

Division 18: Rural Business Development Corporation, \$315 000 —

Ms A.E. Kent, Chair.

Dr A.D. Buti, Minister for Finance representing the Minister for Agriculture and Food.

Mr T. Hill, Acting Director General.

Mr L. O’Connell, Acting Deputy Director General, Industry and Economic Development.

Mr C. Binning, Acting Deputy Director General, Primary Industries Development.

Ms H. Brayford, Deputy Director General, Sustainability and Biosecurity.

Ms M. Taylor, Chief Finance Officer.

Dr M. Carbon, Executive Director, Biosecurity.

Mr C. Thurley, Chief of Staff, Minister for Agriculture and Food.

[Witnesses introduced.]

The CHAIR: I give the call to the member for Moore.

Mr R.S. LOVE: I refer to “Statement of Cashflows” on page 280 of budget paper No 2. Item 7 refers to the issue of the settlement of Australian carbon credit units. There is a funding mechanism through the carbon farming initiative where, I think, the government pays farmers. It then owns the rights to the carbon credit, which then flows back to the corporation, which I understand is the holder and mover of money. I think that is the way the system works. When does the government expect to see—I can see nothing in the budget in terms of cash flow in the near future—returns flow back from the sale of ACCUs into the RBDC?

DR A.D. BUTI: I will ask Mr Binning if he could answer that question.

Mr C. Binning: Under the carbon farming and land restoration program, the farmers will enter into agreements with the RBDC. They will receive funding upfront to implement works that will sequester carbon. The first six of those projects have been funded, and additional projects will be funded over the forward estimates. Those projects will have a life span of between five and 10 years. They will be registered with the Clean Energy Regulator, which is the regulator of the Australian carbon credits. The carbon credits will accumulate according to the works on the ground and how successful they are. We would expect the first credits to come in somewhere between three and five years from today and then progressively accumulate.

Mr R.S. LOVE: Are any of the projects that have been funded actually developing carbon credits at the moment? How far down the track does the government expect it will be before projects are hitting the ground in terms of their own expenditures?

Dr A.D. BUTI: I will ask Mr Binning if he can answer that.

Mr C. Binning: The six projects were announced earlier this year. We would expect those projects to begin work. If they are vegetation projects, there will be planning. Then there will generally be some fencing and then the plants will be put in place. They will begin to aggregate carbon. As I said, we would expect then to start to generate credits in three to five years.

In the case of soil carbon projects, the initial focus over the first 12 to 18 months will be establishing a baseline of carbon levels within the soil profile. Again, in that interval of somewhere between three and five years, the second set of sampling will occur and the uplift in carbon in the soil profile will then be credited it.

Mr R.S. LOVE: Okay, thank you. I have a different question.

The CHAIR: Further question?

Mr R.S. LOVE: Yes, a different question I just want to ask. “Statement of Financial Position” on page 281 shows the current cash assets, cash at bank, basically sitting at just over \$4 million right the way through the forward estimates. I am wondering why this money sits there and never seems to move backwards or forwards.

Dr A.D. BUTI: I’ll ask Ms Taylor if she could elaborate.

Ms M. Taylor: Thanks, minister. The cash assets, the \$4 million that is sitting there, is the money that we received from the commonwealth, and we draw down on that money to administer the loan scheme. That administration cost is reducing as to the number of loans we have outstanding in that area reducing as well.

Mr R.S. LOVE: I refer to page 277, “Significant Issues Impacting the Agency”, which talks about five loans that are outstanding where they appear to be deemed irregular. I wonder, is there a provision for bad debt somewhere? Where would I find that reflected in your financial statement?

Dr A.D. BUTI: The corporation currently administers five schemes, and for commonwealth, the government-initiated funding concession and loan schemes. I am not sure what the member is actually asking.

Mr R.S. LOVE: In other words, if the debt is not repaid, it has no effect on the corporation. It has only an effect on the federal government. Is that the answer?

Dr A.D. BUTI: I will ask Ms Taylor.

Ms M. Taylor: Thank you, minister. The loans have only just become difficult to recover, so at the end of this financial year we will look at whether we need to create a doubtful debt. The member is correct: if we do, the risk will not sit with the state government; the risk will sit with the commonwealth.

The appropriation was recommended.

[2.00 pm]