

**National Australia Bank**

800 Bourke St  
Docklands VIC 3008

9 August 2017



Mr Stephen Palethorpe  
Secretary  
Select Committee on Lending to Primary Production Customers  
Department of the Senate  
PO Box 6100  
CANBERRA ACT 2600

Dear Mr Palethorpe

**RE: INQUIRY ON LENDING TO PRIMARY PRODUCTION CUSTOMERS**

National Australia Bank Ltd (NAB) welcomes the opportunity to respond to the issues raised in submission 16 received by the Committee from Mr Nicholas Kelly on behalf of the Wheatbelt Integrity Group and also the evidence Mr Kelly provided at the 19 July hearing in Perth.

NAB has previously lodged a separate submission to the Select Committee which addresses NAB's position in relation to the Terms of Reference.

As the Terms of Reference do not seek to adjudicate on specific customer disputes, NAB has not addressed each assertion in the submission 16 and evidence that it considers to be factually incorrect. Instead, NAB has focussed on issues which demonstrate NAB's approach in relation to Mr Kelly, and which may be of relevance to the Select Committee in addressing the Terms of Reference. However, this should not be seen as an acceptance by NAB that the matters set out in submission 16 are factually accurate.

Thank you for opportunity to respond to the Committee on this matter. If you have any questions about this response, please contact Chris Venus, Manager, Government Affairs & Public Policy,

Yours sincerely,

Dallas McInerney

General Manager – Government Affairs & Public Policy

**Mr Nicholas Kelly, Mr Malcolm Kelly and Ms Catherine Kelly**

**Provision of seasonal finance**

In 2010, NAB provided additional seasonal funding. The time taken to make a credit decision took longer than the previous year, because of the significant change in their farming operations (to bio-sustainable farming).

In subsequent seasons, the arrangements between NAB and the Kellys made it clear that NAB would not provide additional seasonal funding (except for some express instances in which NAB agreed to fund weed spraying and maintenance) and that the Kellys would need to fund crops from other sources. In some instances, NAB agreed to priority arrangements with other parties to allow a crop to be funded.

**Issuing of notices**

Mr Kelly advised the hearing that NAB gave him '7 or 14 days' notice' to vacate the property. In fact:

1. The notice provided 30 Business Days, in accordance with the terms of a settlement deed that had been signed by the parties in September 2011, and the legal requirements in Western Australia.
2. NAB entered into further negotiations and agreements with the Kellys following the issuing and expiry of these notices, and as a result of these further agreements they were not required to vacate the property.

**Refinance terms**

It is not industry practice (nor NAB's practice) to provide an incoming financier with written confirmation of the amount by which a debt has been discounted. If NAB has agreed to any such an arrangement we would provide written confirmation directly to our borrower. In this case we were not asked by an external party to provide any such confirmation.