

4025

1 April 2010

Department of the Senate
P O Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir

SUBMISSION – INQUIRY INTO ACCESS OF SMALL BUSINESS TO FINANCE

Please accept this submission on behalf of the Shire of Yilgarn which is representative of a significant number of farmers in the Yilgarn district which covers 30,720sqkm on the eastern edge of the Wheatbelt in Western Australia. In recent times farmers in the district have experienced difficulties due to seasonal conditions, which in turn has diminished their financial opportunities.

Rural Debt (Sourced from Elders and Landmark)

5 years ago 1 in 5 famers in requested finance to re-crop and no refusals were received. Today, 3 in 5 famers have requested finance with 1 in 5 being refused. The average debt of a farmer in 2005 was \$250,000 and today that has grown to \$1,000,000. Banking institutions only comment is that they do the best they can to assist farmers and admit that the rate of refusal has doubled in the past 3 years.

Farm Sales (Sourced from Elders and Landmark)

In the Yilgarn district 8 years ago 0.8 farms were on the market per year and these properties were sold within 6 months. 5 years ago 1.3 farms were on the market and also sold within 6 months. In 2010 there are approximately 12 farms on market with no buyers showing interest and some of these properties have been advertised in excess of 12 months.

High input costs, low return, coupled with dry seasons and frost has seen debt level double in past 8 years as per ABS statistics.

Council calls on the Senate Inquiry to consider the following points in their deliberations:-

1. Review the current 3 tiers of lending options and establish an alternative lender to reduce the high level of interest that farmers face.
2. The Government considers redirecting the Exceptional Circumstance Funding to a multi-peril crop insurance to at least guarantee the cost of production.
3. Increase the cap of Farm Management Deposits as this would offer some relief for some businesses facing the cost of accessing finance which could be see as a self help scheme.

Farmers in the Yilgarn district are facing increased uncertainty in their operations and this has a flow on affect to other industries and business in the district that provide services to landholders.

On behalf of Council I would urge the Senate Inquiry to give serious consideration to the points raised by Council.

Yours faithfully

Peter Clarke

CHIEF EXECUTIVE OFFICER