

THE AUSTRALIAN

Farmers living in a fool's paradise, say cattle barons

DAMON KITNEY THE AUSTRALIAN APRIL 20, 2013 12:00AM

TWO of the nation's richest cattle barons have called on policymakers to take urgent action to address the high Australian dollar and the crisis that has engulfed the live cattle export trade, claiming beef production is "no longer sustainable" in Australia.

Hughes Pastoral Group chief executive Peter Hughes and Acton Land and Cattle Company founder Graeme Acton said the prevailing high debt levels in the sector, coupled with soaring costs and a lack of progress in free trade deals, were driving generations of families from the land.

"Our costs in Australia are two to three times what they are in America. How we think we can survive with that cost structure around our neck, we are living in a fool's paradise. The way the situation is at the moment, in a pretty short time there won't be many in it," Mr Hughes told The Weekend Australian.

Asked about whether policymakers should be doing more to address the high Australian dollar and its crippling impact on the sector, he said: "I'm amazed that they say they can't do anything. We've got the highest interest rates in the world and with all the quantitative easing done around the world, all that money is flowing into Australia because this is the place they can make money.

"If they don't do anything about it, there won't be much left. What do you do, sit on your hands until there is no one left?"

In Queensland -- where both Mr Hughes and Mr Acton have their stations -- cattle farmers are battling debt levels approaching \$9 billion. In the Northern Territory there is also a host of cattle stations that have been on the market for extended periods with no buyers.

"The red tape, the green tape and the bureaucracy is escalating every day. There is no profitability in the industry whatsoever and that's why there are so high debt levels," Mr Acton said this week. "There has been no margin for many, many years, and that is why the debt levels have escalated . . . I'm a major beef producer in this country and certainly beef production is not sustainable."

Mr Acton's business owns about 1.5 million hectares of stations in northern Australia and exports beef all over the world. It markets beef in Australia under the Acton Super Beef brand.

During the depths of the global financial crisis, he sold his Moray Downs station in Queensland for an estimated \$100 million-plus to Indian power giant Adani to help reduce his debt levels.

"This issue of not being sustainable needs to be corrected immediately, otherwise it is getting worse by the day," Mr Acton said.

The Hughes family still operates Tierawoomba station southwest of Mackay, where it runs about 32,000 head of wagyu-infused cattle, and has other stations in northern Australia.

A decade ago Mr Hughes led the syndicate that bought Stanbroke Pastoral Company, and then formed Georgina Pastoral Company with the Scott family, before embarking on a string of station acquisitions and sales culminating in the purchase of Colonial Agricultural Company in 2006.

Mr Hughes said the industry in northern Australia had been hit hard by last year's decision to ban live exports following the animal cruelty scandal at an Indonesian abattoir.

"It has had a terrible setback with the live export trade. It is almost reaching crisis point now because the values are down, they can hardly sell a property up there, the banks are moving in," Mr Hughes said.

Mr Acton revealed that a government-sponsored delegation from Queensland, Western Australia and the Northern Territory -- representing 70 per cent of the nation's cattle -- was preparing to visit

Indonesia next month to help kick-start live cattle exports. He said he was confident a Coalition government under Tony Abbott would also move quickly to repair relationships in Indonesia and other Asian nations.

"I've spoken to Tony Abbott about it and as soon as he gets in, he will be straight over there on their doorstep to try to change the perception that they have about us as the bad guys," he said.

But Mr Hughes said the move to shake up the live export trade had ensured that processing plants in Asia had "improved their game tremendously and it is making it harder for the cowboy to get in there."