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ABC Rural

FARM DEBT MEETING RAISES CONCERNS ABOUT FREE TRADE AND DEREGULATION

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A group of farmers and economists says the high levels of farm debt and low returns have spiralled out of control.

The group, from around Australia, met with the Treasurer Wayne Swann and Agriculture Minister Joe Ludwig in Brisbane yesterday, urging the Federal Government to rethink the underlying economic theory of free trade and deregulation of the finance sector.

Ben Rees, an economist and farmer from Queensland, says lack of support for food producers is now affecting small and large scale farmers.

"The philosophical structural reforms of the 1980s have transformed the small scale farm, low income problem into one where now large players are facing collapse."

Mr Rees says a committee arising out of the meeting will work on the high level of farm debt, and try to find a solution to offer to government.

The discussions have continued at the Queensland University of Technology today, co-ordinated by Economics Professor Mark McGovern.

A north-west Queensland mayor told the meeting that northern Australia's beef industry was on the verge of collapse.

Richmond mayor John Wharton says they're trying to find ways to improve the management of farm debt, and the high Australian dollar also needs attention.

"We had a lot of discussion on the need for policy to reduce the value of the dollar," he said.

"That'd mean higher prices for our export products such as mining and agriculture, and any manufacturing that we do, and it will also put up the cost of cheap imports, especially food that Woolworths and Coles are importing and that at the moment are really costing our Australian farmers a lot.

"The Treasurer Wayne Swan said he thinks the dollar will stay high - it won't go back."

There were heated words during the summit when some Canberra-based officials from commodity forecaster ABARES suggested that agricultural industry wasn't in trouble.

The Federal Member for Kennedy, Bob Katter, says ABARES' own figures indicate indebtedness has risen from \$267,000 in Queensland to \$1.2 million in three years.

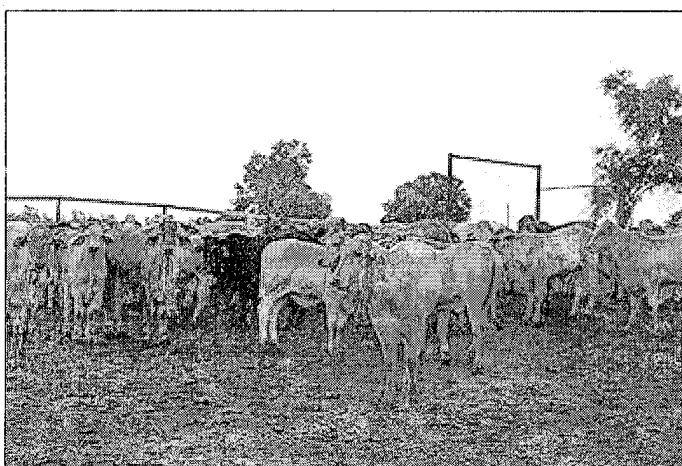
As a former Queensland Government minister, Mr Katter says a reconstruction board helped the sugar industry in the 1980s and the idea should be considered again.

Among the other ideas put forward were a Land Bank, where government buys indebted properties and leases them back to farmers, and the ability for farmers to sell their tax losses.

Mr Katter also wants consideration of a 180-day debt moratorium along with a defined process for all banks to follow in the event a property needs to go to foreclosure.

Charles Burke, from the Queensland broadacre farming group AgForce, was also at the Roundtable discussion and he says not all debt should be viewed as bad, as some funds expansion and diversification within rural enterprises.

But he says issues affecting farm profitability need to be addressed by the committee that will be formed.



Cattle stations in northern Australia are among the rural industries in deepest debt. (Kim Honan)

AUDIO

Mayor of the Richmond shire, John Wharton says rural debt levels are not sustainable