



HD **Australia could never feed China**

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Agriculture Minister, Barnaby Joyce, discusses the drought in parts of New South Wales and Queensland and what assistance the government is giving farmers.

TONY JONES, PRESENTER: The Federal Government is considering a \$100 million aid package for drought-hit farmers in northern NSW and Queensland. To discuss how the Government's dealing with a one-in-100-year drought, I was joined a short time ago by Agriculture Minister Barnaby Joyce, who's also been examining prospects for expanding agriculture in Northern Australia. He was in our Tamworth studio.

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Barnaby Joyce, thanks for joining us.

BARNABY JOYCE, AGRICULTURE MINISTER: You're welcome, Tony.

TONY JONES: Now, these contrasting futures: a northern food bowl fed by giant new dams and collapsing farm communities due to the three-year drought in NSW and Queensland. It begs the question: will Australian farmers have to relocate in the end to where there's rain and water?

BARNABY JOYCE: No, I don't think so, Tony. And one of the places I was looking at whilst I was in the north, there were two properties, they have the potential to start an irrigation scheme that is larger than the Ord River. They don't want a cent from the Government. The main thing they are looking at is for us to make sure our licensing conditions and our capacity to get the approvals - that we can get them through quickly so that they can get started. When that gets started, Tony, we have the capacity to reinject new life into towns such as Normanton and that is certainly what the Aboriginal community want, it's certainly what the local community want, it's why there is a nexus between dams and productivity. The place that we were looking at, the difference it would make that would go from producing 150,000 kilograms of beef a year to in excess of four million kilograms of beef a year as well as having cotton production of top of that. This is something that is, I think, part and parcel of us taking the next step in Australian agriculture. We've had a massive increase since we've been in power of the price of live cattle, massive increase in the price of live sheep, an increase in the price of beef, an increase in the price of dairy, we are moving our soft commodities in the right direction and we need to, because somehow we've got to pay our bills in this nation.

TONY JONES: OK. I understand what you mean, but it's a serious question because you've been in Darwin at the very first Northern Australia food conference while farmers in these worst-affected areas are worried they don't have - the drought areas - are worried they don't have a future at all. So, has - if there hasn't been a drought in these northern areas, is there the possibility even, is it feasible for farming communities to shift to the north?

BARNABY JOYCE: Now, I think there is a drought and it's a peculiarity in climatic conditions at this point in time, it's a peculiarity based on the average of the last hundred or so years, but we are doing as a nation our job in trying to assist them. We have over - well over 4,000 people now receiving Farm Household Allowance. We have a substantial amount of money out at a concessional rates. We are making sure that we've got - we had \$22 million that we've made available for water infrastructure, \$10 million available for mental health, in excess of \$10 million available - or \$10 million available for wild pests such as wild dogs. We're doing what we can to assist, but only the good Lord's going to give us rain, and it will rain, and when it does rain, things will turn around, and then we've got to make sure that they

have the capacity to grow a crop or fatten out cattle or breed cattle and to get that cash flow in such a way, Tony, that they can keep the bank manager at bay and keep him happy.

TONY JONES: Yeah. But in the face of this drought, people are already leaving their farms. We're told that communities are collapsing. Many people are literally at their wits' end. What happens if it doesn't rain for another year?

BARNABY JOYCE: Well, Tony, if it doesn't rain then we're all in a world of strife, aren't we? So, we don't want that, but one of the ways we'd mitigate against the vagaries of the climate is to store when there is abundance for the time when there is a privation. Therefore, the reasons we have dams is to do precisely that. The reason we construct water infrastructure is to do precisely that.

TONY JONES: Your temporary solution when it comes to the drought - one of them anyway; you've mentioned many others - is a \$100 million fund to provide long-term low-interest loans to the worst-affected farmers. Has that been approved by cabinet?

BARNABY JOYCE: Tony, we had two tranches of money that have been approved, one for \$280 million, as the drought loans, and another one of \$420 million in the concessional farm finance. Now, to give credit where credit's due, the concessional farm finance was initially drawn up by the Labor Party, but they didn't manage to sign up all the states. I think they only got Victoria, NSW and Queensland signed up, but not the rest of the states. We did sign the states up and we made sure that we changed the complexions of the loan so they were more targeted to the areas that actually needed the money, because in the past, Tony, we had \$70 million going to Tasmania and \$70 million going to Queensland and it was quite evident that the drought was in Queensland, not Tasmania, quite evident that it was in NSW more so than it was in SA, so we redesigned and recalibrated those loans to better fit. Now we have \$700 million approved. We have done that and now it is the discussion of within that \$700 million how we once again better target it in such a way as to assist those people at Walgett, at Lightning Ridge, at Longreach, where even though you might see it rain in Sydney - this is the unfortunate and cruel thing about droughts - there are other parts of this nation it just hasn't rained. And they're going to their third year without a season in front of them to grow a crop or to fatten stock in such a way as to get a cash flow so to keep their place.

TONY JONES: So you're talking about this \$100 million figure being set aside for long-term, very low-interest loans. How many farms are likely to be saved by that measure?

BARNABY JOYCE: Well, Tony, we do our very best. That \$100 million fits within the \$700 that is already approved. So it is not about asking for something beyond what has already been through cabinet and been approved.

TONY JONES: No, no, but I'm talking about the new nature of these loans. They're very low interest and long-term, isn't that right?

BARNABY JOYCE: Yes. Well you try to do what you can. You respond to the concerns of the people and you say to them, "What can we do to assist?" One of the things I asked for, Tony, by the way, was an extension of the Great Artesian Basin capping and piping scheme and we have done that. We have delivered. We have already delivered on that. We are making sure - I think it's - about 4,125 people are now getting Farm Household Allowance, which means that for a couple on a farm, they're receiving between \$900 and \$1,000 a fortnight. Now I know that is not perfect, but it's a long way ahead of the 360 so that were the only people who were getting access to that before we came to government.

TONY JONES: Now, Joe Hockey toured these drought-stricken areas, some of them, a few months ago. He's, as we know, an economic rationalist who's refused to prop up unviable manufacturing industries. Is he putting these farms on notice that there's a definite time limit to government assistance?

BARNABY JOYCE: Well, I believe that what we have with farms is a viable industry. We know that we are getting record prices now for the live cattle, for live sheep. We have got a massive upswing from when we came to government to where we are now in the price of beef. We're also getting better prices for dairy. So we are not talking about an unviable industry, we're talking about an extremely viable industry. And when I was over in China they made that abundantly clear to me: that they want to purchase our soft commodities - our beef, our sheep, our - anything, our goats. Even if I could - we've got a market - we've been selling kangaroo into Peru lately. So ...

TONY JONES: Joe Hockey is - as I just said before, he's an economic rationalist, so at some point he's going to draw the line and say, "Well, if the drought continues for another year, we're going to stop this. These farms are not viable anymore." Is that a possibility? It's obviously happened in the manufacturing industry. Is there a difference here, a fundamental difference that will always be the same?

BARNABY JOYCE: Well I think there's a vast difference, Tony, because in the vast majority of our assistance is in the form of loans, which are an asset. We actually - to be honest, Tony, we actually make

money on them. The Commonwealth makes money on them. That's different to a grant where you don't make money, it's just gone. And obviously we have proven that in the soft commodity market - beef, wool, cotton - we actually make money and the world wants to **buy** the product. It is different to other commodities or products which the world buys another commodity somewhere else in preference to ours. The soft commodity market in Australia is in fact one of our greatest tactical advantages in this new South-East Asian, Asian global economy.

TONY JONES: So I just want to confirm the Treasurer, the Finance Minister, they see it in the same way that you do, do they? I mean, that this is an industry which could be propped up for years and years and years if the drought goes on for that long?

BARNABY JOYCE: Well, with all due respect, I'm dismissive of your statement that it has to be propped up, because the economy - the soft commodity economy is paying for and supporting our nation as we speak. In fact, the value of our agricultural exports increased in the middle of a drought by around about eight per cent, so let's not talk about the soft commodity economy being rural commodities being propped up. And the record increase in employment in our nation has been in rural industries. For every graduate, Tony, there are six jobs waiting for them. For what we have and what we can produce, this is the place for our nation to invest.

TONY JONES: OK. On another subject, are you at all concerned about Australia lending its credibility to **China's** \$50 **billion** regional bank as a founding member?

BARNABY JOYCE: Well, all these things must be seen in balance. I don't think there's - there's no sort of parochialism. They're looking for the terms and conditions that properly suit the needs of Australia and that properly suits the transparency that we would expect in some multi-participant finance institution and I think that those deliberations are continuing as we speak. I don't want to pre-empt the end of those deliberations. I want to make sure that the process comes to its conclusion. But I think ...

TONY JONES: You'd be aware - I'm sorry, we are running out of time.

BARNABY JOYCE: Yep. Sure.

TONY JONES: You'd be aware that both Japan and the United States are deeply concerned that this could undermine the Asian Development Bank and that it could become an instrument of **Chinese** power across the region. So, do you share those concerns to start with?

BARNABY JOYCE: Well I've read the commentary that states precisely that and I will leave that to wiser minds than my own. Obviously we'll always look to our own national interest and to make sure that that's properly dealt with. But I think that any - I think any person, any nation is always looking for how they can exert a more productive economy to their own benefit and it's in everybody's interest in Asia to have a more productive economy and the required investment has to happen for that to happen. But people want to see that done in a form that's transparent to all parties and all participants with the proper weighting so that no-one that they're feels outside the circle in decisions that are made.

TONY JONES: Is it in Australia's long-term strategic interest to become **China's** food bowl?

BARNABY JOYCE: We never will be. That statement is impossible to fulfil, because we feed about 60 **million** people. Even if we double production to 120, we would feed basically - we wouldn't be able to feed ourselves and half of Indonesia, so it's an absurd statement. And as far as feeding 1.3 **billion** people, that's just not going to happen. But what we can do is what we are doing. We are moving **milk** by plane into **China** and getting paid between \$7 and \$9 a litre. We are moving beef, we are moving cotton, we are moving products. We're getting a greater return back through the farm gate. And after one year in government, I think the Coalition can be rightly proud of what they have done in the soft commodity market and more needs to be done and will continue to be done and I am working as we speak tonight to make sure that we finalise other agreements and it was great to go to **China** and speak to Minister Han and Deputy Premier Wang Yang and to make ...

TONY JONES: Well I've got to ask you: are you expecting any breakthroughs out of these free trade talks?

BARNABY JOYCE: Yes, I'm always the optimist and I feel that it's a mutually beneficial arrangement that we have the capacity to supply a product that doesn't compromise the rights of **Chinese** or Vietnamese or Taiwanese or Japanese farmers. We'll never be the food bowl of Asia ...

TONY JONES: Where could any - we're nearly out of time. Where could any breakthrough come? What are you hopeful for?

BARNABY JOYCE: Oh, well, a whole range of areas and one of the tricks of dealing in Asia is you don't pre-empt their decision, you let them make it and then you celebrate it and that's the way - coming from a family that's dealt with Asia for a long time before I was in politics, I'll continue to do **business**.

TONY JONES: Barnaby Joyce, we'll have to leave you there. Thanks very much for coming in to join us.

BARNABY JOYCE: You're welcome, Tony.

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