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Rural depopulation in Western Australia

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Closed businesses and slow-moving machinery sales are a sign of hard times.

By Ross Kingwell, Economist, Economic Analysis, South Perth

Western Australia's population has recently drifted from inland rural areas to cities and coastal regions. Changes in farming practices over several decades and the recent falls in wheat and wool prices, have forced many families to leave inland farms and rural towns.

However, many families are also developing sources of off-farm income and other activities to keep themselves, local businesses and towns surviving.

The darker shading shows areas with declining populations from 1976 to 1991.
Population change in rural areas
The change in the population distribution in Western Australia is different from that in the eastern states. Since the 1970s, the rate of population growth in non-metropolitan areas of the eastern states has outstripped metropolitan areas. In contrast, populations continue to grow most rapidly in the metropolitan areas of Western Australia. From 1984 to 1990, Western Australia's metropolitan population grew by 21 per cent, whereas the non-metropolitan population grew by only 10 per cent.

Almost all of the population increase in non-metropolitan areas of Western Australia has occurred in coastal regions, particularly those in the south-west. High rates of population growth were recorded for Augusta-Margaret River, Broome, Busselton, Gingin, Greenough, Toodyay and Mandurah (see map). However, the population of inland rural areas continues to decline, particularly those in low rainfall regions.

Between the 1971 and 1976 Australian censuses, populations fell in 31 rural local government areas (LGAs). From 1976 to 1991, 55 rural LGAs experienced population declines. Populations in Koorda, Morawa, Mount Marshall, Mukinbudin, Narembeen, Perenjori, Trayning, Westonia and Wyalkatchem decreased by more than 30 per cent since 1976.

Reasons for increasing population
Rural regions with increasing populations are either those with mining industries (for example, gold mining in Boddington), or those near the coast that attract industries such as tourism, retirement, recreation, hobby-farming and fishing. These regions have an industrial diversity that widens employment opportunities and attracts families with mixed employment requirements. The greater the diversity, the more likely the communities in the region will be cushioned against a downturn in any particular industry.

A growing population also means a growing market, which reduces some of the risk of establishing a new business. Further, if members of the community believe that population and economic growth in their region will be sustained, they are more likely to invest in existing business and household developments. This, in turn, creates additional local employment.

Reasons for depopulation
There are many reasons why the population of inland rural areas has declined.

Farm employment
The primary cause of rural depopulation is the fall in the number of people working on farms.

Farm businesses, the mainstay of inland rural areas, have altered their practices over the past two or three decades to maintain their viability. These changes included increased mechanisation and labour productivity, and consequently casual and permanent farm workers were displaced. As farm sizes increased, population densities decreased. Recently, profits from farming have fallen and many farm businesses have collapsed, forcing farmers and their families to find employment elsewhere.

The South-West coastal strip is attracting a bigger population.

Off-farm employment in rural areas
As the farming population declined, many town-dwellers whose livelihoods depended directly or indirectly on the size of the population were forced to shift to other larger population centres. A Western Australian study (Kingwell) examined the change in employment in 12 central rural LGAs from 1971 to 1981. The loss of two persons working in agriculture led to the further loss of about one other person engaged in some other industry in the region.

Economic growth in metropolitan areas
The economic growth that Western Australia sustained for several decades provided production and employment opportunities in many sectors other than agriculture. The proportion of disposable income spent on agricultural products decreased, and there were fewer and less varied employment prospect s in agriculture than in other industries.
Few non-agricultural industries were located in inland rural areas and workers were attracted to employment in metropolitan areas.

A Tasmanian study (Behrens) found that people migrating from rural to urban areas were more likely to occupy higher status jobs than those who remained in the rural area. This pattern applied particularly to professionals, clerical and skilled workers. Consequently, many rural regions lost population through their narrow industrial bases and limited employment opportunities.

Social factors
The prospects for maintaining a population in many rural communities is also restricted by social factors. The general decline in family size has constrained the rate of population growth in many areas. The lack of certain educational or health services, such as specialist hospitals or schools, and the trend towards more years of schooling, mean that part of a rural community may temporarily shift out of a district to receive these services. Nonetheless, the temporary loss of population can affect the viability of the community.

Effects of depopulation
Local goods and services
The main effect of depopulation in rural communities is a reduced diversity, quantity and often quality, of the local goods and services. Businesses that depend on population size are forced to close or relocate as a rural population declines. Loss of these businesses reduces the revenue of other related local businesses. Reductions in population can also lead to the loss or reduction of social services such as education, health and community services.

The depopulation of a region and the movement of businesses to urban centres means that farm families must travel further or wait longer for goods and services that were previously available locally. Also, the costs of goods and services often increase.

Employment
As businesses and social services in country towns close, town-dwellers and farm families are left with reduced opportunities for employment, because few non-agricultural industries are located in inland rural areas.

Australia-wide research by the Australian Bureau of Agriculture and Resource Economics has shown that off-farm work by farm families is important to their farm finances. In 1987-88, for example, 27 per cent of principal members of farm families worked off-farm and contributed 10 per cent of total cash income. Most of this work was non-agricultural employment.

A downturn in the profitability of agriculture often leaves farm families more reliant on off-farm income. However, in inland rural areas of Western Australia, farm families may not have the option of maintaining a useful mix of on-and off-farm income. The dependence of these families on the farm can make their income highly vulnerable to the vagaries of seasons and prices.

Local councils
As an area depopulates, the local council's income from rates, penalties and charges also declines in real terms. Urban councils, in contrast to rural councils, are better placed to provide an increasing level and quality of services from local revenues. Often, rural councils are unsure of the merits of large investments in capital projects when their population, real taxable capacity and potential use of facilities are declining. As a result, rural councils are increasingly dependent on the Federal Government for a large share of their revenue.

Personal stress
Living in a depopulated community can be extremely stressful. The loss of community members and services, pressures associated with a financial downturn in farming, and the separation of families due to education or distant off-farm employment, all increase the psychological and physical sense of isolation.

Increasing diversity in inland areas
If there is no increase in the mix of industrial activity in inland rural areas of Western Australia, these communities will face declining or stagnant populations, business closures and disappearance of towns, reduced social services and greater isolation.

Inland rural areas need to move away from relying on agriculture and create some industrial diversity to encourage re-population. Do governments have a role in facilitating the creation and sustenance of such diversity?

Given the current financial constraints on governments, only a few monetary enticements can be offered to stimulate industrial diversity in
Despite economic belt tightening, machinery field days are still popular.

Depopulated regions. Many local governments in inland rural Western Australia find it difficult to prevent a decline in the quality and quantity of their community goods and services, let alone support a resurgence of industrial activity. Whether or not, and by how much, a government should help the location or relocation of an industry to an inland rural area, requires a case-by-case examination of the industry, the resources and needs of the region, and the growth prospects of the industry.

In some cases the training and redeployment of rural persons to urban centres may be more desirable, and cost tax-payers less than the welfare and community costs associated with maintaining these persons in rural areas. In other instances, attracting industries away from metropolitan areas may be preferable. The incentives for location or relocation to inland rural areas need to be short term so that the industries can operate profitably without long term government assistance. These incentives can be financial, regulatory or social such as business enterprise facilitators. Medium or long term significant government assistance to industries is unlikely to be a propitious use of taxpayers' funds and social resources.

Industries that may be attracted to inland areas include certain agricultural processing industries and industries developing agricultural technologies. Some noxious industries are facing increasing environmental regulation because of the encroachment of urban areas, and these industries may benefit from relocation to depopulated inland areas. New industries complementary to agriculture, such as wildflowers, agro-forestry, aquaculture and tourist-based cottage industries, may be profitably located in some inland areas.

Small business development

Rural communities are understandably concerned about the effects of depopulation and often devise small cooperative ventures to maintain their social and economic health. The State Government's Rural Innovation Centre provides information and expertise about how to develop a business idea that will benefit the individual and the community.

Further reading


