



The Farm Debt Mediation Working Group  
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### **TFGA Submission: Proposed Legislated Farm Debt Mediation – Consultation Paper.**

The Tasmanian Farmers and Graziers Association (TFGA) is the leading representative body for Tasmanian primary producers. TFGA members are responsible for generating approximately 80% of the value created by the Tasmanian agricultural sector.

Agriculture is one of the key pillars of the economy and, with the current level of support from the government, are well positioned to further capitalise on the stature of Tasmanian agriculture.

The TFGA appreciates the opportunity to make comment the proposed legislated Farm Debt Mediation consultation paper.

The TFGA is supportive of the development of legislation with relation to Farm Debt Mediation (FDM) in Tasmania. Debt is an important aspect of many rural businesses and unfortunately that means that some individuals can and will have issues with meeting their financial commitments for various reasons and at various times. The TFGA would like to express some concerns identified in the consultation process, which should not hinder the progress or passage of this legislation.

Lenders and primary producers are partners in business, but in many cases also partners in fault. As the FDM process is designed and intended to only assist those in a serious financial situation to negotiate with lenders, this partnership can become adversarial. In these processes it is worth noting that there is a significant power imbalance in these interactions which seriously favour the lenders. While it is not being suggested that this power is being abused or unduly being brought to bear, it is worth noting.

It has been observed through research conducted as a result of the consultation paper that there are differing levels of complexity in other jurisdictions, therefore it would be strongly recommended that the information and processes for FDM in Tasmania be simple, clear and concise. These issues are often more complex than a primary producer being unable to meet their commitments e.g. social, environment and levels of education. It is well known that farming for most is more than a job and it

can only be assumed that should FDM be required it will be an emotional and confusing time, thus the requirement for simplicity. A simple and equitable system will also ensure that there is less likelihood of unscrupulous activities by either party.

While it is understood that the average cost of FDM in most jurisdictions is approximately \$6000, it is noted that some jurisdictions cap the primary producers portion of the fee below the 50% mark e.g. New Zealand who cap the primary producers contribution at \$2000. The TFGA would recommend that the government consider a more generous process, as it would seem that asking businesses, families or individuals in financial dire straits to find in their budgets up to \$3000 to engage this process might appear be prohibitive and inequitable. There has also not been a discussion in the presented paper about options for those that cannot afford mediation, what would that process look like? Some may consider the FDM process a piecemeal means of offering assistance to those that are already in a very poor financial position or creating opportunities for lenders to pay lip service to true mediation with limited benefit to either party. The TFGA would suggest that the government considers the development of a subsidy or grant system which allows for the facilitation of FDM for eligible primary producers.

If as the consultation paper suggests, approximately 8 to 17 farm debt mediations are expected to occur in Tasmanian each financial year and primary producers are expected to pay half of the \$6000 at the upper end, the subsidy or grant program would conceivably cost government \$51 000 per annum using their own figures.

The TFGA would again like to thank the Tasmanian Government for the opportunity to comment and for endeavouring on this admirable piece of legislation.

If you have any questions regarding this submission, please feel free to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Skillern', with a long horizontal line extending to the left.

**Peter Skillern**  
Chief Executive Officer  
04/02/2021