



AUSTRALIAN BANKERS'
ASSOCIATION INC.

Steven Münchenberg
Chief Executive Officer

www.bankers.asn.au

24 March 2015

Dr Kathleen Dermody
Committee Secretary
Senate Economics Legislation Committee
Parliament House
CANBERRA ACT 2600

Dear Ms Dermody,

Further to my appearance at the **Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013** on Wednesday 18 March 2015, I provide the following additional information as requested by the Committee:

Improving the availability of agribusiness lending data

The Australian Bankers' Association (**ABA**) has been working with the Federal Government to achieve better publicly available data outlining the current level of rural debt and debt pressure across Australia.

The ABA reviewed various data collection options and wrote to Minister Joyce in mid February 2015 proposing that the Australian Prudential Regulation Authority (**APRA**) undertake a new annual collection of agribusiness lending data.

APRA currently collects financial data on behalf of the Australian Bureau of Statistics and the Reserve Bank of Australia and is uniquely positioned to be able to collect data from the banking industry. As the independent prudential regulator APRA provides both existing expertise and credibility to provide this data to government, the industry and the broader public.

The proposed scope of the annual collection would cover:

- Total loan outstandings for Agriculture (only) by State and loan amount;
- Total loan outstandings by broad Agriculture activity (ANZSIC classification e.g. grazing, beef farming, etc.) and loan amount;
- Number of Agricultural loans more than 90-day in arrears by State; and
- Number of Agricultural loans more than 90-day in arrears by lending by Agriculture activity (ANZSIC classification e.g. grazing, beef farming, etc.).

Classification of data by State and activity will provide a more comprehensive picture of borrowing in farming communities. Importantly, State level information will ensure that commercial sensitivities and customer privacy requirements are not compromised, while providing sufficient information to Government to understand financial performance in sectors of the agriculture industry.

Each bank has its own lending policy and data collection systems designed for their own business purposes. It is therefore extremely difficult for some of our members to provide data by region for the entire country.

It is proposed that aggregated data would be provided to the Australian Bureau of Agricultural and Resource Economics and Sciences (**ABARES**) to supplement the annual farm debt survey. The ABA would also request access to this data.

The ABA is yet to receive a formal response from the Federal Government but understands that Minister Joyce has written to the Treasurer requesting further advice from APRA.

Yours sincerely,

Steven Münchenberg