after a small unquotable outburst of what he really thinks about them.

"You work all your life to build up the farms and now you have to start all over again. It's been very, very hard."

"The bank wanted us to reduce debt and we couldn't at that stage. There was nothing wrong with the actual business," he says.

While primary producers have to cope with poor prices, and droughts and government regulation can cripple production, it is debt that is the biggest killer.

Average debt more than doubled in real terms for broadacre farms between 2000-01 and 2006-07.

It has slowed since but broadacre farms – which are anything over 40 hectares – only account for about half the total aggregate debt in agriculture, so the figures do not show the complete picture.

Beef producing properties have shown the most spectacular rise in debt. The Queensland Rural Adjustment Authority's most recent survey showed rural debt in the state had risen by 19 per cent since 2009, to $16.9 billion – and the beef industry accounts for more than $9 billion of that.

**In farm debt mediation, if the farmer goes in there just to draw a line in the sand they won't get anything out of it.**
Stephen Carroll, ABA

It is little wonder that the proportion of restructured debt has increased sharply from around 6 per cent in 2000-01 to around 9 per cent in 2011-12.

Debt to fund land purchases accounted for the largest share of debt for the average farm in 2011-12. But after a frenzy of buying land values have now dropped in some places by half.

The Northern Territory Cattlemen's Association executive director Luke Bowen says the situation in the north where cattle stations were purchased for more than $70 million is now on tenterhooks.

"You have to be careful talking about it because the people that pull the levers aren't exactly at the coal face," Bowen says.

"Property values reached some pretty heady heights and I think that was generally across agriculture and I think there was a fair bit of willingness to buy land."

He says the live export suspension for cattle was one but not the only factor that has now led to a rapid decline in confidence and possibly values.

"The landowners don't really have a good idea as to where their values sit, but yet they have high debt levels which have been increasing because of the reduced cashflow."

Independent MP **Bob Katter**, who is lending his support to a new $420 million subsidised loans package for indebted farmers, has taken aim at the lending practices of banks.

"Banks were lending irresponsibly – $20 million was being paid for cattle stations where you would be lucky to get $200,000 in revenue – it was never going to be viable," Katter says.

Banks have certainly been free with the credit. Lending to agribusinesses as of June 2012 was $66.2 billion. It has doubled in the last nine years.

Bank lending to agribusinesses has also outstripped lending to businesses overall – according to Reserve Bank of Australia lending aggregates.

Since the height of the financial crisis, the percentage growth in rural lending has been considerably more than overall business lending for all of the five years.

The ABA's Stephen Carroll defends the rapid lending practices by saying that it was a two-way street.

"It's a hard call to make in hindsight. The value of those properties look untenable and there have been huge adjustments in those values – but the outlook is positive."

"What happened in the trade of live cattle, shows how vulnerable the industry was to an externality shock like that."

Rabobank's group executive for Country Banking Australia, Peter Knoblanche, says lending is still on the up.

"In relation to rural lending – from Rabobank's perspective, the bank's lending portfolio is strong and continuing to grow," Knoblanche says.

"Our specialist view is that the sector has a sound growth outlook and we are committed to continue to grow our rural lending portfolio in Australia."

"As an agribusiness specialist lender, we remain fully comfortable with our clients and the sectors in which they're operating."

"Agriculture, by nature, is a cyclical business which goes through highs and lows and our goal is always to support the food and agribusiness industry through these times."

Banks will be wanting to lend to quality farm operators where the debt can be serviced. If it is not able to be serviced, the banks will be under pressure to recategorise the loans under current lending regulations.

Clearly, in the case of farmers such as Roger Carrigan, banks don't feel support is required any longer.

"I am very interested in what is happening in agriculture and I fear for people's future in it," Carrigan says.

He hopes the process of debt mediation will be improved across Australia and wants a new thinktank made up of people who live and breathe agriculture.

However, Carroll says the process is adequate as it stands.

"In farm debt mediation, if the farmer goes in there just to draw a line in the sand they won't get anything out of it."

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