



6 August 2019

To the attention of:  
Committee Secretariat  
Primary Production Committee  
Parliament Buildings  
Wellington 6160  
Via email: [pp@parliament.govt.nz](mailto:pp@parliament.govt.nz)

**Re: Farm Debt Mediation Bill (No. 2)**

Thank you for the opportunity to provide feedback on the above Bill. The purpose of the bill is very commendable. The New Zealand Federation of Business and Professional Women (BPW NZ) supports the underlying purpose of the Bill which aims to ease the burden of farmers in financial distress. There are some concerns regarding duration timeframes that will need to be clarified and this has been addressed by Chartered Accountants Australia and New Zealand. "Clause 23 (2)" Duration of Mediation.

However, the Bill provides fair, equitable and timely resolution of farm debt issues on farming families. It would provide farmers and secured creditors to meet in an equitable manner to explore options for business turnaround, and - where they are few other options - to provide for a timely and dignified exit<sup>1</sup>.

***Our interest in this submission is because women and men's financial empowerment is a core priority for BPW NZ and influencing more just and equitable policies is an important strategy of this work. We advocate for international instruments that support and improve access to effective fair lending practices for all in creating a rights-based framework where women seek financial empowerment and wellbeing. We also advocate for assistance to those who are experiencing financial hardship to ensure their health and wellbeing, including mental health, as this is a core priority for BPW NZ.***

**General Comments**

The bill will mitigate some of the key barriers that farmers and creditors face to effectively negotiate mutually beneficial debt arrangement. The scheme supports farmers involved in agriculture, including share milking, horticulture, aquaculture, or any activity involving primary production carried out in connection with these. As such, farm debt refers to financial arrangements secured against farmland, including buildings, farm machinery, livestock, and

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<sup>1</sup><https://www.lawsociety.org.nz/news-and-communications/latest-news/news/farm-debt-mediation-scheme-in-new-bill>

**BPW NEW ZEALAND**

AFFILIATED TO THE INTERNATIONAL FEDERATION OF BUSINESS & PROFESSIONAL WOMEN

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harvested crops and wool. The bill understands the importance of getting the right person to mediate.

When there is financial pressure on farmers, there is often associated increases in mental health problems and suicide rates in rural communities.

BPW NZ recognises that significant changes have been made to New Zealand's consumer credit law, including the introduction of responsible lending obligations and a "Responsible Lending Code"<sup>2</sup>, increased disclosure and registration requirements, a right for borrowers to make hardship applications and new rules regarding reasonable credit fees, interest and repossession of consumer goods. In 2017, we applauded the Minister of Commerce and Consumers Affairs request for a Government review of the 2015 amendments to determine whether they had led to better informed decision making by consumers and a reduction in irresponsible lending<sup>3</sup>.

### **BPW NZ Policies**

THAT the New Zealand Federation of Business and Professional Inc. urges the New Zealand Government:

- *to work in collaboration with Local Government New Zealand (LGNZ), non-government organisations (NGOs) and businesses, towards the implementation of the Sustainable Development Goals (SDGs) as signed at Commission of the Status of Women (CSW), United Nations, New York, March 2015*

### **SDG 2 - End hunger, achieve food security and improved nutrition and promote sustainable agriculture**

- *Strengthening the resilience and adaptive capacity of small-scale and family farmers, whose productivity is systematically lower than all other food producers, is critical to reversing the trend of the rise in hunger.*
- *A continuous downward trend has been observed in export subsidy outlays reported to the World Trade Organization (WTO). The total outlays fell from close to \$500 million in 2010 to around \$120 million in 2016. This reduction in export subsidies by Governments is leading to lower distortions in agricultural markets.*

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<sup>2</sup> Consumer protection and lender's responsibility principles, Ministry of Business Innovation and Employment

<sup>3</sup> Commerce Commission New Zealand website



### **SDG 3 - Ensure healthy lives and promote well-being for all at all ages**

- *Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.*
- To reduce the global suicide rate.

### **SDG 9 - Build a resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation**

- *Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit.*

### **SDG 10 - Reduce inequality within and among countries**

- *Robust and sound financial systems are essential for supporting equal access to financial services. High loan asset impairment, measured by the ratio of non-performing loans to total loans for deposit takers, is a potential risk to the soundness of the banking system.*

### **BPW International Policies**

BPW International upholds the outcomes of the Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW) Committee.

#### **CEDAW Article 13 – Economic and Social Benefits**

States Parties shall take all appropriate measures to eliminate discrimination against women in other areas of economic and social life in order to ensure, on a basis of equality of men and women, the same rights, in particular:

- (a) The right to family benefits;
- (b) *The right to bank loans, mortgages and other forms of financial credit;*

In the interests of the BILL, women will be able to manage their farming bank loans, mortgages and associated financial credit in an equitable manner to constructively and objectively explore options for business turnaround.

#### **CEDAW Article 14 – Rural Girls and Women**

1. States Parties shall take into account the particular problems faced by rural women and the significant roles which rural women play in the economic survival of their families, including their work in the non-monetized sectors of the economy, and shall take all



appropriate measures to ensure the application of the provisions of the present Convention to women in rural areas.

(g) To have access to agricultural credit and loans, marketing facilities, appropriate technology and equal treatment in land and agrarian reform as well as in land resettlement schemes;

BPW NZ sees the Bill as an opportunity to focus on the following actions, drawn from international best practice, to enhance rural women's financial empowerment:

- Strengthen financial prospects where possible;
- Support measures to improve women's financial literacy and consider training women as mediators;
- Improving gender-disaggregated data collection and analysis, and
- Encourage financial lenders and institutions to adopt gender-sensitive policies

#### **Recommendations:**

1. Support the concerns raised by Chartered Accountants Australia and New Zealand with respect to Clause 23 (2) Duration of Mediation; and Clause 40(1)(c) Duration of Certificate.
2. Encourage the Government's establishment of a working group on Rural Women for the purpose of ensuring that the Bill proposes recommendations that provide detailed guidance specific to women - to meet the obligations under the CEDAW convention.
3. Support the inclusion of support strategies for farmers within the mediation process who may be experiencing stress and depression. This will align with the Governments earlier work on the NZ Suicide Prevention Strategy 2006 - 2016.
4. Educate farmers in the mediation process and on financial literacy.

#### **Conclusions**

Given that New Zealand's economy is very reliant on agriculture for economic stability, there are key lessons to be learnt from rural economies on the impact of external stressors have on the financial viability of the agricultural sector and the physical and mental wellbeing of those whose livelihoods are dependent on rural activity.

BPW NZ welcomes the opportunity to speak to this submission, to provide advice to this select committee and to advance women's rights in New Zealand.

#### **Our Organisation**

BPW NZ is an affiliate of BPW International. BPW International is one of the most influential international networks of business and professional women with affiliates in 95 countries in five continents and a diverse membership of 23,000.



Our organisation's aims are to link professional and businesswomen throughout the world, to provide support, to lobby for change and to promote the ongoing advancement of women. We work for equal opportunities and status for all women in economic, civil and political life and the removal of discrimination in all countries. We promote our aims and organise our operating structure without distinction as to race, language or religion.

### **International Status**

BPW International has General Consultative Status at the United Nations through the UN Economic & Social Council (ECOSOC). This enables BPW International to appoint official representatives to UN agencies worldwide and to accredit members to attend specific UN meetings.

BPW New Zealand speaks strongly for women in international forums and works hard in relation to the advancement to the status of women.

We request the New Zealand Government to consider the noted recommendations on further steps that can be taken to improve our human rights situation and offer advice and guidance on effective implementation.

Thank you for the opportunity to provide our suggestions and we hope that our comments are of use to you.

On behalf of  
New Zealand Federation of Business and Professional Women Inc.

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