

Farmer focused over the long-term

While external factors and seasonal conditions are not always in the farmer's favour, farmers expect lenders to work with them to maximise opportunities in good periods, manage risks in the bad, and help foresee issues that will impact their business.

Our specialist products are designed to help smooth out seasonal fluctuations in income and expenditure to support agribusinesses to manage challenges. It's fundamentally what we're about.

We work with customers through times of unavoidable climatic issues, acknowledging that it's part of the vagaries of Australian agriculture. What this long term focus means is that farmers who have experienced prolonged drought or been negatively impacted by economic or industry issues can start to recover when seasonal and external conditions improve.

In the majority of cases where adverse conditions do not ease, we are able to work with the customer from very early on to consider a range of options – we might suspend payments, lengthen the loan term, or in some other way adjust the terms of the loan to help them through the rough patch.

That approach almost always works well if the customer is prepared to keep talking with us and meeting the newly agreed conditions. Occasionally, though, even the new arrangements prove too much and the customer and bank agree the best course is to sell the property and move on. That's not a foreclosure, it's an agreed and amicable way to settle the debt.

The fact is however, that despite our best efforts and often following discussions over many months and often years, our customers are not always able to find their way through the difficult times.

In very few cases, we face the situation where a customer through no fault of their own is simply unable to honour the new arrangement. There are also instances where a customer refuses to acknowledge or rectify the situation or they wilfully breach the new arrangements. In this situation, nobody wins. The customer's equity in the asset is quickly eroded and the bank's equity diminishes along with it.

Unfortunately, in this case, we have no option but to commence legal action. It's important to note that a bank has no automatic right to sell someone's property – we can only do so on a court order.

To obtain that order, we must satisfy the court that we have exhausted all other options to reclaim our shareholders' money. Only once the court is convinced there is no other way forward will it give the bank an eviction order.

When it gets to that stage, it is literally a case of cutting everyone's losses. At least by selling the asset, the bank can realise the value that does remain and not plunge our customer even further into trouble. Doing nothing but hope for the best is simply not an option.

Naturally we can't speak about individual cases without breaching privacy laws, but there's always a lot to a story that doesn't make the headlines.

As a regulated financial institution, we reject any assertion that we're in the business of inappropriate behaviour and even in the very few instances where the last resort of repossession is taken, we work over an extended time with all involved to ensure the best interests of all are protected, including that of any livestock.