

**Australia and New Zealand Banking Group Limited**

**Response to Questions in Writing following 5 October 2016 House of  
Representatives Economics Committee Hearing**

**Question asked by**

Mr Hogan

**Question**

The Federal Government has recently legislated that you can allow farm management bonds to offset against farm loans. Why is ANZ bank not allowing this?

**Answer**

ANZ does not currently offer a dedicated Farm Management Deposit (FMD) offset product.

FMDs must be held in personal names while farms are often established through a corporate structure. A core issue for a bank lender is that offsetting a liability owed by a corporate entity with a FMD held by a person or partnership is complex legally and operationally. Bank business lending systems are not designed to provide such a capability. ANZ is considering options in relation to FMDs.

Recent legislative changes lifted the prohibition that prevented FMDs from being offset against a loan relating to the FMD owner's primary production business. The legislation does not assist with the issue noted above.