

SUBMISSION RE THE NEED FOR A RURAL BANK

I am currently a Director for Australian Canefarmers Association, Herbert River District, North Queensland and have been a director for 7 years. I am also on the panel for the Rural Debt Summit which commenced in October 2012.

What has been the cause of Rural Debt?:- Deregulation – expecting farmers and manufacturers to compete in a market without subsidies, being on a so called “level playing field” with first world input costs while receiving 3rd world money for their commodities. There are no other countries with the same objective. Low Prices, High Interest Rates with farmers subsidising the food in this country to the point of no return. They have used their spare money, superannuation and anything else that can be sold off or borrowed. Here I will also point out that either through ill health or the fact they couldn't make ends meet sold out to now failed and nearly extinct MIS Schemes. Along the way they have had marriage breakups, suicides etc.

Having made very little profit since deregulation they have not been able to fix their infrastructure, buy new equipment, fix their homes, repay their debts. A lot of the smaller farmers are now working away from their farms, the others are trying to battle on facing no profits or wages, facing cyclones, floods, droughts and unseasonal weather conditions yet they are expected to put money aside to meet all of the above conditions.

We now have a situation where the younger members of family units have gone off farm, have watched their parents struggle, becoming old before their time, not being able to afford what should have been normal on farm enterprises. As for the cattle industry it beggars belief that in this day and age a tea bag is a luxury item.

Farmers are expected to be keepers of the land but instead they are left fighting feral pigs, arsenic weed, hymenacne etc. at their own expense when most of these pests are coming from National Parks or World Heritage areas.

In our own instance, I have found that the interest rates are higher than home loans. Since the year 2000 not one ounce of money has been paid off the farm loan due to cyclones, flooding, unseasonal rains, low world prices.

The banks consider farmers to be fair game, if you cannot pay anything off your loan (our sin was to look forward and try to become bigger to face a future that now is not there) then they give themselves carte blanche to put up the margins.

Having sat on the rural debt summit some farmers in the room were paying margins of 7% on top of the loan rate. This is absolutely obscene.

Farmers are then hit interest on the overdraft, money taken out of their account every month as well for the privilege of having an overdraft, so what is the true interest rate that farmers are actually paying?

Is there a need for a rural bank? Of course there is. A lot of the blame has to fall on government policies ideology that isn't working. There was to be no disadvantaged people from these policies yet they have been abject failures. If something isn't done as of now, then will there be any agriculture left in this country? because we can no longer sustain ourselves. An inquiry should be held into what industry is actually making a profit in this country – SPC? The Car Industry and many many others. All because of deregulation policies.

Our competitor nations are subsidised both with input costs and monies received for their product. None of our competitor nations are forced to pay outrageous rates for so called government services e.g. Land, rates, electricity, water, registrations is at a premium to farmers. Deregulation of the sugar industry has simply ensured that there is no margins for a living wage and no money for a buffer for disasters let alone a return on investments or opportunities to pay off their finance.

As John F Kennedy said, “ Farmers are the only people who buy at retail prices, Sell at wholesale prices and pay the freight both ways.”

A RURAL BANK IS A NECESSITY.