



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

PROOF

QUESTIONS WITHOUT NOTICE

Farm Finance

QUESTION

Wednesday, 19 June 2013

BY AUTHORITY OF THE SENATE

QUESTION

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Questioner McKenzie, Sen Bridget
Speaker

Source Senate
Proof Yes
Responder Ludwig, Sen Joe
Question No.

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Senator McKENZIE (Victoria) (14:49): My question is to the Minister for Agriculture, Fisheries and Forestry. I refer the minister to the government's announcement that it would provide concessional loans of up to \$650,000 to farmers in financial need at an interest rate of 4.5 per cent. I also remind the minister that at the last round of budget estimates Treasury officials admitted that the government's average cost to borrow these funds—and on his advice I asked that question—is at an interest rate of around three per cent. When asked about the 1.5 per cent difference, a Treasury official stated: 'Well, it goes into consolidated revenue.'

Why is this government seeking to make money from the plight of farmers in this country, many of whom are struggling precisely because of this government's inept decisions—such as shutting down the live cattle trade to Indonesia?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry and Minister Assisting on Queensland Floods Recovery) (14:50): This does give me a good opportunity to talk to the Senate about farm finance and 4.5 per cent. I absolutely welcome the opportunity to speak about the government's farm finance package at 4.5 per cent. In April I announced \$420 million in concessional loans for farmers doing it tough. Farmers are struggling under the weight of a high dollar and reduced land values. We have listened to the concerns of our farmers. That is why we announced the Farm Finance package. Our package of concessional loans will give farmers the breathing space they need to focus on growing and improving their farm businesses. These loans will provide real relief for our farmers. An eligible farm business could save around \$100,000 if they wanted to consolidate an existing loan using the 4.5 per cent interest rate.

Our plan for agriculture is to strengthen the foundation and tackle farm debt head-on. But we do need the cooperation of the states to deliver this. One thing Senator McKenzie could do is encourage the Victorian government to come on board and ensure that we can deliver this package to help farmers, particularly in the

electorate where Senator McKenzie lives. It is clear that farmers are crying out for this assistance. What we want to do is deliver this assistance in the field for farmers so that they can use the 4.5 per cent to reduce and consolidate some of their loans, to give them the ability to deal with some of the headwinds and provide that really needed assistance.

What we are getting is no help from the coalition—to help and put a bit of pressure on their state governments to deliver. *(Time expired)*

Honourable senators interjecting—

The PRESIDENT: Order! I just remind senators that shouting across the chamber is disorderly and they should cease doing it during an answer.

Senator McKENZIE (Victoria) (14:529): Mr President, I ask a supplementary question. Can the minister explain why the government on one hand is making money on its so-called concessional loans to struggling farmers but on the other hand is demanding that state governments pay for the administration costs of providing these loans?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry and Minister Assisting on Queensland Floods Recovery) (14:53): What is clear here is that those opposite do not want to allow farmers to have a 4.5 per cent concessional loan. That is what we are providing: a concessional loan at 4.5 per cent for five years, for \$420 million in total. It is a real boost for farmers to deal with some of those headwinds in the field.

We have asked the states to look at how they could provide assistance in delivering those 4.5 per cent concessional loans for farming—a reasonable request for them to look at how they could provide that assistance. The 4.5 per cent concessional rate does give a generous discount against commercial rates and at the same time manages the risk of default and represents responsible use of public money. What we have asked is that the states then give us a little bit of assistance. *(Time expired)*

Senator McKENZIE (Victoria) (14:54): Mr President, I ask a further supplementary question. Can the minister explain why, two months after

the government announced the concessional loans package, not one state—not even a Labor state government—has signed up to provide the so-called concessional loans? Why can't this government approach these matters in a fair and cooperative way that is focused on delivering results to people rather than playing the political blame game between state and federal governments?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry and Minister Assisting on Queensland Floods Recovery) (14:54): I will say that I am fair in this. This is a good opportunity for states to use some of their state instruments—such as, in the case of Queensland, the QRAA—to provide these concessional loans to farmers. Farmers right across Australia—in Victoria, New South Wales and Queensland—are doing it tough. If you look at what state governments have done in this area in agriculture, they have withdrawn regional—

Senator McKenzie: Mr President, a point of order on relevance: the question was about the Labor state governments' response to the farm concessional loan package.

The PRESIDENT: There is no point of order.

Senator LUDWIG: We are in discussions with Labor states and we are in discussions with Liberal states. We do not pick any favourites here. We want the states to be able to provide these concessional loans to farmers who need them. But my door is open. I will continue to consult and discuss with states to see if we can find a way forward to get the 4.5 per cent concessional loans on the ground. What we will not do is give up, as the states look like they have. (*Time expired*)