




Speech By
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MEMBER FOR MOUNT ISA

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MEMBERS' STATEMENTS

Mount Isa Electorate, Rural Crisis

 **Mr KATTER** (Mount Isa—KAP) (3.38 pm): I rise to talk about the rural crisis currently facing many people in my electorate. I could use the time this afternoon to talk about the many tragic stories that I stumble across—I hope many people feel for these people over Christmas. Many people will not be able to afford groceries and may have to make the choice of either shooting their cattle or paying their mortgage.

To understand what is going on out there at the moment, it needs to be illustrated. Everyone should have implanted in their brain what has happened in agriculture over the last 30 years. Rural debt has departed and rocketed northward from net farm profitability. Anyone who has any interest in keeping Australian farmers on the land needs to know that graph, because that is a large structural problem that needs a large structural policy change to turn that around. I table a copy of that graph.

Tabled paper: Graph of rural debt vs net value farm price, 1969 to 2011 [6647].

If we are going to change that, we cannot use a peashooter to solve that problem. When you look at that graph again, it transcends other issues. It has acutely been precipitated by the live export ban and the droughts, but the problem of rural debt has been growing for 30 years. It needs a large structural change, not a peashooter.

Unfortunately, concessional loans, while at the start I thought were good, have proven to be ineffectual. The average debt around my area anecdotally is around \$5 million, which is about \$260,000 a year in interest payments. Under concessional loans of, say, five to seven per cent, you could save \$5,000 to \$15,000 a year in interest. That is the biggest ongoing payment you can get for five years at which time you have to refinance with the bank anyway. That is very hard to get.

The household assistance allowance is also very hard to get because most of the holdings out in my area are much bigger than the ones along on the coast which are smaller farms. So most people in my area do not meet the assets test and cannot access that allowance which is why people are often struggling to pay for groceries because they are not eligible for that either.

There are a lot of problems there that are not being addressed. What will address this is the ARDB, the Australian Reconstruction and Development Board. It has support from some members in government but not all, unfortunately. Some time ago the former federal government was willing to put \$14 billion towards the banking industry to prop it up to get it through the GFC. We need to do the same. A lesser amount is required to reconstruct agricultural debt in Australia and to keep Australian family owned farms owned by Australians. There are a lot of people out there who cannot hold on any longer. The banks are not going to hold on for too much longer with them. There will not be a great number of people lining up in this country to buy those farms. My area will be owned by institutional investors and foreign owners which is not a good outcome for Australia in the long term.