




Speech By
Ray Stevens

MEMBER FOR MERMAID BEACH

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**FARM BUSINESS DEBT MEDIATION BILL; RURAL AND REGIONAL
ADJUSTMENT (DEVELOPMENT ASSISTANCE) AMENDMENT BILL**

 **Mr STEVENS** (Mermaid Beach—LNP) (9.36 pm): I rise to add my voice to those speaking to this bill, which seeks to address the difficulties faced by rural society—the farmers and the outback towns that support them. Our hardworking farmers are facing increasing financial stress, with debt support and financial sustainability improvements often unavailable, causing a roll-on effect to their surrounding remote communities and towns. The farmer's debt and associated financial stress allows for no cash flow to be available to go into these towns, effectively shutting them down. Members might ask, 'What is the member for Mermaid Beach talking about—his experience with farm business debt management?'

Mr Power interjected.

Mr STEVENS: I thank the member for Logan for his interjection. I am about to tell him. I grew up in Richmond, in Far North Queensland, on a cattle and sheep station. I am well aware of the importance that the surrounding community plays in successful farm management, with banks and other rural lenders often a part of everyday life owing to the upward shift in the cost of production over the past 20 years and the inconsistent cash flows from season to season. Much like what occurs in food production, graziers rely on the weather.

I hark back to my time on the land. I remember it vividly. In 1974, we trucked two K of cattle with Kevin and Merlin Pattel. We were 52 kilometres north of Richmond. We sent these cows with their good lumps of calves. They were pretty ordinary old cows, but they had great little calves. We sent 40 head into the local Richmond saleyard. After furious bidding, they sold for \$7 a head. It cost us \$5 to truck them in. That is when I made a bold decision, as a qualified accountant, to say, 'These poor people on the land are not in control of their market prices, are not in control of the drought, are not in control of the bushfires and are not in control of a lot of market factors.' I said, 'It's time for me to head to the Gold Coast,' and the rest is history.

I was a third generation Richmond farmer. I had plenty of mates who I grew up with. We partied around the races et cetera in that area. Caulfield Cup day was a special day. I can remember taking a horse to Boulia and running second in a two-horse race. Those were wonderful experiences out in the bush. I do understand completely. I will talk more about being a third generation grazier out in Richmond in terms of two of my contemporary mates. One of them battled on out there. He is a great fellow and a great manager. He bought his father's property. Obviously the father could not give it to him. He had to have something to retire on. His father was a great mate of mine too. He was an excellent clay target shot. The son bought the father's property at the going market rate because the father had to retire. Seven years of drought ensued and on top of that Paul Keating decided we had to have a recession. The banana republic recession I think it was called. We paid 18 per cent to 20 per cent interest. Basically after three generations that property was lost. I am pleased to say that there was a happy ending to the story. He has finally got another great property and he is doing a wonderful job. He has kicked back after many, many years. I have another close friend out there who many of the regional people will know

so I will not name him. His is a third generation property as well. In the last couple of years he has had to move off his property with the banks moving in and taking over. It was a wonderful property north of Richmond where we had a lot of parties when we were young, I can assure members.

What I am saying is that I am well aware of the pain and suffering these rural farm managers are under. As many speakers before me have noted, these farmers have been doing it tough particularly since the federal Labor government's live cattle ban in June 2011. We all remember that kneejerk reaction of that genius agricultural minister, Joe Ludwig, who had no idea of the damaging effects that that would have on the whole of the cattle industry in Queensland. It has taken years to recover. Finally we have seen some rain in Queensland and the market has picked up and they are bringing a reasonable price, but there was a lot of catching up to do over those many hungry years where they have had to use the full extension of their loans through the banks. That is why we are talking about this farm mediation bill here tonight.

Complicating their recovery has been four failed wet seasons with little to none of the herbage growth required for grazing. With no food comes no stock and with no stock the graziers have few options available to service their debt with banks and rural lenders. Fortunately, widespread rains have eased this predicament in some areas in recent times but there is still a lot of Queensland suffering, and the hearts and minds of the whole of this House go out to support them. I did notice a report last week that 87 per cent of Queensland is still drought declared.

Mr Costigan: That's right, including your old stomping ground.

Mr STEVENS: Thank you very much, member for Whitsunday. My old stomping ground of Richmond is part of that drought-declared area. The rain has been very patchy. We hope some of the rain we are currently experiencing moves across the state. Additionally, property auction results in the central west have been subdued, with low prices at almost half of what could be expected in better times. That means there is no option for them to get out. They have to stay there, battle on, live with the debt and pay the debt back. There is no option for them. We on this side of the House sympathise with them greatly.

While the banks and other lenders claim to be doing their best to support clients with foreclosures only occurring, as was reported to the committee, as a last resort, it is broadly agreed that rural farm debt is nevertheless increasing. The Finance and Administration Committee was staggered to learn that there are no concrete levels of actual debt available. It seemed to be secret squirrel stuff. There were some national figures put forward, as can be seen in the documents from the committee. We tried to do a few sums and came up with about \$70 billion. That was the figure we extrapolated from Australia-wide figures, but it was a major amount of money. The financial sector was very reluctant to give us an actual figure.

Mr Power interjected.

Mr STEVENS: There might be another inquiry for the Finance and Administration Committee, member for Logan. It is very hard to fix the problem without reliable information. Last year's good-to-record winter rainfalls in many areas of the west, acknowledged by rural lenders as a hotspot of farm debt, is a prime example of how complicated recovery for our Queensland graziers is. Many good operators under pressure are likely to have been unable to fully restock due to their declining debt-to-valuation levels combined with some areas seeing at or near record prices for restocker cattle and sheep trucked from southern centres. This is despite the spruiked positive outlook of Asian markets and the beef boom.

Disappointingly, the Queensland Rural Adjustment Authority, established in 1994, has been unable to produce a regular or biannual rural debt survey since 2011 as the banks and other lenders, along with the Australian Bankers' Association, have refused to supply data and as a collective are obstructing a full understanding of the situation. The replacement of the Queensland Rural Adjustment Authority with the Queensland Rural and Industry Development Authority will allow for expansion of the pre-existing assistance schemes such as the Primary Industry Productivity Enhancement Scheme—PIPES. In addition, its extra functions will include research into the regional and rural sectors of Queensland's financial performance, allowing for partnerships between commercial lenders and financial advisers and allowing for a better understanding of the issues impacting our farmers. However, more importantly, QRIDA will operate as the delivery apparatus for the compulsory farm debt mediation process introduced by this bill following the outcomes of the Rural Debt and Drought Taskforce, and I congratulate all members on that task force. It should be noted that the lending function and mediation will be separated through a governing framework maintaining information barriers with a separated service delivery unit for the farm debt mediation process.

The establishment of a Farm Business Debt Mediation Act will provide a process available to mortgagees and farmers to more efficiently and effectively resolve farm business debt matters benefiting both parties. The legislation of a governance framework for debt mediation between creditors and farmers will allow them to constructively resolve complex financial disputes while not restricting access to voluntary, pre-existing, early intervention programs such as the Queensland Farm Finance Strategy and other programs such as the Legal Aid Queensland Farm and Rural Legal Service, FRLS, and the Rural Financial Counselling Service, RFCS, a free confidential service, primarily Commonwealth funded, based in Longreach and Roma through two service providers.

Of note is FRLS, which operates as a free-of-charge advice and assistance platform for severe debt related problems such as being in dispute with lenders or other business financial related hardships of rural producers and businesses serviced by one senior lawyer of Legal Aid Queensland. As there has been only one lawyer providing this service free of charge since 2005, the committee noted that the farmers' participation in the proposed mandatory scheme would come at some financial cost, where the mediation under the bill comes at a time of severe financial emotional stress for the farmer, who is likely to struggle to engage in the process appropriately. Therefore, a committee recommendation acknowledges the service FRLS provides to our farmers, requesting the minister provide additional funding to Legal Aid Queensland FRLS for an additional senior lawyer to assist directly with mediation related outlays due to the farm debt mediation process, allowing for farmers experiencing hardship to mediate satisfactorily on an even footing with appropriate documents and support—in person or electronically as appropriate.

In many cases, farming combines a home and a business. It is not just the straightforward proposition of a business operation. As I said, in many cases we may be talking about third generation farmers. Farming is not a normal business. Often farm debt encompasses a wider variety of required activities and materials than standard businesses, and includes the home. We would not like to see sold the homes of people living in residential areas in the south-east corner. Therefore, we have to look at protecting farmers' homes, as well as their businesses.

While current protections through the Credit (Rural Finance) Act 1996 cover machinery loans for individual farmers, over time trading structures and changes to business models have reduced or removed those protections for some farmers. Obviously, in some farming areas machinery costs are an enormous part of the debt that the farmer carries. Therefore, a further recommendation has been put forward by the committee to amend the definition of 'farm mortgage' to include farm machinery, which would otherwise not be covered. With the Finance and Administration Committee recommendations, including a review of the legislation after five years, the bill will provide not only hope to our farmers but also, with the increased responsibilities and functions of the Queensland Rural and Industry Development Authority, much needed support while ensuring operational effectiveness.

Additionally, the bill addresses the Biological Control Act 1987, which the chairman of the committee referred to, and the ambiguity associated with viruses and the definition of a virus. This will facilitate a rollout of two new viruses in 2017 to address and control the growing rabbit population and the invasive common carp population. By introducing those measures now, we hope to prevent epidemic growth and the immense problems found in other states of Australia. As we know, in other states the effectiveness of myxomatosis and the calicivirus have been worn down. This is timely with the discovery of the new Korean strain, I believe, of calicivirus, as we must make sure that we do not see an expansion of rabbit holes throughout Queensland. It is very important for that measure to be instated.

Relating to that is the amendment to the Biosecurity Act 2014. The importance of biosecurity has been recently reinvigorated in our minds following the horrible outbreak of the white spot prawn disease in the Logan River over the Christmas holidays, affecting my backyard of the Gold Coast.

Mr Power interjected.

Mr STEVENS: The member for Logan is claiming responsibility, but I am sure that it was not his imported fishing bait that spread the disease in the Logan River which my prawn farm friends tell me then spread to prawn farms. That is the sort of biosecurity protection that we have to have, because we are all aware of the damage that can occur. I understand there have been some findings in Moreton Bay prawns. We hope that that particular rural industry is immediately looked after and that we do not see a repeat of this biosecurity failure—and it is a failure—in other rural industries.

The bill recognises the hard work of Nursery & Garden Industry Australia, in conjunction with Biosecurity Queensland, in developing a third-party program, BioSecure HACCP, to reduce the legislative requirements that could act as a barrier to accessing important plant biosecurity. Overall, this bill begins to address a need within our society to support the functionality of our farmers and rural communities, with important amendments to ensure Queensland's ongoing biosecurity for fauna and flora.