Speech By

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FARM BUSINESS DEBT MEDIATION BILL; RURAL AND REGIONAL ADJUSTMENT (DEVELOPMENT ASSISTANCE) AMENDMENT BILL

Mr JANETZKI (Toowoomba South—LNP) (11.45 pm): I rise tonight to make a contribution to the Farm Business Debt Mediation Bill and the Rural and Regional Adjustment (Development Assistance) Amendment Bill. We know that anything that can be done must be done to address this longstanding problem of managing rural debt in Queensland. We know that there are debt hotspots. In particular, Western Queensland graziers have suffered from failed wet seasons, properties have been destocked, property values have diminished and cash flows to service ever-growing debt are under ever greater pressure. In 2015, federal government data relating to the North Queensland beef industry estimated that of 1,258 banking customers 43 were 90 days in arrears and 18 were in mediation. Anecdotally, over decades, the pressure brought to bear on primary producers—whether by enforcement proceedings or otherwise—could be seen on some occasions to be unconscionable.

This bill, which follows on from the deliberations of the Rural Debt and Drought Taskforce—I think it was the member for Nanango who said there were over 460 submitters to that task force—seeks to set down a few new markers to protect Queensland's primary producers. These markers include instituting a farm business debt mediation process to provide efficient and equitable processes which will benefit both financial institutions and farmers and graziers.

The bill will also outline a framework for financial institutions and farmers and graziers to constructively resolve complex financial disputes. It will require all financial institutions providing credit to offer primary producers access to debt mediation prior to the financial institution commencing enforcement action. In replacing QRAA with the Queensland Rural and Industry Development Authority, QRIDA, it will accurately reflect the broader assistance offered going forward to research debt positions and adopt the right policy settings to address rural debt into the future.

I note that the establishment of a rural bank has for some time engendered considerable discussion. I have two major concerns with the proposal to enter into a state rural bank. The first is that, should a rural bank ever be established, there would be a risk that it would impede the ability of primary producers and agribusiness related entities to access affordable finance. This would have the flow-through effect of a reduction in Australia's capability to benefit from the growing demand for our rural exports. The QFF and AgForce also oppose the establishment of a rural bank on similar grounds.

Secondly, and beyond this, there are a range of regulatory concerns associated with the establishment of a state rural bank. A number of my colleagues have already spoken tonight about potential APRA regulation overseeing a state rural bank. It is worth unpacking that a little bit more because APRA oversight is a considerable impost on any bank, building society or credit union. Not only do APRA impose restrictions and manage the law on the Banking Act 1959; they also ensure and implement a series of prudential standards that are expected to be upheld by every bank, building society and credit union in the country.

Those prudential standards relate to capital adequacy, liquidity, risk management, the development of risk appetite statements and fit and proper tests. It is a considerable impost on any business. It is a great challenge for a state rural bank to comply with that regulation. It was that prudential regulation that saw the Australian banking system through the worst of the global financial crisis. That is no secret whatsoever. We had the best capitalised banks in the world and that is what protected us and presented a firewall to the world in the depths of the global financial crisis. It was not just the APRA regulation that protected the Australian banking industry; it was a raft of other regulations.

If there were a state rural bank, it would need to comply with ASIC's responsible lending regime. That is Regulatory Guide 209, which sets down and lays out the credit standards that need to be applied by any credit licensee to anyone seeking any loan anywhere in the country. Furthermore, there is another layer of regulation for any operating bank in the country, Austrac. A state rural bank would be a reporting entity for the purposes of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and accordingly would bear with it all the reporting entity obligations that come with compliance with that particular act. Honourable members can see that there is a vast regulatory burden to be placed on any financial institution that is created in the country.

I am no apologist for the big four banks, other major banks and their excesses, whether they be connected with Storm Financial, BBSW manipulations, excessive executive remuneration or any of the financial planning scandals and mismanagement. They are tough enough and have the resources to defend themselves and ASIC are adequately resourced to address these problems.

Madam DEPUTY SPEAKER (Ms Farmer): Order! Just a moment, member for Toowoomba South. I know it is getting very late but the conversation levels are getting high and it is increasingly more difficult to hear what the member for Toowoomba South is saying. I ask members to keep their conversations to a minimum, please.

Mr JANETZKI: What the big banks must realise is that they will always play a vital role in the future and commerciality of Australian agriculture and must act appropriately and responsibly when dealing with rural based customers. I am an optimist and on the basis of my recent discussions with TSBE Food Leaders Australia CEO, Ben Lyons, there is every reason to be optimistic about the Australian agriculture industry. It will become a $60 billion industry this year with the value of food and rural produce tipped to exceed $100 billion by 2025 as the food boom in Asia and their desire for protein and other Australian high-quality products hits home.

I note that the vast majority of primary producers are managing their debt. It is estimated by the ABA that 30 per cent have no debt and a further 25 per cent owe less than $50,000. That said, we know there are debt hotspots and there are farmers and graziers in difficulty and families losing homes and farms, including some of my mates on the land.

Rather than focusing any further on QRAA and QRIDA, as many of my colleagues have tonight, I want to briefly focus on the role of Queensland small regional mutual banks, building societies and credit unions in advancing the interests of the citizens who live in rural and regional Queensland not just in providing credit and other banking services to the citizens of Queensland based in the rural and regional areas but also the agricultural sectors adjacent to these regional centres. These companies are normally customer owned or mutuals, philosophically obliged and dedicated to helping those who need help to get a hand up. Customers are owners and therefore have a voice in the operation—or how a company ought to be operated. Although predominantly focused on the provision of funding for residential housing, there is an enduring need to allocate lending to not just small businesses but also agricultural producers as well. Across the length and breadth of regional and rural Queensland, these small financial institutions stand shoulder to shoulder with customers on the land and in regional communities.

Because of the commitment to the communities in which they operate, they work hard to approve hardship applications; they work hard to restructure financing arrangements; they work hard to extend terms wherever possible; they work hard to extend repayment forgiveness periods wherever possible. They consider all these possibilities in times of financial difficulty, drought, flood, ill health and any other adverse circumstances that citizens may face. From Cairns with Cairns Penny; in Townsville, Queensland Country; in Rockhampton, The Rock; in Bundaberg, Auswide; in Toowoomba, Heritage Bank; in Warwick, the Warwick Credit Union; in Maleny, the Maleny Credit Union—

Mr Costigan interjected.

Mr JANETZKI: It no longer exists. Up and down this state there are small banks wanting to help rural and regional Queenslanders.

Let me return ever so briefly to the concept of a state bank. It is an emotive, emotional argument. We saw what happened in South Australia in 1991 with the complete dissolution of the State Bank of

South Australia and the subsequent resignation of premier John Bannon the following year. The risks are high for state governments engaging in state banking services. It is emotive—and my own family benefitted from a QIDC loan in developing our dairy farm—and it is something to be resisted. Although all other amendments proposed by the shadow minister—

(Time expired)