

8 November 2016

Mr Peter Russo MP
Chair, Finance and Administration Committee
Member for Sunnybank
Parliament House
Brisbane QLD 4000
fac@parliament.qld.gov.au

Dear Mr Russo,

Farm Business Debt Mediation Bill 2016

The Australian Bankers' Association (**ABA**) is pleased to provide the Queensland Finance and Administration Committee with additional information for their consideration.

Industry commitment to improve conduct and culture

As mentioned in evidence, the banking industry is putting in place comprehensive new measures to protect customer interests, increase transparency and accountability and build trust and confidence in banks. More information on the initiatives in the reform package, including the independent review of the Code of Banking Practice, is available at www.betterbanking.net.au.

Provision of bank lending data

To assist the Committee, the ABA provides a copy of recent ABA report - *Agriculture in Australia: activity and financing Economic Report September 2016* (Attachment 1). The report highlights the importance of the agriculture industry to the Australian economy and the community, and the role of banks in providing financial support to this critical sector.

In terms of future data provision, the banking industry understands that accurate and detailed lending data will assist governments to better target policies and assistance measures for farmers and rural communities.

The ABA and banks have been working with the Federal Government on a national data collection model. The new data collection would be undertaken by Australian Prudential Regulation Authority (**APRA**) and provide a single national system of rural lending data. APRA would then provide the data to the Australian Bureau of Agricultural and Resource Economics and Sciences (**ABARES**) to supplement their data collection process.

The proposed system will use consistent industry standard measures which will ensure accuracy of the data and overcome some of the methodology challenges present in the former Queensland Rural Debt Survey (this required banks to manually reclassify lending data which could lead to inaccuracies in the information provided).

The proposed model would include total lending by State, loan amount, agriculture activity (ANZSIC classification e.g. grazing, beef farming, etc.) and a measure of debt stress (more than 90-day in arrears).

Importantly, the national collection will include non-bank lenders and creditor providers, and use industry standard measures to ensure accuracy of the data.

All ABA member banks who lend to the agricultural sector have agreed to participate in the national collection. The ABA's understanding is that APRA is finalising some of the legal considerations for data collection and sharing and is preparing a consultation package.



Strong banks – strong Australia

Government support for farmers in international jurisdictions

The ABA has undertaken some preliminary research into government concessional lending arrangements and support mechanisms for primary producers in United States, Canada and New Zealand. This information is attached to assist the Committee in their deliberations (Attachment 2).

For further information

If you have any questions or would like further information, please contact Amanda Pullinger, Policy Director – Retail Policy on (02) 8298 0411 or by email: apullinger@bankers.asn.au.

Yours sincerely,

A handwritten signature in black ink that reads 'Diane Tate'.

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