




Speech By
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MATTERS OF PUBLIC INTEREST

Western Queensland, Rural Crisis

 **Mr KATTER** (Mount Isa—KAP) (11.53 am): The western areas of Queensland are currently experiencing a rural crisis that was primarily driven by failures in our agricultural industries but which has now deeply rooted its talons into the businesses in the towns and the local councils as well. Much of the focus to date has been on cattle producers, but I want to draw the attention of the House to the impact the crisis is having on the towns and the councils in particular. At the outset it should be acknowledged that this rural crisis is not just as a result of the drought. It is not just as a result of the bushfires. It is not just as a result of the live export ban. It is not just as a result of the high Australian dollar or BJD. It is a combination of these combined with a deep malaise in agricultural economic policy over the last 20 years. The legacy of these impacts represents a huge threat to the viability of our towns, western towns and councils over the next five years or more. I have been disgusted by the ignorant nature of some media commentary suggesting that we should not support an ailing industry as it interferes with the effectiveness of the market economy. What a simplistic emperor's new clothes type approach. Are we seriously considering standing aside apathetically, watching the collapse of the social and economic fabric of these large regions in pursuit of some economic ideology?

At the heart of this debate is the argument that we need to be competitive. What does this mean? We have an average tariff subsidy in agriculture of three per cent in Australia when the average across the OECD is 20 per cent. We were not offering any support at all until our industry was at least into double figures. These same commentators who pontificate from their academic ivory towers suggest that our producers are not efficient. If they pulled their head out of the sand and visited some of these operations, they would see that they are very low-cost operations, there is no alternative land use out there and they are actually very innovative and effective managers who operate on a shoestring budget. They are not the same as the larger corporate entities that would be the likely buyers if these people move off the land.

This 'bigger is better' approach was proven to fail and there is now empirical data to show that that was a failure in policy. Many of the people who were told to get bigger are now being blamed for expanding and going into debt and being part of the rural debt problem. I am sure we can all agree that that is completely unfair. Unfortunately, the issues that have contributed to the rural crisis have been indiscriminant. In my travels I have met families who have been on the land for 50 to 120 years making a good living through very bad droughts and very bad economic conditions, but unfortunately the good times are not matching the bad times now and they just keep slipping further and further behind. If members want any evidence of that, they only have to look at the figures on rural debt.

This is a terrible problem that is now affecting the towns. It is going to have an enormous impact. There is little to no livestock available for sale for the next two or three years, and that means that no money is going into the towns. Anecdotal reports suggest that at least 30 per cent of the

industry is in trouble and could likely be foreclosed on by banks. There are no livestock transactions. That means no livestock haulage, that means no new tyres, that means no new motorbikes bought in town. There is then the threat of people leaving town who work in other services. There are the mental health issues and other threats like loss of services.

The impacts on these councils and towns are a very serious threat. After one visit to one local council I was informed that over 80 per cent of its rate base comes from rural residents but it will not expect to get a lot of those rates over the next couple of years. The council will not have the capacity to collect those rates because the people simply do not have any income. At least 50 per cent of one council's income comes from Transport and Main Roads contracts in capital and maintenance works. In this one particular region there will be no capital works for four years. As I said, 50 per cent of their income comes from roadworks, and that is the same for most of those western councils. If those roadworks are not there, these people are not viable, and that is even without taking into consideration the rates issue in that councils cannot collect the rates.

If you add all of that together, there are some very serious problems to address for these councils that will take significant input from government which will create a very big problem for government. I can give members a list of names of people who have maxed out their credit card and maxed out their overdraft facility. Unfortunately, the assistance available at the moment is not specifically tailored to assist these people. Rather, it is more suited to those people who are not in financial trouble. In particular, the loan financing package is for people who are not really in trouble and can weather that refinancing option.

There are some very big problems. We cannot do nothing. While we are building bridges and buildings in Brisbane, we cannot watch an industry out there in the west collapse. It is not an option to have these families who have been there for 100 years replaced with large corporate entities. There are some answers out there. There are some progressive mayors and councillors who are providing answers. They are coming together shortly to provide some of those answers to the government. I strongly urge people to recognise this problem.

(Time expired)