

AUDIO TRANSCRIPT- SHORT FILM - PREPARING FOR NSW FARM DEBT MEDIATION

This is video two in a four part series that explains farm debt mediation in NSW.

Hello, I'm a farm debt mediator. In this video we look at how to prepare for a farm debt mediation.

If you prepare well, the mediation will be more effective. There are checklists and worksheets on the Rural Assistance Authority's website to help you prepare.

Narrator:

If you don't prepare well it may not be possible to reach an agreement because the right information isn't available or there isn't time to think about whether a particular idea or option will work.

If you are a lender or a farmer, and you receive an invitation to mediate, it's important you get advice, respond promptly, make contact with the Rural Assistance Authority, and start preparing for the mediation.

Rural
Financial
Counsellor:

To decide whether mediation is right for you, you could speak to a Rural Financial Counsellor, or the NSW Rural Assistance Authority or you could speak to your lawyer or accountant.

Mediator:

Mediation is usually a good option, because you'll have a chance to speak face to face with a senior representative from your lender.

A mediator is skilled at helping people to have effective conversations about difficult issues.

Narrator:

If you decide to proceed with mediation you need to return the forms provided within 20 business days.

Rural
Financial
Counsellor:

OK, so for an effective mediation you should have all relevant documents and information available, including a map or photo of your property, cash flows, budgets, asset valuations, your current financial position, marketing plans and tax returns for several years.

Narrator:

There is a Worksheet about preparing for mediation on the Rural Assistance Authority website.

Rural
Financial
Counsellor:

Ted, when we go to the mediation we need to be prepared with several options. This gives you a chance to have some control over the outcome. If the lender says that option A isn't acceptable, we have to work through option B and possibly an option C.

In order to present feasible options, we need to provide an overview of the situation now, understanding liabilities and identifying assets which you may want to draw on. We'll list liabilities and assets in a spread sheet.

Narrator: Before the mediation, speak to your advisers about what you can reasonably achieve and what you believe the lender is looking for. Try to be realistic about the situation, lenders are not required to reduce the debt owing, or to continue the business relationship.

The mediator will encourage you and your advisers to think about whether the agreement will be durable and workable.

Farmer's Lawyer: So what options would work for you, and what, do you think, would be acceptable to the lender? I also want to talk about what happens if you can't reach an agreement with your lender.

Farmer's Lawyer: When you reach an agreement at mediation, there is a 2 week cooling off period. So you have the option to pull out of an agreement if you don't think it will work, but you should be aware there might be additional costs if you choose to do so.

After the mediation the lender can obtain a certificate which allows them to recover the debt or take enforcement action if you break the agreement reached at mediation. The Rural Assistance Authority will consider the mediator's report and comments from the farmer before issuing a certificate.

Narrator: There is a right of appeal to the Authority about a certificate being issued. And a court appeal may be an option too – but you should seek legal advice before making this decision as you could incur significant legal costs.

If you have questions about preparing for farm debt mediation, please call the NSW Rural Assistance Authority or talk to a Rural Financial Counsellor, your accountant or lawyer.

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