

**MEDIA RELEASE**  
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### **Rural Bank welcomes expanded Farm Management Deposit scheme**

Rural Bank has today announced that it will offer customers the ability to offset farm loan interest under legislative amendments to the Government's Farm Management Deposit (FMD) scheme, which passed in the Australian Parliament this week.

The changes to the scheme, which are scheduled to take effect from 1 July 2016, recognise the challenges faced by modern Australian farming businesses and provide farmers with an enhanced tool to manage risk and plan for the future.

An FMD is a deposit that is tailored specifically for farmers to deal more effectively with cash flow fluctuations. The solution allows farmers to set aside and earn interest on pre-tax income from profitable years, and use it when needed most, gaining potential tax advantages at the same time.

The new expanded FMD scheme will provide greater flexibility to help Australian farmers deal with uneven income from year to year, common to agriculture as a result of seasonal and climatic variability, and economic and market changes.

The legislative amendments, which have passed in Parliament and await Royal Assent, will:

- double the maximum amount a farmer may hold in FMDs from \$400,000 to \$800,000,
- allow farmers to use FMD balances as an offset against bank loans relating to the farming business to reduce interest on the loan, and
- provide farmers with access to their FMD funds in times of severe drought conditions without impacting tax treatment. Eligibility to access the FMD will be determined by the farmer by referring to rainfall data on the Australian Bureau of Agricultural and Resource Economics website at the time of withdrawal.

Rural Bank Agribusiness General Manager, Andrew Smith, said the changes to the FMD scheme are a strong example of how banking solutions can be tailored to support farmers and give them greater control of their finances.

"For farmers, income changes from year to year and external conditions can create challenges beyond their control," Mr Smith said.

"The FMD scheme has provided an effective risk management option over a number of years and the changes to the legislation offer greater flexibility to allow farmers to become more self-reliant when faced with economic uncertainty."

"We're able to deliver this flexibility to our farming customers, including the introduction of an FMD offset solution to meet their needs in the coming financial years."

"Rural Bank's sole focus is to provide products and expertise to help farmers take control of their money, stay on top of challenges and maximise opportunities. Investing in a Rural Bank FMD is an effective way for Australian farmers to reduce risks to their income, make their funds work harder for them and be prepared for challenges or opportunities when they arise." For more information about FMD options available through Rural Bank or Rural Finance, and Rural Bank's regional distribution partners, Elders and Bendigo Bank, visit [www.ruralbank.com.au](http://www.ruralbank.com.au) or [www.ruralfinance.com.au](http://www.ruralfinance.com.au).

For information about FMD eligibility, visit [www.agriculture.gov.au](http://www.agriculture.gov.au) or [www.ato.gov.au](http://www.ato.gov.au).