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## WA rules out rural bank debt takeover

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**Kate Dowler & AAP | April 17, 2013**

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**WEST Australian Premier Colin Barnett says some farmers "do need to leave" the land.**

The WA leader today again ruled out a state-backed bank to "take over farm debt".

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His comments come as an estimated 10-15 per cent of WA wheatbelt farmers teeter on the brink of bankruptcy.

But the Premier said the state may help struggling farmers access bank financing.

WAFarmers has asked Premier Colin Barnett to commit \$100 million to a low interest rate loan scheme administered through the Rural Business Development Corporation, helping an estimated 500 farm businesses.

WAF president Dale Park told *Weekly Times Now* earlier this week that up to 15 per cent of farmers, or "up to 1000" could go broke if they did not receive some help.

But the Pastoralists and Graziers Association said such schemes delayed the inevitable attrition of unviable farms.

Mr Barnett said farmers were battling with a raft of pressures, including low rainfall and live export bans to certain markets.

"They can't sell their sheep and if they can, they're getting very low prices and I've even heard reports some farmers are shooting sheep because they can't afford to feed them and keep them going," he was reported as saying.

Perhaps 10 per cent of farmers in the eastern wheatbelt area were at risk of losing their farms, Mr Barnett said.

But some should not be propped up.

"It sounds a cruel and hard thing to say, but some farmers probably do need to leave.

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"We will do all that we can to see that farmers can place a crop in, but it's got to be farmers who are viable."

The WA government could help but it wouldn't be assuming debt, Mr Barnett said.

"What we hope we can do is come to understanding with banks where we might be able to provide some increased bank financing, but that conversation is yet to take place.

"And I certainly don't want to raise the expectation that the state is going to take over farm debt."

Mr Park said earlier this week that the "get big or get out" mantra that impelled farmers to take on debt to expand had contributed to the current situation.

So many farmers now faced bankruptcy due to "the push for people to increase the size of their properties, heavy debts, six dry seasons, declining profitability and the very high Australian dollar", he said.

Reserve Bank figures show Australian farm debts have risen rapidly from \$31 billion in 2003 to \$66 billion last year.

Nationwide, banks are braced for major write-downs on rural holdings, according to Rowell Walton.

The Queensland farmer and chairman of the national Rural Debt Roundtable Working Group presided over an Agriculture in Crisis meeting of 950 people in Merredin, WA, on Monday.

Grassroots group Muntadgin Farming Alliance called the meeting, with WAFF support.

The Federal and WA Governments "very urgently" needed to "help people in serious trouble", Mr Walton said.

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

The Commonwealth's "removal of drought assistance" also made bankers more reluctant to finance farmers, Mr Walton said.

"Whole districts are up for sale . . . It's opening the whole thing up to foreign buyers," he said.

Mr Park said underlying farm profitability was "in crisis".

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

Federal Agriculture Minister Joe Ludwig said the Government continued "to engage with the rural finance sector on debt issues", though a range of market and weather factors were outside of the government's control.

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Last Thursday, the Western Australian Farmers Federation called on the Western Australian Government to invest in the Rural Business Development Corporation (RBDC) to assist struggling farmers in WA.

WA Farmers said the State Government should put in place financial mechanisms to provide assistance to the rural sector, similar to the Queensland Rural Adjustment Authority (QRAA).

The QRAA administers assistance programs including subsidies, rebates, grants and loans on behalf of the Commonwealth and State Governments throughout Australia.

WAFarmers president Dale Park said Western Australia already had such a body, the RBDC, the replacement for the Rural Adjustment and Finance Corporation (RAFCOR).

“The biggest issue I am hearing from farmer meetings is that carry-on finance is the key issue for farmers who may be agonising over whether to put this year’s crop in,” he said.

“What we need is an Approved Assistance Scheme that recognises the need for carry on finance for the agricultural sector.”

“So the big question is we have an existing mechanism in the form of the RBDC, why isn’t it being utilised?”

Mr Park said now was the time for the State and Federal governments to step up and assist farmers with a scheme to help get them through the upcoming season.

“Farmers do not want a handout, they want a hand up,” he said.

Calls for an overhaul of agricultural economic policy have been strongly supported by Federal MP Bob Katter who will speak at the meeting and is expected to draw some parallels between WA and his home state of Queensland.

Mr Katter said rural debt in Queensland had climbed from \$1.2 million to \$1.4m per farm in the past four months and was just \$700,000 per farm two years ago.

“There are huge similarities between rural Queensland and Western Australia – water, mining, land, isolation – each of these present a considerable number of risks to agriculture production as we have seen time and again in Queensland. I understand these risks implicitly,” Mr Katter said.

“The Rural Finance Roundtable Working Group has proposed a reconstruction Bank much like the Commonwealth Development Bank to reconstruct rural debts that have become unserviceable for members of the rural community.”

“This is the only way to stabilise rural industry while we review policy failures that have led us to this place.”

Federal Treasurer Wayne Swan will not attend today’s meeting but in a statement to Queensland Country Life, a spokesperson said the Treasurer was committed to the issue of rising rural debt.

“The Treasurer has had a series of very productive conversations with members of the Rural Debt Roundtable Working Group, but consistent with standard practice, we don’t comment on the contents of those private meetings,” the spokesperson said.

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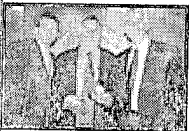
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