enough savings to retire on, including a profitable sale of their farm. As two interviewees in the September interviews commented:

'We wanted a good year because if you're going to retire you don't want to retire on a drought'.

'We know people who want to retire. X's parents and Y's parents, for example, they all want to retire at Horsham. But they can't do it because they're still putting money in the farm and haven't got the equity. So all their retirement plans are all put on hold'.

It is not only retirement out of farming careers that is being delayed. A farmer's wife talked about how her own retirement is being delayed as the family farm accumulates debt:

'I am starting to feel as if one part of my life should be finishing and that is my career. I *should* be able to look forward to the change that I saw as being a logical progression... But it's not going to happen, not at the moment'.

Others' ability to leave farming is being stalled, often unintentionally, by members of their family. One young couple discussed the pressure they feel to stay and look after the husbands' parents:

'To change what we're doing would take a massive change. It affects the whole family, it doesn't just affect us... There are a lot of influences in there so you can't just change and do something else. It would still affect X's parents because they're still part of the farm... It's an added pressure. You like to look after your parents because they looked after you'.

Others are in business partnerships with siblings who would be unable to buy the other out or survive on the remaining portion of the farm if one was to sell up. As a woman commented to her husband about his such situation:

'At this stage, unless things change, we've got no chance of sorting that out'.

Children are also among the family members who prevent others leaving farming. We saw in a quote above that one couple is waiting for their youngest child to finish their last five years of schooling before thinking of doing something different. Other parents are waiting to hand over the farm to their children, or to be in an adequately robust position to do so.

'We'll stay here until X [his son] can take over... The timing is bad. Instead of putting a bit of money into setting up somewhere to get out and take it easy we've got to worry about surviving and paying the debt off... The problem will be being able to retire and having something for X to take over. It would be easy for us to bail out now, but that leaves him with nothing... And you can't do that when he's given his life up to hang around and stay'.

'If there were just X [his wife] and I, we would have had a quiet year. But because we've got a son home and another one wanting to come home we've got to try and get ourselves back on top of the financial problem so we can move on from that and give them a start in farming'.

'X's parents are still involved in the farm as well, so we've actually been sorting out a succession plan. X's parents instigated it. X's dad is 70 soon and he was wanting to look at future things... We're probably the ones at the moment who are putting the

brakes on and wondering whether we want to jump out of the frying pan and into another fire... We're just trying to weigh it all up'.

Perhaps the most common family barrier to the family departing farming is one spouse's commitment to it. A number of female interviewees indicated that they are far more interested in leaving farming than their "born and bred farmer" husbands. The wife of a farmer who last year suffered serious depression and at the time of interview was experiencing severe stress following his large hedging losses explained her situation:

'[Even if this year fails] we still won't get off. X [her husband] would have to have every last cent spent before he got off the farm. I'm not as emotionally involved as him so I sort of think of it as something that's not making money at the moment. I'm not saying I'd rather be gone, but do you stay on a ship until it sinks to the bottom of the ocean or do you get out when you see it starting to go down?... X has been born and bred here and it would break his heart to have to leave, so you just keep battling through it. But I hate having to see him making decisions in a panicked state in case it turns out to be the wrong decision and I don't want to see him go downhill stress-wise or in any other way... I'd hate to see if he went down because he's the breadwinner and everything else'.

Another similarly discussed the tension between personally wanting to leave and being married to someone who doesn't:

'People talk about selling out and I know lots and lots of families saying: "As soon as we get money for our farms, we're going to sell". Now, I envy them in a way because they see that as an option. But I can't with X because he doesn't see it as an option... He's obsessive, it's in his blood or something...'

Even those deeply committed to farming are questioning its value to them

Some farmer interviewees demonstrated a deep, habitual connection to their farm and the farming profession. Yet, it seems even such a connection is not preventing them from observing what is going on around them and questioning whether "logically" they should think about getting out. As a couple of farmers commented:

'The hardest thing for me is that I always wanted to be a farmer and farming is my life. The hardest thing is that this farm has been in my family for 120 years. But I don't see any sense in staying here'.

'We're 5th generation, so that means a fair bit. But I probably would have made different decisions along the way if that link in the chain wasn't as long'.

Associated with a deep connection to one's professional identity is an inability to envisage what else one might happily do. As some older farmers reflected:

'I'm probably a bit stubborn because I probably should go... But I'm comfortable here with what I've established and what I'm doing. Probably my heart is ruining my head in that respect... But what do you do to occupy yourself?... X [his peer] has suffered

with depression and the uncertainty of how it is and he's sold up... It takes a lot of guts to sell up and I'd love to, but I'm just not prepared to yet'.

'I'm thinking about pulling out. But then I think, what do I do? You talk about displaced farmers always finding something somewhere, but... I mean, if I was 40 again, maybe...'

'I'm predicting that a lot of people will leave farming over this... I wouldn't... The only thing I could do is lease the farm and get a job somewhere else. But what would an old fart like me would do?'

Although the issue of how one would fill life after farming is especially pertinent for older farmers - for whom finding new employment or something to occupy them can be more of a challenge – younger farmers also expressed a sense of confined professional identity and options. As one said: 'It's all I know, so that's what I do...'. Like others, however, this farmer has also been prompted by drought to reflect on what he does and does not enjoy about farming. As he and his wife discussed:

X: 'I mean I still enjoy watching things grow and things like that. But when you have to bring it down to making money out of it, then sometimes you don't enjoy it. The business part of it is not much fun'.

Y: 'If it wasn't your livelihood then it would be enjoyable. When it's your livelihood and when you have nothing to live on and you have to keep going back to the bank then it's not enjoyable'.

X: 'It makes it tough'.

Many of those who have the voluntary option of leaving farming will reject it for emotional and other reasons. Yet, as the couple above illustrates, even those who reject the idea are engaging with it to a degree as they are prompted by the current conditions and others' actions to reflect on what is most important to, and possible for, their family. As some interviewees, all of whom are relatively young, remarked about their decision to date to stay in farming:

'I guess [this farm] is where we want to be... I was born on a farm and I can't imagine any other life... So I would like to be here. But if that's not the case, as long as the family is together, that's the important thing. We can't change what's happening and we have to accept what it is happening'.

'I love ag, I love what I do, I love the business. I love the fact that my children can go to the farm and work with me and learn all sorts of things about working hard and working for money. I love it, I do love it.'

'We think agriculture is our thing; we just have to work out how we go about it... We've got a young family, so we're putting time into family issues. But we're also realizing that our family is going to cost more money, so we're having to look at the farm having to produce more'.

'At the stage of life we're at [mid 30s], we can see a future in agriculture still. We're probably making longer term plans as well - looking at what we'll be doing in five or ten years time on the farm and the way we'll be farming and thinking about a future there... But we have to be in the right place mentally.'

'We're still wanting to stay in agriculture, I think. This year we have looked at whether we should be thinking of moving to another area and we've done a bit of investigative work. That happened probably since February. We are looking at perhaps moving to a higher rainfall area and doing similar to what we're doing now but on a lower acreage and doing it a little bit better to produce the same from less area'.

It is likely that these families and many others will continue with their original plan of farming. Nevertheless, past drought and the threat of its continuation are requiring them to monitor their decision, weigh up the costs and benefits, and adapt their methods. Some, like the couple above and another considering moving to Western Australia, are looking to relocate to other farming areas in an effort to escape the worst drought conditions. Others are looking at ways of ensuring their farm and wider business is profitable enough for their families' changing financial needs. All are well aware of the challenges and hard work ahead on the path they have chosen to date.

3.2.7 The rural community is fatigued and fragmenting

Many people are concerned about how others are faring

One of the consequences of the community, governmental and media responses to the difficulties of last season (including research responses such as the 'Critical Breaking Point?' report) is that members of the rural community have a better understanding of what other members are going through. While knowledge of the exact circumstances of specific others usually remains poor – representing many families' natural desire for privacy – there seems to be greater awareness among farming families of the range of problems facing farming and other rural families in general.

Flowing from this awareness is concern for those who are facing such problems. As one interviewee commented about reading the first CBP report:

'I realised what different positions other people are in... I noted some of the depressive comments and realised how hard it is for some people out there'.

Some of the 'different positions' this interviewee refers to are created by the age brackets or stages of career people are in. As in the last report, numerous interviewees expressed concern for those younger or older than themselves. As one older farmer said:

'I worry about the younger ones like the 30-40 year olds that are probably at the peak of their farming age... These young blokes are building up their leasing country and trying to get ahead and it's just not happening for them... There is just a lack of confidence going forward, with the years being like they are...'

Parents similarly expressed concern about the particular issues their son and those in his age bracket face:

'Our son is 21 and he's on the farm as well but all his friends have gone to the mines. So there are no young blokes left. It makes it very hard for them socially because there is quite literally no one around'.

While a younger farmer reflected on the difficulties the older generation of farmers are facing:

'I don't know how someone who is 60 or 65 must be thinking at the moment. They're probably thinking they're going to spend the last five years of their farming life paying off the debt that the drought year has created for them. It must be very hard. You'd have to be thinking that you'd be better off selling out'.

A couple of interviewees commented that they felt buoyed by reading in the previous report about others' concern for their age group. Knowing that others care about the wellbeing of you and your peers, or you and your family, gives you a feeling of support vital for good mental health. This feeling of support is perhaps even more effective when those who care also share your situation. We saw in Report One how reassured many people are by the knowledge that they are not alone in facing problems to do with drought and rural society. For, just as we may experience a sense of relief when we accept that a problem such as "weather" is beyond human control, we may experience a sense of relief when we learn that a problem we face is common to many. Both reappraisals shift the focus off our individual abilities and alleviate feelings of failure. Reflecting on how difficult it is to discuss the drought and its effects with wealthy Melbourne friends, an interviewee explained, for example:

'As we were driving home [from Melbourne to their Mallee home], I said to X [her husband], "I'd rather be home because everybody's in the same boat. At least *everybody* feels bad"... I mean, just in one day here two women said to me in town – one woman said to me, "Well Y [her name], we'll just have to be here for each other". And the other woman said something very similar. And they're people like, you know, I know only very slightly. But there is definitely, there is definitely a sense of sharing the pain, sharing the agony'.

Others made similar comments about the comfort they get from knowing they are not alone in facing drought and its attendant problems:

'The fact that everybody else is in the same boat as us makes you think we're in it together. And if people come unstuck and need to talk, you're there for them.'

'People are all in the same boat and we're sharing ideas and comforting each other.'

The downside of 'everybody' being in the same boat is the magnitude of the problem it implies. In the current situation, interviewees comments suggest that the stress caused by the threat of further drought is not just widespread but acute. A long time resident of a small town in the Mallee remarked, for example:

'I'm really worried about the community... The morale of the community - the panic and the disbelief - is something I haven't experienced in my life'.

The distress or depression of others can itself be upsetting, feeding and spreading the problem by creating a source of worry and a difficult environment in which to live. Comments by a married couple illustrate the kind of feedback loop that can be created when stress causes some people to withdraw from social life:

X: 'There's not a very good feeling in town at this point in time. There was a lot of optimism – probably three months ago it had a whole new lease on life. But certainly now it's not as good'.

Y: 'It's probably gone up and down. With the early break everyone was very excited and everyone was doing things. There were new cars in town and new machinery and people out and about at things... We went into the pub for tea around the end of the tennis season one Saturday night and I remember the pub was pretty full... But then we went a couple of weeks ago on a Friday night for tea and it was dead. Friday night is usually a pretty good night in the pub, but there would have maybe been five farmers and three or four town folk there and that would have been it... I think people just aren't going out again. They've just gotten back into that stressed mentality that on a Friday night we'll stay home and save our money... So it's hardly worth going'.

This couple's familiarity with how people think and behave under stress indicates that stress in the community is nothing novel. The previous drought periods have ensured that. Furthermore, as we saw in the first report and discuss in the following section, the main way drought's effects are being expressed in the community is through the exacerbation of long term problems. As one interviewee put it"

'Even though the drought is a big issue, for us there are so many other issues about living in a rural area that it's just one little bump in the road'.

Issues of rural decline are ongoing and problematic

The demographic trends and loss of services reported in the previous report continue to be a serious issue for farming families and the rural communities they are part of. Although the early break led to a revitalisation of spending and community spirit, this boost has not been enough to stem the declining viability of many rural businesses, which, like farms, are still reeling from the economic impact of past drought years and may not have been in the position to exploit the change in locals' spending habits following rain. As one interviewee summed it up:

'Look, I think we've got the basis of a great community... But, really, we just have to get some money in there... We need to circulate some money. We just need to have some good seasons - a big boom, a big boom'.

The difficult feedback loop between lack of patronage and lack of facilities or products seems to be still in play. Interviewees reported that over the last six months businesses in their local towns have continued to struggle or close:

'How's our community faring? Well, not very well. They've shut the shop and they've shut the post office'.

'The take away shop closed. And the mechanic is talking about shutting shop and going up to the mines'.

'Some things aren't on the shelf here, the commodities are not there... People go to Horsham and probably do a month's shopping.'

As local businesses close or lose their usefulness or appeal to potential customers, the number of people using the town decreases further as the centre loses its drawing power relative to alternative, competing towns. Another interviewee explained:

'Even if people are living here, if you can't get everything you need, you'll go to another town and you'll buy a lot more in the other town because you're there. I think that happens a lot... There's less people in our town then there was... I don't think that that's just happened over six months; I'd say that's happened over the years... I think the town is just getting smaller'.

Some types of businesses or services have particular drawing power, providing flow-on effects to other businesses in the town. The vital role of doctors was emphasised by a number of interviewees, who explained that not only does the existence of a doctor in town support associated businesses such as hospitals, pharmacies and residential homes, but it attracts residents to the area, supporting the town as a whole. One woman discussed this from the point of view of someone employed in the local pharmacy:

'Without a doctor this town would be dead... We wouldn't be able to run the hospital as a hospital without a doctor. Then people would get their script filled out of town so they wouldn't come to us [at the pharmacy where she works], and then they'd probably buy their groceries while they're out of town as well. So a doctor is a key person in the local community. If he sees 30 people a day here, that's 30 people driving out of town five days a week if there were no doctor'.

A town's dependency on a single role in the community like a local doctor makes it vulnerable. In turn, it makes it difficult for residents or potential residents to plan confidently for the future. An older interviewee discussed the issue from the perspective of someone who hopes to retire with his wife to a local retirement home in the future and who is concerned about the wellbeing of his elderly mother and mother-in-law:

'I just wonder, in another five years who's going to want to do it, who's got the capacity to do it... Unless you've got local people really fighting for your essential services, I can see us ending up having to go to the doctor in Swan Hill or Horsham. While you're well that's fine, but as you get older – X's [his wife's] mother is 87 and my mum is 84 – I just wonder whether the old people's homes are going to be operational when it comes to be our turn. I think when you've got choice you can cope, but when you don't have choice that's when it gets hard'.

Another interviewee looking to hopefully retire in the next few years indicated that the presence – or in her case, absence – of a doctor in their local town was affecting her and her husband's decision about where to retire to:

'The medical thing does worry me a bit, that we don't have a doctor here...'

A local football club is another feature mentioned by a number of interviewees as vital to a town's well being. As well as the economic role a football club plays in drawing people to a town, like other sports clubs a football club also plays a vital social role. As a form of entertainment more than exercise for most people, football particularly acts to bring people together in a relaxed setting to unwind and talk . As two male interviewees reflected:

'If you didn't have the football club it would be a bit sad to see what the town would be doing... You get to chat to people and that's a really important resource'.

'The fact that we had a footy club this year was a huge relief because it looked like folding, and that would have been a huge detriment to the town... If the footy club had

have failed it would have been a huge blow... The footy club is good because you've always got someone to talk to'.

As with doctors, in the current climate of rural decline recognition of the importance the local football club plays in one's life and the life of the town comes with fear that this resource will be lost. As the interviewee above continued and another stated:

'Now there will be the worry of the footy team next year I suppose... Realistically, I don't know how long it can continue...'

'The football club is really battling, but that's the same in all small towns'.

An additional challenge for football clubs and those who value them is the seasonal nature of the game. As the interviewee above explained further:

'Once footy is finished you lose a lot of the contacts that you sit down and watch the footy with'.

It is notable that, with the football season ended in September, the lack of football over the coming months is a further challenge for those facing a disappointing harvest and a long hot summer.

As suggested by discussions in the sections above about the rising financial stress being experienced by farming families, such families are once again pulling back on their spending as the potential for further financial difficulties emerges with the dry conditions. Many are also pulling back on their involvement in the community in other ways. Interviewees noted how the previous six weeks had seen a decline in the number of people around:

'X [town] is getting quieter. You notice that the number of cars going up and down the street is definitely quieting down... There are people that we haven't seen for ages.

'There are less people going into town and staying at things and there are less people going to the pub'.

Besides socialising, this involvement includes participation in community groups and organisations, which is another long term issue facing rural towns. As one interviewee noted:

'...there are less people to carry on the football club, the church, the scout group. I was president of the X [town] Hospital Committee and I know how difficult it is to keep things going. You never get all the problems solved and people just get tired of that after a while'.

Interviewees attested to this feeling of tiredness. While one young couple described how they have recently chosen to get more involved in their local organisations 'because it directly affects us... and we don't want to see things go backwards', others talked of feeling less able or motivated to be involved as they focus on the serious issues before them personally. As one woman reflected, she and her husband are rationalising what they are involved in:

'Like all small towns, a few people do lots of things basically. Of course, if you don't put in, you don't get out for your family. And also you don't get the satisfaction of rural life if you don't put in... We know this but we have been making lots of decisions

recently about where we are putting our time and energy and what we are putting it into'.

Another summed up what seems to be the approach of many:

'We try to support the local community whenever we can, but sometimes it's just not practical... You need to consider your family as well'.

Overall, the threat of further drought is exacerbating ongoing issues of rural town viability as people are being forced to conserve their financial and personal reserves. Although there was a brief period of respite for some businesses, it may have not been long enough to revitalise some businesses, or local organisations that rely on people's time and energy more than money. And although people's drought-induced withdrawal from local life may not be permanent or even widespread, it begs the question of whether the businesses and organisations – which they would no doubt like to return to when future good conditions give them the chance - will have been able to survive the intervening period without their support, particularly as that period extends into the next year.

There is also the floating question of what effect the prolongment of drought will have on the populations of rural areas. An interviewee in a previous section predicted a 'mass exodus' of farming families, and as we have seen many other interviewees are thinking seriously about whether to go. Involved in their decision will be their assessments of the status and future viability of their local community. As one woman reflected in thinking about where her and her husband might move to:

'I've got to be honest in saying there are times I could easily not live here because a lot of people have gone and it's getting harder and harder to keep the community together... It's very disheartening to see this town decline. It was thriving in our younger days – we had a hospital, doctors, train station, four garages, four banks, car agents, a picture show. You didn't have to go out of town... But now there's hardly anything'.

Rural decline is pushing members of the community to consider what the future holds for them and their family, as well as the community. No one wants to be the last one standing where the community once was, especially if such a position has been earned by sacrificing other opportunities. As a farmer remarked in discussing his families' future plans:

'We've often wondered what's going to happen in ten years time. Are we going to be the ones left behind closing the doors on things like schools and footy clubs?'

We now explore further how drought is heightening the tension between individual and group loyalties or priorities. As we will discuss, resultant fractures are beginning to appear between members of the rural community.

Fractures are appearing within the farming community

At the time of interview, the latest dry conditions were too recent and their consequences too uncertain for any social assistance measures to have gotten underway. While normal social activities such as the Wycheproof Cup and Barley Banquet were on the calendar, it does not seem like there were extra-ordinary community spirit events being held to specifically combat the negative social effects of the threat of further drought. The interviews instead

captured a moment when the community, still feeling raw from previous hard years, was in shock at the recent turn in the weather. They also captured the community at a time when people felt under pressure to be comprehending what was happening to them, and around them, and why, and were thus grasping for answers and perhaps people to blame. This section reports on some of the differences between people that interviewees mentioned in communicating their emerging understanding of the type and magnitude of the problems that they and the farming community are facing.

It was mentioned above that as a consequence of the relatively long term nature of drought over past years and responses to it, members of the rural community seem to be developing a better understanding of what other members are going through. While the upside of this is greater empathy and compassion within the community, the downside is that knowing more about other people's situations can lead to judgement and jealousy. In seeking to better understand other people, we naturally compare their situations to that which we know best, which is our own situation. A farmer who felt relatively well off demonstrated this process of comparison as he reflected on reading the first CBP report:

'I realized also that there are some people that are even better off... One person commented that it was the first time in his life that he's had an overdraft. I wish we were in that position!'

As we learn about others, we simultaneously develop our understanding of ourselves and our relative position in the world. Indeed, such self-knowledge is often the prime motivation for seeking information about others, especially when we are unsure as to what is happening to us. Report One described a hunger among many in the farming community to know what is happening to their peers in order to help them understand and 'benchmark' their own situation. As it also discussed, this form of social surveillance is accompanied not only by caring surveillance of each other, but by observations of a more judgemental character.

One of the notable changes between the February and September interviews is that stronger divisions seem to have emerged between members of the rural community. These divisions seem to reflect in part a divergence of people's circumstances as, among many other things, the downward spiral from few reserves to more problems entwines those who were from the outset facing the most severe financial and personal challenges. Although the problems the farming community faces are generally widespread and pervasive, the effects that they are having are distributed less evenly.

Acting in parallel with diverging circumstances is growing awareness and interpretations of the differences. For some, this is emerging through comparisons with their friends, as seen in the comments previously about friends in Melbourne. As one young mother reflected on differences between her and her local friends:

'Before the kinder meetings we go to the bakery and get lunch. Well, I did that twice and then I looked at the price that it was going to cost me and decided I'd take my lunch from then on. My girlfriends are happy to buy it from the bakery, where I probably look at it as money to buy a loaf of bread to feed the whole family... I think they probably look at me and think I'm pretty scummy because I won't spend the money... But it doesn't worry me because I know what our situation is like and I know that it is money we can't spend'.

This interviewee and her husband are becoming well aware of how their situation, or attitude to it, seems to differ from many of their peers:

X: 'Around this area there are a lot of young families so we are lucky that we have plenty of support and people to turn to... They seem to be luckier than us though'.

Y: 'They seem to be able to spend more money than us!'

X: 'My dream would be to have a new car and all our friends have new cars and they can buy a lot more stuff. I wonder sometimes what we're doing wrong because we're still paying off land and that sort of stuff... Maybe on the other hand we are very tight with our money and we don't spend it unless we have to'.

Y: 'Instead of adding another \$30,000 to the mortgage and driving a flash car...'

The above conversation highlights people's interest in other people's approaches to money. With finances top-of-mind due to the threat of further drought, the questions of whether others share the same financial problems as oneself and how they are dealing with them is a topic of particular interest at present. As seen in the conversation above, and in Report One in relation to financial assistance, divisions are forming between those who take different approaches to spending and debt. While many people are probably affected by the same feelings of self doubt about what they are 'doing wrong' as the woman above, they are also likely to be forming in their minds, as the couple above is, the justification for their approach. In doing so, they are mentally distancing themselves from those who take a different tact.

The main argument over financial matters is between those who have taken on large debt and those who have chosen or managed to avoid it. Inflamed by the government's financial assistance system (at least in its pre-October form) - which uses debt as a sign of legitimate need and throws all farmers' financial management under the withering glare of national media - those who have been caught by debt problems are also the target of criticism from those within their sector. As a couple of interviewees commented:

'We know a few people whose bank managers come and visit them and keep giving them more money without making them accountable for the money that they're getting. I think they're just setting them up for a lifetime of failure'

'Maybe the truth of the fact is people shouldn't be borrowing inordinate amounts of money and only paying back interest, getting in a position where they can only make their money back by selling their land'.

Another demonstrated the anger that the financial assistance system has engendered among many who have taken a debt-averse approach to their financial management:

'Because we were careful and we had money put away we were penalized because of that. It more or less says that you should go and spend your money. Some people spent the assistance on a holiday, some on a new car, some renovated their kitchen... I think you've got to be accountable for what you get. Even when banks lend money to these people, they're lending them more money all the time but they're not saying that you shouldn't have the new this or the new that'.

Anger at the financial assistance system – documented in detail in the previous report – seems to be increasingly spilling over into anger at 'these people' that necessitate and benefit from the system. Fuelling this disquiet is a fear that the agricultural industry's need for such an assistance package is bringing it into disrepute. While most members of the industry would appreciate financial assistance if it were universally available, what is galling for those that miss out is that the system's use of financial criteria presents the view that

unavoidable drought conditions are not the problem as much as individuals' financial management. In other words, by focusing upon those who have made particular financial decisions – namely to take on debt - the system implies that farmer error as well as natural disaster are involved. Given the amount of public criticism the assistance system has attracted, those farmers who have brought this attention upon the industry are then resented by the rest.

But those who are carrying high levels of debt are often equally resentful of those who are not. While many suffering under debt are open about the fact that they wish things were different - as seen in comments in previous sections – some are also defensive of the position they are in, pointing to their stage of life, desire to succeed or family situation as a legitimate cause. As one younger farmer put it:

'There are some pretty tough comments against some of us that have gone out and had a go. I guess the question is, those farmers who have made those comments, how sustainable are *they* going to be in ten years time? Each business is at a different stage. I'm taking my business through a growth phase and others have gone through that and are in a consolidating stage and they're fortunate that they're going through a drought at the moment when they've consolidated. Probably if they had gone through a drought when they were in a growth stage they probably would have needed that extra help too. The whole point of it is interest rate subsidies, and for those of us going through a growth stage it has been very good'.

Other interviewees in difficult financial situations downplayed the idea that those who are financially better off – and seemingly in need of less financial assistance - have reached that position through merit alone:

'The ones that are doing alright are ones that have been set up with off-farm income or they've bought a whole heap of land that has been cheap or they've had a fair kick start'.

'A lot of the farmers that are X's [her husband] age have been set up really well by previous generations... They can take a few droughts. Financially they have got that much money stashed behind them that not much has changed... They've got money stashed away in all sorts of places. That's life, there's not much we can do about it'.

These arguments represent another example of appraisal-focused coping, as individuals present their debt problem as at least partly beyond their control. The implication is that it is unfair to criticise those who are suffering through no fault of their own.

Others downplayed the focus upon their individual decisions and abilities by normalising or even idealising the acquisition of debt.

'We'd always be in overdraft at this time of the year – it's the way you're encouraged to do things these days'.

'You just keep borrowing money if they let you because that's what you're expected to do'.

'We use an overdraft all the time, but I suppose that's pretty normal'.

'We're pretty experienced at taking on debt now... Not very hard to do... It's not really very complicated... you borrow as much as you need to make the best of what you've got. If it's good for the farm, you do it'.

Comments about being expected or encouraged to take on debt bring us back to the issue of what model of ideal farmer is being promoted in the industry. As discussed in Section 2.4.2, there is a growing tension between the ideal of a high-risk/high-rewards approach to farming and a more conservative approach. While the former has been and continues to be dominant - associated as it is with the figure of the large, successful farmer - the recent fall of many of its adherents on the hurdle of unexpected drought has boosted support for the alternative model. As one farmer argued:

'If you can forget about all this high flying machinery and having the best of whatever is out there, there is still plenty of money in farming and it's still a lifestyle. The ones that have created a noose around their neck have 10,000 acres more than what they should be cropping and they have no home life and no social life... Agronomists and financial advisors try to tell you the best way to spend your money and it's not even theirs. People get sucked in and they're the ones that are saying that it is still going to rain "because it's got to". It only "has to" if you are over-extended...'

Another interviewee criticised the expansionist idea of reinvesting all farm income back into the farm to try to grow it:

'There's an awful lot of financial ignorance around. They don't invest off-farm when they have the opportunity to balance the tougher situations. I'm not sure how you go about improving it, because I think that information is out there.'

How people manage their money – and the appropriateness of their decisions – is largely interpreted through their visible spending patterns. This was seen in comments above about new kitchens and holidays, and is evident in the comment below:

'I look in the grocery shops at what the young ones buy and I shudder... You know, you can spray your garden with things you've already got in your cupboard, and there are other alternatives that cost very little. Bicarb soda and vinegar and things like that are cheaper and they work equally as well... I do shudder at what the young ones buy, like bottles and bottles of Coke... How they can afford it, I don't know'.

Aware of the potentially judgemental social surveillance they are under, many people try to keep signs of their financial situation to themselves, including those who do not want to appear better off than others. As some interviewees said:

'I don't say much about it, but I know damn well that I'm miles better off than anybody who has a horrendous debt. If you're not in debt and you get a tough time you can handle it. If you're loaded up with debt, you're looking at years down the track before you can get out'.

'We are fortunate that we are in a lot better position than other people and we know that'.

'I'm opposed to having a smart car because it isolates you and your family. If you drive around in a really smart car and other people don't have a really smart car it creates resentment'.

Despite such efforts to avoid creating resentment, it seems that it is growing among some groups of the farming community as stress levels once again rise. Complaints with or jealousy of other groups, such as those with more rain, more water rights or small business

assistance, also emerged in interviews. Overall it seems that, as one interviewee observed, tension is affecting people's personalities and outlooks:

'I've seen personalities change and I think a bit of it is due to the hard life. People do get a bit harder to get on with. There's more tension and I think it's coming out in personalities'.

These changes in personality are adding to the accumulating issues farming families need to deal with, and are in turn feeding the stress that underpins many issues. What the above quote also suggests, though, is that people understand that differences of opinion between members of the community are being exacerbated by the difficult conditions they share. As another interviewee put it:

'Everybody is facing their own challenges about what is the best thing to do. Every situation is different and you don't really know from the outside what is happening'.

Growing coolness between people may also be arising as people unconsciously try to psychologically protect themselves from the pain of physical separation from others when either party leaves. The discussion above suggests that drought is exacerbating the long-standing issue of rural depopulation. Those left are getting used to losing those around them to job and life opportunities elsewhere. As we have seen, many are also getting used to considering whether they themselves will physically leave. Either way, it is likely some people are becoming hardened to the once avoided subject of leaving farming, and that this hardening may be leading to a cooling of relations with others. In other words, social fracturing may be preceding and succeeding the physical fragmentation of rural communities.

3.2.8 Assistance has been utilised and is needed

Families have benefited from various types of assistance

In recognition of the hardship many farming families have been going through and continue to experience, a range of financial and social assistance measures have been put in place by government and other organizations. While this was relatively new and somewhat overwhelming for many families in February 2007, these latest interviews revealed a far greater degree of familiarity and comfort with what is available, albeit with some confusion over which institution is providing what assistance. Government financial assistance, which was a point of great contention - and, for some, shame - in the first round of interviews is now discussed more freely and positively. Half the families interviewed indicated that they have received some such assistance and many of these expressed how useful it has been for their family:

'It all helps. You'd always find the money if you had to and you don't want your kids missing out, but they're all valuable no matter how small they are'.

'I'm very thankful for the interest rate subsidy that we got'.

'We'll get through to harvest - not comfortably - but without too much bother. Having got that interest rate subsidy is a bit of a load off. It gives us those extra funds to get through the next few months... You don't sweat on it but things were pretty tight before this interest rate subsidy came through. Half of it has already been spent on

outstanding bills... Having to build up accounts or pay them late because it's just not happening financially is hard. The blokes that you owe money to are in the same situation so you feel for them as well'.

'I didn't even put that [the interest rate subsidy] in the budget but somehow my budget blew out by about that amount, so I must admit it was bloody good when it turned up because it gave me another two months of breathing space'.

'We got an interest subsidy from Rural Finance which was good, and we got EC payments and health cards... The actual EC payments are about the same as what we would usually pay ourselves from the farm. So it's not enough to do any work on but it's enough to live on. It basically just stops us from having to increase our overdraft. It worked out to be the same as what we'd normally draw monthly from our expenses'.

Financial assistance does, nevertheless, remain a challenging topic. Three of the twenty families (15%) interviewed chose not to talk about their own experiences with it, five (25%) self-assessed themselves as ineligible and two (10%) stated their application for assistance was rejected. Moreover, many of the areas of dissatisfaction with the system that were flagged in the last report are still areas of frustration among those who received it. To begin with, the criteria used in the system continue to be an issue, as indicated in Section 2.7. The problem of the apparent penalisation of those who "do the right thing" and earn off-farm income was highlighted by a young farmer:

'Our Centrelink benefit has been cut because we earn too much off farm. That then becomes a point, because if I sit here and drink coffee all day Centrelink will give me more, but that's not my attitude...'

The administration of the system also continues to be a sore point with some. One interviewee relayed his experience in detail:

'All the rigmarole that you have to go through to get all the data... It was just horrendous... We nearly had a divorce over getting some of these forms done... We had to put in our application three times I reckon because they'd lost it or it didn't turn up... I just wanted to be able to talk to the same person to see if they'd got my form. But you can't ring anyone in particular... Some of the things they'd accept by fax and some things they wouldn't... We'd have a tax file number and be an Australian citizen and then they'd turn around and want our birth certificate! X's [his wife's] parents didn't even have birth certificates, we had to apply for them, and in the mean time they're sending us letters telling us to hurry up... It was crazy. You were sending stuff off in kilos not grams'.

A young mother trying to get assistance to see a counsellor for depression also noted how difficult the system is, with a long waiting period involved:

'My biggest thing at the moment is that I'm hoping to go and see a counsellor later in the week. Trying to get the doctor to write a letter to the government to get me some assistance so they can pay for me to see this woman has been my biggest bugbear. She's an expensive woman and if I could get some money to help with that then that would be great. But I'm still waiting and I don't know if the money will come or not'.

Finally, a couple of interviewees frustrated by the same sorts of administrative challenges discussed above, noted how small the amount of interest rate subsidy they received in the end was:

'We got a very minor interest rate subsidy. But to be honest it just covered our rates. It was nothing like I expected... We're grateful for something, but with the scale for our business it was very minor... We got \$14,000 and our interest bill is probably \$100,000'.

'We put in for some interest rate subsidy... But with all the paperwork and hassles for what we got back out of it you could work it out as an hourly rate and I may as well go and work some place else for the money we got... There's about 50% of the interest rate available and I think we came back with about 1%. So we're not even going to bother putting in for it this year. I may as well just go and do a week's work somewhere'.

Overall, though, most comments about financial assistance in this round of interviews were less negative than last time. Although it still engenders significant anger among many who are ineligible or only partially eligible for it – tapping as it does into the larger issue of how people are to best manage their business, discussed above - the sense of outrage it motivated in February has died down significantly. It seems the system's existence, complete with its apparent flaws, has been largely accepted as a fact of life, however grudgingly by some. Indeed, one interviewee emphasised how positive he thought the assistance is:

'It's great the government have stepped behind us. They want to keep as many farmers going as they can. You've got EC that's come in, which is really good, you've got the diesel rebate and that's really good too, you've got ways to manage tax. There are a whole lot of things that are great for business now'.

Others supportive of the assistance emphasised that for them the main issue is how long it will be continued for. There is ongoing fear that the government will overlook the significant lag time between the end of drought conditions and the end of drought effects:

'The assistance that has been offered to this point has been acceptable. But I don't know how they'll look at it next year because if you have a reasonable income they will just think that everything is fixed. But I don't think that it is... If we have a good year we'll be taxed on having a good year and we still won't get out of the situation we were in before the drought. I think it will take a few good years to get back to where we were'.

'I just wonder what we're going to do when we're not eligible for the Centrelink payments anymore and we've still got this massive big debt. That's when I'd like the government to think that the boys in the bush aren't over this yet and give us a bit of interest relief for something that we didn't cause. The drought caused it and it left us with a huge debt and instead of paying the debt off we'll be paying interest'.

The fear of losing government support is heightened by public and media criticism of agriculture's need for it. As discussed in Section 2.3, some interviewees are getting tired of having to defend agriculture. While this is making some question agriculture, others are most frustrated at the public's ignorance, as the following interviewee demonstrated:

'Nobody in a job situation would understand. How would they survive two years with no income? If you worked really hard for twelve months and your boss decides not to pay you and you keep working and just hope he pays you after another twelve months - that's what it's like'.

Financial assistance to individual businesses and families has been augmented by financial assistance to drought-affected communities by government and other organisations. Pointing to their awareness of the growth of grant money in the community, a couple of interviewees also indicated a degree of bemusement with its abundance:

'There has been a lot of assistance for the community and a lot of money thrown around the community. I think the community has probably gained out of that, we're involved in a lot of things around the town and there was grant money being chucked around everywhere.'

'We're getting plenty of grants at the school; they feel pretty sorry for you'.

In terms of information, generally interviewees reported that they are satisfied with the amount and quality of information that is available. Many indicated that they utilise written material, such as fax bulletins from various organizations. As some said:

'I read everything. I think that I'm not the sort of farmer that's just cunning, I'm more a farmer that's interested, I'm really interested, you know I love it. So I sort of gobble up information'.

'You don't read everything that comes in but you get good at looking for the bits that catch your eye'.

Others indicated that they are increasingly sourcing their information through a range of trusted advisors such as consultants, agronomists, weather forecasters and bank managers. One noted:

'We often look for the quickest way to get the information we need... We have a good agronomist and he's very good at sorting stuff for us'.

What outside experts provide is often more than information; it is a sounding board for people to work through their problems, akin in many ways to counselling role. As one interviewee noted about talking to his bank manager:

'I felt so much better since I had the banker out... We sat down and we just talked and he gave me reassurance and he gave me a feeling of, you know, all's not lost. So we talked it over... That was important - that I feel comfortable that there's going to be no surprises... You know, you don't want someone to suddenly say "You need another block of land" or whatever... When people have plans and have people to talk to and consider things - it does help them through a crisis... We all have fears that come to us and we sort of need to say "Look I'm just afraid what happens if, x, y and z?". And a banker could say to you "Well I don't care if you have 10 bad years, I'll always look after you"... Or they can say "Well, maybe you should get out". Whatever - whatever logic... I think the advice for all of us is that sometimes you need to talk about it to someone... Whatever it is, talk about it and try to work through the emotions'.

Others, however, demonstrated a wariness of outside experts and emphasised that they make their own decisions:

'We make our own decision pretty much; we don't have to deal with anybody. There is an agronomy bloke we use a bit, but he's tied up with a chemical company which I'm a bit wary of'.

Few interviewees mentioned social assistance measures such as concerts. This suggests that, compared to February when it was a common topic of discussion, such measures are no longer so prominent in the community or in people's minds. One interviewee commented directly on this, illustrating again the kind of ambivalence that many people demonstrated towards social assistance and community education measures in the February interviews:

'There were a lot of drought "dos" and things on but they seem to have fizzled a bit. It was sort of like the issue of the moment. Everywhere you went there was someone from Centrelink handing out brochures'.

It is notable that the cynicism (mixed with gratitude) seen in the above comments is not demonstrated by those who commented on their first hand experience of financial or emotional counselling.

'The rural counsellor stepped in when we were having family trouble and he was fantastic'.

'When I was going through a rough time in March and April, I was spending a lot of time at home because I was dealing with it myself and didn't want to share it with anybody. Now [after seeing a counsellor] I can talk about it, but then I was just dealing with it myself'.

It seems that it is this kind of one-on-one contact that people respond best to. We have seen that large programs or events such as business financial assistance, public education campaigns or community concerts seem to engender, at least in some, a degree of cynicism and frustration. In contrast, the chance to talk one-on-one about one's problems with a caring and helpful person seems to allay people's fears that the form of assistance is irrelevant, wasteful or superficially "fashionable" and short term. Some scepticism does remain about the value of talking to a stranger, underlining the importance many people place on whether others share their experiences, discussed above in Section 2.7. Many interviewees emphasised the importance of having good (non-judgemental) friends and peers to talk to. As one farmer said:

'I've always prided myself on not relying on other people to cope, but sometimes just chatting to fellas in the same situation is good'.

But given the tensions that are arising within the community as individuals and families work through their own problems and make decisions perhaps seen as illogical or disloyal to their local community, the value of an outside perspective can be enhanced. The positive counselling experiences relayed in the interviews suggest that such a form of assistance should be strongly supported in the future.

Calls were made for further information and improvements to the financial assistance system

Interviewees were asked what further assistance they feel they need or would like to see. Various information needs, systemic changes to existing assistance programs and some tax breaks were suggested.

Information about weather and in particular seasonal forecasting was the primary information gap identified. Interest in the topic area reflects how farmers are seeking to reduce some of the uncertainty about the future, and are focusing on an aspect of their environment that has proven devastatingly influential. Concern about climate change is also generating a hunger for climate information. The other area noted as lacking in accurate information is also characterised by uncertainty: grain futures. That these were the two areas identified suggests that one of the main reasons farming families seek information and expert advice is to help them minimise the uncertainty in their decisions.

The enduring frustrations with the financial assistance criteria came out in calls for their systemic improvement. As discussed above and in Report One, the two main complaints with the existing system is that it utilises financial criteria at all and that the financial criteria in place penalise those who have made the effort to save. As the following said:

'I just think the drought assistance should be made available to all farming families not just the ones that have good accountants. What happened to us is because we had wheat in the wheat board pools they didn't consider us to be in a drought because we had money from the wheat board pools. People who can manage their finances a bit better get penalized because they're trying to manage their affairs. If some people are eligible for it everyone should be.'

'They end up putting that many criteria on it that a lot of people won't be able to meet it anyway. If you have gone and tried to make the most of profitable years and have off farm assets and set everything up as well as you can then you end up not being able to get any subsidies. They expect you to sell your off farm assets before you access any funding. You're not going to do that because if you've got any brothers and sisters you're taking their assets and they're not really part of the farm.'

On the topic of financial assistance, a number of interviewees suggested that the main way they could be assisted would be tax breaks. This was highlighted as a way for the government to demonstrate that they understand that a decent harvest does not spell automatic drought recovery for farming families; that it will take more than one year for many of them to get back on their feet. As two interviewees stated:

'The government will see it [our income this year] as just dollars, and tax us accordingly. I don't think they need to give us handouts but give us tax breaks and acknowledge that we're still suffering'.

'We need some sort of tax break, as opposed to earning all this money one year and getting taxed on it... If you have a good year and you want to take a fair bit of your debt off you end up paying a lot of tax'.

These sentiments about tax point to another of the frustrations of agriculture, which is its stop-start cash flow. They also point to what we have seen is one of the central concerns

about drought, which is that farming families will continue to feel its effects long after the rain begins again.

3.3 Conclusions

The six months between February and September were an exhausting series of highs and lows for farming families in the Wimmera Southern Mallee region and beyond. Complex problems have continued, abated, restarted and appeared anew as weather conditions have improved and deteriorated. The "drought recovery" farming families were beginning to experience, emotionally if not financially, seems to have been aborted far too prematurely for any lasting positive effect. Instead it seems to have inflicted the injury of lost hope and opportunity.

Rather than tracking drought recovery as originally expected, the interviews reported in this section map the growing anxiety and despair that is affecting farming families living with the threat of further drought. While just a small snapshot in a rapidly changing and diverse context, thanks to the generosity and honesty of the interviewees, these interviews are an invaluable insight into the poorly understood yet crucial topic of drought as lived experience.

The interviews capture a period when the growing likelihood of further drought was threatening to derail the renewed efforts and plans of many farming families. They highlight how farming families' attempts to recover from previous drought conditions require them to cope with additional calls on their reserves as they prepare for production again. It also highlights how they need to cope with the unavoidable lag period that exists between them committing further reserves and receiving the subsequent financial rewards that will help them recover. This process of recommitting and waiting places farming families' in a vulnerable position long after drought has seemingly disappeared. It also leaves them exposed if it appears as a possibility again, as in September it seemed to be doing. Families are particularly vulnerable if: other factors, such as markets, are simultaneously working against them; and they have optimistically committed a large proportion of their remaining financial and emotional reserves to trying to maximise the recovery potential of the current year. A significant number of families in the Wimmera Southern Mallee seem to be experiencing the pain of this situation.

That bad luck is involved in the circumstances unfolding for farming families cannot be denied. So much of agriculture remains beyond human control, at least at the individual level. As families' efforts to farm well are repeatedly thwarted by external conditions, frustration and disappointment with their chosen career and lifestyle is rising. Questions about the rationality, desirability and possibility of staying in agriculture are playing on the minds of virtually all involved. Simultaneously, families of all ages are looking to decrease their reliance on it by increasing the time and resources dedicated to other off-farm areas. Faced with such competition, the farm itself is likely to be weakened, starved of necessary improvements and drought-buffering measures. As such, its inability to provide families with the security they want and need is exacerbated and its appeal as a long term option is further reduced.

2007 was to play a critical role in farming families' ability and willingness to continue farming and has prompted far-reaching questions about the future. This, combined with the severity of the shock and disappointment that the apparent collapse of the season has entailed, given the hopes that had been pinned to it, has resulted in many farming families seeming to

have reached their emotional and financial limits. Indeed, the current intersection of past drought, further drought, hedging disasters and rural decline is seriously challenging some individuals' whole outlook on life. This observed darkening of their previously optimistic views suggests another avenue through which drought is likely to have a long lasting and profound effect.

Drought, or the threat of it, is also challenging the appeal and appropriateness of the dominant agricultural ideal of the risk-taking entrepreneurial farmer. As the stakes are raised and farmers seek to understand the options, weigh up the risks and justify their decisions, the division between relatively high and relatively low risk approaches to farming and business management is being reinforced. Judgement is also being passed by those on either side of the divide. The strengthening of such differences reflects the diverging circumstances of those in the debt cycle and those outside it, of those expanding and those winding down. It also reflects the social fractures that are forming within the farming community as a result of the stress it is under.

Irrespective of how seasonal conditions developed from September on, the interviews interpreted in this section suggest that the threat of further drought had already inflicted a serious toll on the farming community. Due to this and the low levels of financial, emotional and social reserves farming families were already operating on prior to the recent dry conditions, the next six months will once again form a momentous period. The pressure on decision making already present in February 2007 will continue to mount towards February 2008. Although to date no major decisions about the future have been made by the farming families interviewed in September, the signs suggest that the interviews we conduct as the summer draws to a close in 2008 will reveal that, unfortunately, some critical breaking points have been reached.