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WA farming future threat

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Kate Dowler | April 15, 2013

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UP to 1000 WA grain growers won't be able to plant a crop and could be forced into bankruptcy if they can't access finance in the next 20-30 days.

Declining farm profitability, record-high farm debts levels and a reluctance by banks to provide farm finance, a push to encourage farmers to "get big or get out" and the high Australia dollar - mostly driven by the mining industry - have conspired to create a perfect storm.

That storm was threatening the entire future of farming in WA.

So says Western Australian Farmers Federation general president Dale Park.

Banks are refusing to finance the planting of crops on many farms across the WA wheat belt, as Australian farm debt levels rise to \$66 billion dollars.

Banks are understood to be bracing for major write-downs on rural businesses and land, according to Rowell Walton.

Mr Walton, a Queensland farmer, chaired the Agriculture in Crisis meeting in Merredin, 300km east of Perth today.

More than 950 people attended the gathering, called by grassroots group Muntadgin Farming Alliance and supported by the WAFF.

Mr Walton said the federal and WA state Government urgently needed to "help people who are in serious trouble".

"We need the government to set up a rural bank," he said.

"The main problem is farm debt levels are excessive, while margins and profits have been declining or disappearing."

Mr Walton said he knew of 34 farm businesses on the eastern WA wheat belt which were going into receivership.

And, "hundreds" more would be forced into the same position if they could not get access to planting finance within the month ahead of sowing.

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The Federal Government's "removal of drought assistance" measures also made bankers more reluctant to finance farmers, he said.

"Whole districts are up for sale, but nobody can sell," Mr Walton said.

"Land prices are half, or a third of what they were pre-GFC and nothing is moving, it is opening the whole thing up to foreign buyers.

"There is a very, very urgent need for help for these farmers to get assistance.

"People are hurting dreadfully and they are very angry the Government has abandoned them at this time."

WAFF's Mr Park said the underlying profitability of farming in WA was "in crisis".

Debt levels had risen as a result of a run of dry seasons and the "get big or get out mantra" that encouraged farmers to buy more land.

Input costs continued to rise, while prices fell, and the Australia dollar made exporting increasingly hard.

"You can't over-state how much of an impact the high Australia dollar is having," Mr Park said.

"The push for people to increase the size of their properties has also had a big role in this, the get big or get out thing.

"A lot of people are very worried about the future of farming."

WAFF put a proposal to the WA Government last week, calling for a the state to reinstate an institution to help farmers plan their crops.

"Otherwise there will be no crop planted," he said.

"This is urgent."

Mr Park said the Australia dollar needed to be lowered and countries like the US needed to stop subsidising farmers, which had "kept down" grain prices.

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