

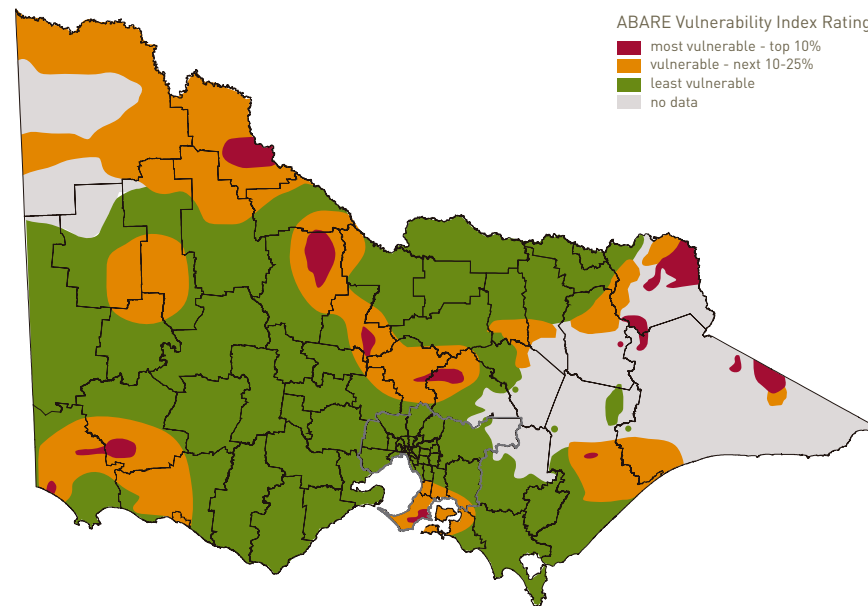
Structural adjustment in agriculture

Vulnerability and resilience

Australian agriculture has undergone much structural adjustment over recent decades. This has occurred in response to changing terms of trade, application of new technologies and productivity changes arising from environmental factors. Structural adjustment requires flexibility and resilience among agricultural communities. Such resilience can depend upon factors such as education and income opportunities as much as on environmental factors.

Level of community vulnerability in the face of structural adjustment¹

Agricultural regions of Victoria



Farmers' terms of trade*, Australia, 1991 - 2004²



A vulnerability index

The Australian Bureau of Agriculture and Resource Economics (ABARE) index aims to measure the vulnerability or strength of communities to structural adjustment in agriculture. The index is of interest in that it covers a range of social, economic and environmental factors, suggesting that policies which aim to support and encourage sustainable farming enterprises need to consider more than simply economic factors.

The vulnerability index is based on:

Social factors: education levels; number of partners in business; internet use; landcare membership

Environmental factors: land degradation; pasture growth index

Economic factors: income sources; area operated; average income; income risk; off-farm income

Sources ¹ABARE 2005 *Australian Commodities March Quarter* ²ABARE 2004 *Australian Commodities September Quarter*