

**SUPPLEMENTARY SUBMISSION TO THE SELECT COMMITTEE ON
LENDING TO PRIMARY PRODUCTION CUSTOMERS
NATASHA KEYS**

Dear Senators,

I provide this supplementary submission having attended the Public Hearing at Roma and following further discussions with other affected customers.

Recently I attended mediation with the Commonwealth Bank in relation to my matter now on foot in the NSW Supreme Court (matter 2015/303038). This mediation was not successful and no resolution is in sight.

My matter has been ongoing now for over 6 years. Like many other farmers have exhausted all avenues for restitution or for a better word, natural justice, following what we deem unlawful conduct in relation to the repossession and liquidation of agricultural assets.

My case has many similarities to the Caulfields matter however my property was repossessed and sold for half the purchase price leaving me with an alleged circa \$200,000 shortfall.

In 2009 I went to my Bank, the Commonwealth Bank, to request assistance to purchase a tea tree producing property in Northern NSW. I had an existing interest in organic essential oil and had a business which was in development called Organic Oils Direct Pty Ltd. As I had experienced significant financial stress since my family law court matter I wrote to the Bank and notified them that if permitted to purchase the property, that I would be continuing with the commercial harvesting of tea tree and would be investing in value adding and also development of the business. In my words I said in black and white this was an opportunity for my family.

It was a small farm but production wise and the onsite processing made the opportunity lucrative for our small family. Many farms in the region are small. Being organically produced also provided for a higher returns.

The Commonwealth Bank approved the purchase and things were put in motion. A valuer from Hoolihans Valuations (now Heron Todd White) attended to the property to value it. I was not provided a copy of the valuation. I later was informed by the then owners that the valuer had specifically requested to view the crops, plant and equipment however there is no mention of farm, farming equipment nor tea tree crops in the valuation despite these attributes being glaringly obvious to anyone who steps foot on the property.

I was provided with a Colonial Investment Home Loan. As with the Caulfields, there is no feasible was that the Bank was not aware this was a farm. As this was a residential loan product they loaned 80% of the value of the property. They were put on notice by myself in writing, the sale was GST free as it was a farm under 38-O of the GST Act, farm insurance policy was provided and the valuer had requested to view the crop, plant and equipment.

I had no interest in buying an investment home in that location and the purchase was only because it was a farm and income producing.

I had no idea of Farm Debt Mediation. I was not aware of my rights. When I purchased the property I was told by the Bank to come back after the settlement to obtain a business loan and I had worked out my requirements. When I returned to the Bank to meet with their business banker after the purchase I brought along a business plan detailing the production and income of the farm. The response from the Bank was that I did not meet their lending criteria thus there was no funding to assist development of the farming business.

After successive flooding I sought assistance however was dealing with Home Loan Collections. In short I took various part time work while trying to do all I could to maintain the farm and work on the business of harvesting the tea tree oil. I was not treated like as a farm nor a farmer. Essentially had no consideration to the difficulties experienced following the two most significant flood events in the region nor the cropping and harvesting schedules that would impact my income. Initially the plan was to harvest within a short period of time following purchase but the flooding caused issues, access was affected and my insurer refused to pay out the policy to repair damage.

By February 2011 I had commenced harvesting when the Bank commenced enforcement action.

During June-July 2011 a representative by the name of Ellie Chahine was dealing with me in relation to the arrears.

I was told in no uncertain terms the following

1. The Bank is not seeking possession.
2. The Bank only wants to work out the arrears and we are happy to work with you (me) on that.
3. The Bank prefers to talk (as opposed to put things in writing).
4. That you (me) had no rights and to read the contract (when asked if there was someone who could tell me my rights as I was not getting any response to proposals).
5. That [redacted] who was in charge of the account but was on leave at the time) would not be so kind to me when he returned.

It was a conversation in late July 2011 where points 4 and 5 were said. I immediately lodged a complaint to customer relations.

During this complaint I was told the Bank had possession of my property.

I then lodged a FOS complaint. I requested possession back due to the isolation and risk of the property and sought expedition during the FOS investigation due to the significant risks to the farm being isolated and having plant and equipment, being on solar and also maintenance of the plantation.

All this was rejected. FOS refused to make any adjustments. [redacted] from the FOS was the case manager however I wrote to [redacted] and also [redacted] (Chair of FOS Board), ASIC and REIWA and all governing bodies and all involved in the property in some ways. I begged the Bank of the risk to the property and that if I had possession I could maintain the farm. All fell on deaf ears.

FOS said they were not able to get involved with the sale of the property as the Bank had gained possession prior to the FOS dispute being lodged. This is despite the Bank representing to me that we were in negotiations and I was putting proposals through as requested that the Bank did never respond to. Now the Bank is representing that the delay in the sale and the poor price was due to the FOS dispute being on foot.

The FOS found in favour of the Bank in relation to the property however it was treated as a regulated loan and not a farm. In 2011 before I knew anything about farm debt or similar rights I had already developed my facebook page Tanglewood Tea Tree Farm and had orders and interest from China and elsewhere. If I had been able to complete the harvest my life would have been very different. My interest was in export and product development because that is where my skills are.

What strikes me as farcical is the Commonwealth Bank's position on Farm Debt and its representation that if someone comes to them seeking a loan or otherwise to purchase a farm and to commercially farm that property then they would provide a farm loan. Clearly myself and the Caulfield's were provided with Colonial products that were for residential purposes.

The Commonwealth Bank sold my property in a distressed and damaged state.

It was not until after the case closed (I withdrew it after the Recommendation) that I found out the valuer made no mention of the farm nor crops.

Sometime later I discovered the Farm Debt Mediation Act and thus consequently took action against the Bank in relation to what I believe was the irregular possession and sale of the property. The Bank took a cross-claim against me for the shortfall and costs despite it knowing I am a single mother with no assets left and was at the time residing in my mothers garage with my daughter (I had been since 2011).

Rather than do the right thing the Commonwealth Bank is continuing to challenge me in the Supreme Court and has played a strategic game in doing so. Until April 2016 I was self-representing and I can attest that obtaining disclosure from the Bank has been problematic. It took over 6 months to get a response to a Notice to Produce and the response was only after I subpoenaed around the Bank where they had no option but to produce something.

I sought legal aide, Pro-Bono, advice from any available option and nothing was forthcoming. I was able to recently gain some traction in this regard with Attwood Marshall who have been extremely helpful. But it took almost two years of self-representation to get there. Many would have dropped off due to the Bank's ability to dominate in legal proceedings. In short there justice is thin on the ground.

Prior to the farming property being sold the Bank sought two valuations from Heron Todd White. Neither make mention of the farm, nor crops, nor plant and equipment despite you having to drive through the crop to get to the homestead. The real estate agent PRD Nationwide Casino, in their Sales Inspection Report state NIL potential for cropping, NIL plant and equipment and NIL agricultural potential. This is despite them also having to drive through the crop and having full knowledge that the purchaser, whom I have discussed, purchased the property to commercially farm the tea tree.

This is despite finding documentation between PRD Nationwide and the Bank that they suggest giving all the plant and equipment and my personal possessions (now ruined and in storage) to the new purchaser. This is despite PRD Nationwide receiving offers from other people to purchase plant and equipment separately from the property.

The deception relating to my farm, as it seems with others, appears to be a systemic issue within the Bank's management team and executives. It is without doubt that there has been a wall of silence in relation to the status of the property being a farm with the express intention to avoid the Farm Debt Mediation Act or to admit the sale of a wholly inappropriate loan product for the purpose in which the loan was being sought. I believe this is because the manner in which the Bank operates when there is wrongdoing is to place the blame for that onto the customer and to avoid responsibility at all costs.

Changes I believe would assist farmers include;

- 1) Farm Debt Mediation to be harmonised across all States; and
- 2) Farm Debt and Rural Debt to be regulated (as unregulated debt results in poor outcomes for farmers); and
- 3) Appropriate penalties for agents and others who are involved and participate in collusion to promote the Bank's preferred outcome; and
- 4) For receivers and managers, Real Estate Agents and others to be designated agents of the Bank rather than farmer to encourage more parity and transparency during any enforcement action.

Like in the Caulfield's situation many of the same players were involved. Overseeing my case within the Bank was (whom I had no contact with) whom instructed (whom I believe actively altered records in my case to suit the Bank) and (who is essentially the co-ordinator).

In relation to I wrote to (manager) that the property was not being advertised correctly (no farming mentioned or tea tree) and also gave notice that the Bank had irregularly taken possession and my grievance in relation to this and his response to the Bank was 'more ramblings from the borrower. BTW thank you for the Champagne'

This aptly says it all. It was Christmas time I had lost my life savings, I was effectively homeless with my daughter, my personal belongings that had been left to sit, rot and be pilfered during 2 years of possession and I was simply treated as an annoyance or noise as opposed to a borrower with authentic and concerning issues to be dealt with.

I thank you the opportunity to provide this supplementary submission.

Kind Regards
Natasha Keys