



Speech by

**Mike Horan**

**MEMBER FOR TOOWOOMBA SOUTH**

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## **RURAL ADJUSTMENT AUTHORITY AMENDMENT BILL**

**Mr HORAN** (Toowoomba South—NPA) (12.10 p.m.): This bill contains what some might consider a minor amendment, and that is the official name of the Queensland Regional Adjustment Authority being renamed QRAA. That is the acronym that most people know it by anyway. I will speak on that later.

The bill broadens QRAA's scope to ensure it can provide services to all primary industries. Previously fishing and forestry were excluded in the way the act was worded. The bill expands the function of QRAA to allow it to administer schemes of assistance on behalf of other states and the Commonwealth government. For example, QRAA is administering the Great Barrier Reef Marine Park structural adjustment package for the Commonwealth government. The bill establishes a legislative appeals process where applicants can appeal against QRAA decisions. QRAA currently conducts internal appeals but the process has not been spelt out in legislation and this is designed to provide more transparency and accountability.

The bill sets out the composition of the QRAA board with seven members comprising an independent chair, two government representatives—one from the DPI&F and one from Treasury—and four other members with what is called appropriate skills. It requires that assistance schemes now be made by regulation—that is, subordinate legislation—to provide more accountability and make schemes subject to automatic expiry, regulatory impact statements and tabling in parliament. The amendments follow a review of the act carried out in 2003 by a committee headed by Tom Fenwick, former Director-General of Natural Resources and current Chair of the Bureau of Sugar Experiment Stations.

I make the comment at the outset that everyone uses the acronym of QRAA for the Queensland Rural Adjustment Authority. I have no real brook with having a bill that in part calls the institution QRAA instead of Queensland Rural Adjustment Authority. But it is going to cost \$80,000. You wonder why it was necessary. We have had a traumatic week discussing an issue involving \$30,000, accountability and so forth and here we are talking about \$80,000 for something that I wonder was really necessary. \$80,000 could provide much in any department. In particular in the Department of Primary Industries it may have provided additional stock inspectors, additional assistance in drought or some additional research that would have been useful and practical. We do not argue with it but wonder whether the spending of \$80,000 to change from QRAA, as people already know it, to QRAA officially was worth it. I make that comment because we hear so much about accountability. Money is precious. In any department \$80,000 would be precious.

We are supportive of the bill because it modernises the act and ensures that sectors such as the fishing industry will be able to access assistance through QRAA, which is something that the Nationals have been calling for for some time. There were particular aspects during the last election that my predecessor, the previous shadow minister, spoke about.

QRAA is a very important organisation for rural and regional Queensland and a number of the programs it delivers provide valuable assistance to primary producers and to regional small businesses. While some of the low interest loans provided by QRAA have been worth while and accessible, many loans programs have been abject failures. I stress that this is not a criticism of QRAA itself, nor of the staff;

it is really a criticism of the government that puts in place these loans. It is almost as though in many cases this government has known that it can put in place these loans and conduct a big publicity stunt about it when it knows full well, based on its experience, that very little of these loans are going to be taken up. The government can say it is giving \$10 million or \$30 million assistance knowing at the end of the day, on the track record it has had with previous loans, it is going to be \$60,000 or \$400,000 but no more.

I stress that my criticism of those loans is not a criticism of QRAA. The organisation itself, and in particular its client liaison officers, do a wonderful job. My criticism is of the Beattie government and of the minister. They are the ones who set the criteria and the accessibility of the various funding programs that are then offered by QRAA. QRAA is involved in the decision-making and administration process of those loans. So many of the Beattie government's rural assistance loans are designed so that the minister can say that the government is doing something to help primary producers when, in fact, it is spending virtually nothing and helping virtually no-one.

One assistance program that has been successful is QRAA's productivity loans. Enhancements to these loans programs, such as increases in lending limits, have certainly made these loans more attractive. These types of loans are generally available to farmers wanting to build up or rehabilitate their properties or for farmers wanting to buy their first property.

However, while the productivity loans, the development, landcare and first start farm loans have proven effective, the Nationals have some real concerns about the Beattie government's drought loans programs. The Beattie government's approach to assisting drought affected farmers and small businesspeople in Queensland has been all spin and no substance. We have seen it again this week with the minister's ramblings in response to a Dorothy Dix question during question time earlier this week. First the Beattie government offered drought crop loans and drought restocking loans which assisted just 10 farmers between 2001 and 2003. This was eventually replaced by the drought carry-on finance and drought recovery schemes which have also failed to assist the vast majority of drought affected Queensland farmers.

When the minister launched these schemes on 26 February 2003 he said 50,000 properties in 111 shires across Queensland would be eligible for assistance. Under questioning from the Nationals the minister was forced to reveal only 102 farmers from those thousands who were eligible were successful in getting funding under the drought carry-on program in the 16 months that it operated. Now that it has been reinstated with no changes to make it more accessible, I have little doubt that it will continue to be a failed program that helps virtually no-one. Over 111 shires, 102 farmers—in other words, less than one farmer per shire!

The drought recovery scheme has been even worse with just 42 farmers accessing this program in the 16 months to June 2004. The failure of these schemes should not come as a surprise to the Beattie government because when the schemes were first launched the state opposition, the Queensland Farmers Federation and the federal government all predicted the Beattie government's drought programs would fail, and they have failed. To be taken up by only about one and a half people per shire over 111 shires means that the loans are simply not attractive, not helpful or not useful to people and do not provide any significant help to people who are in droughted situations.

The independent drought review panel which recently examined drought policy throughout Australia was also critical of so-called low interest drought loans because of the low uptake, complicated forms and insignificant interest rate differential when compared to commercial rates. State drought assistance for small business has also been paltry during a time when Queenslanders have battled on in the midst of the worst drought in living memory.

Obviously, drought loans that are being provided by the government through Treasury for administration by QRAA are not costing the government anything because it has set the interest rates so that it cannot lose. In fact, it is probably making money because the loans are not any more attractive than commercial loans from private banks and other financial institutions that farmers use. In times of drought it is a big step to borrow more money when one is already in the difficult situation of having a reduced or insignificant income. Secondly, why would one borrow more money without the capacity to repay it? The burden of the interest rates means that, when the drought ends, the farmer will have to repay the existing loans that he has for the farm, property or stock or his bank overdrafts, and he will also have to pay out the drought loan that he used to try to survive that period.

Obviously this is a system that provides maximum PR to the government at no cost, because the interest rates do not cost it anything. The government can still cover itself with the rate of interest that it has and the funds that it gets through QIC or QTC. The loans are not being taken up because, in the judgment of the owners of over 50,000 farming properties that are droughted in 111 shires, they are not worth while. I propose that the government thinks of a way to provide assistance that is worth while to those who are in trouble as the result of natural disaster.

State drought assistance for small business has also been paltry during a time when Queenslanders have battled on in the midst of the worst drought in living memory. The independent drought review panel

noted that the Beattie government was doing little to help small business affected by the drought, stating that the Queensland Small Business Emergency Assistance Program was 'not considered particularly valuable'.

The figures certainly back up the concern that the Beattie government is ignoring the problems that confront small business in rural areas during a drought. Between 2001 and 2003, only 55 businesses received just \$364,525 in assistance from this program. On average, that is in the order of \$6,000 to \$6,500 each. The figures improve slightly in 2003-04 with 82 businesses receiving assistance worth \$610,923. This is really a drop in the ocean when the minister himself stated, in response to opposition questioning during estimates, that businesses in roughly 100 shires were eligible for small business emergency assistance. On average, less than one business per shire has been successful in getting drought assistance from the state government or, indeed, has felt that that drought assistance was even worth applying for.

Drought loans are not the only rural aid programs that the Beattie government offers that are more about keeping up appearances than providing assistance. The Beattie government's sugar loan scheme has also proven worthless and unattainable with only about \$500,000—less than two per cent of a touted \$30 million—accessed by just 26 of Queensland's 6,000 canefarmers during the past four years. Under the latest Beattie government's so-called sugar reform package, there is supposed to be \$10 million available under a farm consolidation loan program. However, does this program, which is supposedly specific to the sugar industry and part of the much trumpeted \$30 million state sugar package, actually exist?

When one logs onto the Queensland Rural Adjustment Authority web site under the sugar section and clicks on 'farm consolidation loans', one is redirected to the development loans that come under the productivity loans section, that is, loans that have been available to all primary industries for many years. Again, it is all smoke and mirrors with arbitrary figures thrown in so that the Beattie government can look like it is spending money to help the embattled sugar industry when, in fact, it is not giving struggling canefarmers a cent.

However, the failed loans programs offered by the Beattie government through QRAA do not stop there. There is also the National Disaster Relief Assistance Scheme which is meant to help farmers and small businesses to recover after natural disasters such as the severe storms that affected large parts of Queensland, including the Gulf of Carpentaria, north-west Queensland and parts of south-east Queensland in January this year. While councils have received significant government financial assistance to restore infrastructure such as local roads in the wake of natural disasters, the impact on small businesses and primary producers has been forgotten.

Figures I obtained through estimates questioning reveal that this is another scheme that is all spin and no substance, with only five primary producers and one small business receiving natural disaster relief assistance from the Beattie government in the financial year ending June 2004. This is not a one-off. In the 2001-02 financial year, only seven farmers and no small businesses received NDRA funds and in 2002-03 just four farmers and, again, no small businesses received NDRA funds. In the past three years, the Beattie government's Natural Disaster Relief Assistance Program has helped just 16 farmers and one small business to recover from natural disasters. This was during a time when central Queensland was hit by Tropical Cyclone Beni, bushfires devastated the Granite Belt and severe storms wreaked havoc in south-east Queensland. What is the point in the government having all of these programs in place if no-one is using them? I call on the minister to start reviewing this range of rural assistance programs that cost the government virtually nothing and help virtually no-one.

Another rural assistance program I would like to touch on is the Coral Reef Fishery Temporary Assistance Scheme that is supposed to provide loans to assist fishermen to improve their viability. I would be interested to hear from the minister how successful this scheme has been in the three months since it was launched, how many fishermen have applied for loans, how many have been approved and what has been the total value of the loans provided. I suspect that the only way I might get this information is to put a question on notice, but the minister may be able to provide that information in his response.

I hope that this loan scheme does not follow in the footsteps of the loan scheme that was introduced to coincide with the implementation of the east coast trawl plan when only \$59,000 of an announced \$10 million was accessed by affected fishermen. The coral reef fishery management plan, which came into effect on 1 July, reduces commercial catch levels from 4,830 tonnes to 3,061 tonnes. The fishing industry estimates that this will cost them at least \$20 million a year in lost income and approximately 500 jobs. The Beattie government has continually ignored its moral obligation to provide structural assistance to those people who will lose substantial income from these changes, so the announcement of the loan scheme and a socioeconomic study was a welcome first step in the right direction, but more needs to be done.

I would be interested to hear what is happening to the socioeconomic study that the minister promised in a media release issued on 1 July 2004. That media release, which has now mysteriously been removed from the state government's ministerial media releases web site, stated that the study would be completed in eight weeks, so it is now more than a month overdue. This study should have been carried

out last year before these changes were introduced. It is a measure of the disregard that the Beattie government has for the fishing industry that it decided to look at the social and economic impacts on the fishing industry workers and their families only after this management plan was introduced. Once this study is completed and released, it is imperative that the Beattie government goes the extra step and develops a structural adjustment package to assist adversely affected commercial fishermen as the opposition pledged it would do.

While the federal government is prepared to take responsibility for assisting fishermen affected by the new Great Barrier Reef Marine Park zoning, the state government has so far refused to take responsibility for severe state fishing restrictions. As I said at the start of my speech, it is estimated to cost \$80,000 to change the name of the Queensland Rural Adjustment Authority. I am not sure if the minister had something else that he had to attend to at the start of this debate, but \$80,000 could be better spent for extra research or extra stock inspectors at Alpha as my colleague the member for Charters Towers has been asking for. However, spending \$80,000 to change the name of this body which everyone will still call QRAA anyway—so nothing will change—means that that \$80,000 has gone down the gurgler.

I note that the explanatory notes say that Agforce supports the recommendations to ensure an effective appeals mechanism is established but that Agforce is concerned to ensure that the mechanism is cost efficient and easy to access, and I would certainly endorse the concerns that it has. Agforce also stated that it felt that board membership should contain a director with practical farm business experience, and that is also a very sensible suggestion. I am a little concerned about the vague statement from the minister that board members should have appropriate skills. I would ask the minister for some clarification of this issue when he sums up the second reading debate, because it is important that those people have real experience of farm business skills and also that they have lived through some of the circumstances that farmers face. They need to have real knowledge of the sorts of things that people need and how those people need to be processed when dealing with QRAA on issues such as special types of loans and the earlier loans that I mentioned which have been successful—that is, the young farmer start-up loans and so forth.

I also note the Queensland seafood industry's concerns that the process for establishing new schemes or approving QRAA to deliver schemes on behalf of other agencies needs to be transparent and timely, and I endorse its comments. I would virtually plead with the minister or recommend that he look at some of the loans that I have spoken about that have had a very low uptake. Surely the minister should be extremely concerned at their lack of success, and surely the figures must indicate to him that there is a need to do something else to help people. If the government recognises that there is a need and offers something that it thinks would be of use to these people and it is not being taken up, then it is obviously not of use. It cannot help them in the very extreme and difficult circumstances of a drought.

People have to live through a drought to understand its debilitating effects. It is almost like a cancer in a family—that is, from week to week and day to day families, often with young children, do not know where the money is coming from. Where do they go? They cannot just go and borrow more money. In many cases some other scheme or system is needed that is a little entrepreneurial and that makes sound use of taxpayers' money to help these people in the community. People sometimes say, 'Why help farmers? If you go into farming, you know that there'll be bad seasons. There may well be droughts. Looking at the records, you know there'll be droughts.' A drought is like a slow cyclone. A cyclone can flatten a house and crops overnight. In two or three days a flood can devastate someone's entire business. Likewise, a drought is the same thing. However, because it is so pervading, so long and so insidious, people who are not involved in the drought tend to forget it because it is not in the headlines in the same way that a cyclone might be.

There is a need to develop some very innovative and practical ways to help people by looking at the different aspects of primary industries. As I said during a speech on another bill in this place yesterday, livestock production fodder assistance schemes or rebates on freight for fodder and rebates on agistment to shift stock from a droughted area to another area are good and practical systems that can enable people to hang on and keep their stock so that when it rains their livestock can get back in calf again because it is away on agistment. Therefore, they have some way of being able to continue. A difficult area in particular to help in droughted situations is grain farmers. I met some of the best grain farmers anywhere in the world in an area just north of the line between Chinchilla and Dalby who have suffered dreadfully from droughts in recent years. These farmers led the world in moisture retention techniques and minimum and zero till. If there was a drop of rain, it did not evaporate because of the trash blankets and the systems that they used in farming. However, because of the devastation of year after year of drought, they were almost wiped out.

Some of them went through two or three years of drought without a summer or winter crop. They planted all of the time on a little bit of moisture thinking that there was going to be some follow-up rain, but there was not. There then came a season where there was some absolutely beautiful rain in the early summer and they planted fence to fence sorghum. In the January of that season, there were 31 days of temperatures in the 30s with not a drop of rain. As a result, the grain head within the stalk of the sorghum in every one of those paddocks was cooked and there was no crop even though the rainfall records

indicated that it had been a relatively good season. So for about the fifth or sixth consecutive season they got absolutely zero in return after having had all of the expense of the preparation of the ground, the seed, the fertiliser and everything else. So we need an innovative system that can look at ways of helping grain production and other systems of horticultural production that are affected by drought.

The Nationals will be supporting this bill. I want to make the point that we support the work that the staff of QRAA do. We have been quite impressed by the staff and the caring attitude that they have. I have mentioned those schemes that do not work that QRAA has been left with the task of administering. It is time to stop putting up schemes that do not help people. It is time to stop putting up schemes that do not cost the government a penny, do not have any real value and are not being taken up and to stop the PR that goes with those schemes, because they are not useful for people. We should not be using the good officers of QRAA to work so hard on schemes that obviously are not of value and are not helping people who are in difficult circumstances. As I said, the Nationals will be supporting this bill. We place on record our gratefulness for the work that the officers of QRAA undertake.