




Speech By
Julianne Gilbert

MEMBER FOR MACKAY

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

 **Mrs GILBERT** (Mackay—ALP) (10.13 pm): It gives me great pleasure to make a contribution to the debate of the Farm Business Debt Mediation Bill 2016. Agriculture plays an important economic and cultural role in the make-up of our rural communities. As the slogan goes, everyone needs a farmer. This is so true for anybody who wants to eat or purchase leather or fibre goods. My region is predominantly a sugar-growing region, with beef cattle and grain not too far over the hills. The sugar industry alone is a \$2 billion industry supporting not only families on farm but also an estimated 16,000 others working at mills or as loco and truck drivers or sugar chemists, just to name a few. The flow-on effects of losing our agricultural industry would be devastating for the whole of the state, not just for farmers on the land.

Farmers need to have an avenue which will provide a process for the efficient and equitable resolution of farm business debt matters between mortgagees and farmers. Farmers have told me that when they are deemed to be at risk, caused by external factors such as climate or market changes, the lenders may reassess their debt arrangements and raise the interest rate on their debt, making it even harder in times of stress. This bill seeks to address the imbalance that farmers have indicated exists between themselves and mortgagees in the rural credit sector and recognises that mediation in the resolution of farm debt disputes is a necessary and valuable process.

The bill will establish the Farm Business Debt Mediation Act to provide a process for the efficient and equitable resolution of farm debt disputes and replace QRAA with the new Queensland Rural and Industry Development Authority, QRIDA, with expanded functions under the Rural and Regional Adjustment Act 1994. This bill also makes unrelated but important amendments to the Biological Control Act 1987, the Biosecurity Act 2014 and the Drugs Misuse Act 1986.

Appropriate and well-ordered arrangements between farm businesses and their financiers are imperative for continued success stories. This bill implements a legislated mediation process between farmers and mortgagees. The inherent climate and market risks associated with farming, along with the business also being the family home in most cases, means that normal approaches to foreclosures do not always work. There are voluntary protocols for farm business debt mediation under the existing Queensland Farm Finance Strategy. However, not all lenders are signatories and not all farmers are satisfied that the voluntary mediation process produces equitable outcomes. The objective of farm business debt mediation legislation is to provide a process for the efficient and equitable resolution of farm business debt matters and disputes prior to any action being taken by a creditor in respect of a farm mortgage.

The federal government is also working with the state and territory governments, the National Farmers' Federation and the Australian Bankers' Association to establish guidelines for a nationally consistent approach to farm debt mediation. However, while reaching an outcome on the national guidelines may be some way off, it is expected that the Queensland legislation will be consistent with a national approach.

The legislation makes it compulsory for all providers of rural loans that are secured by a farm mortgage, or a part of a farm mortgage, to offer farmers mediation before they initiate enforcement action to recover unpaid farm loans. Farmers have an option to decline the offered mediation. The legislation also allows farmers to initiate mediation with their lender. However, lenders are not required to participate. The legislation does not stop farmers from informally negotiating with their lenders to resolve disputes and undertake an orderly sale of farm land and other assets to settle their debts, if that is an agreed approach and an appropriate course of action in the circumstances.

QRAA was established as a statutory authority in 1994 and assumed the major activities of the former Queensland Industry Development Corporation's Government Schemes Division. It was also a specialist administrator of government financial assistance programs including loans, grants, rebates and subsidies. QRAA's approval rates are higher and its bad debt levels lower than its predecessors.

QRAA administers the Queensland government's Primary Industry Productivity Enhancement Scheme and, when required, supports delivery of Natural Disaster Relief and Recovery Arrangement assistance for primary producers, small businesses and not-for-profit organisations. QRAA has positioned itself as a leader in the delivery of government loans and grants. It operates schemes of assistance for the Australian government in Queensland, including drought concessional loans and debt restructuring loans, and also schemes of assistance in other jurisdictions such as in the Northern Territory.

This bill will continue the work of QRAA with a new authority that from 1 July this year will continue to deliver on its predecessor's successes. Importantly, the bill will provide QRIDA with an expanded role including undertaking policy research and providing advice regarding the financial performance of Queensland's rural and regional sector, especially primary producers, small business, community and other components of the state's economy.

The bill also requires the new authority to partner with commercial lenders and financial advisers to deliver its functions. The bill will allow the authority to administer a broader range of assistance schemes compared to QRAA. It will be able to build its own effectiveness by providing government agencies who want to use its services with the option to use it to deliver assistance to communities across the state. The bill also clarifies that the Queensland Rural and Industry Development Authority has the power to lend money under an approved scheme. The bill is an alternative way forward for QRAA to what the member for Mount Isa has proposed in the Rural and Regional Adjustment (Development Assistance) Amendment Bill 2016. It is providing a more affordable, equitable and efficient method for our state's primary producers to reach negotiated agreements with lenders. This is why I commend the bill to the House.