

Division 49: Rural Business Development Corporation, \$232 000 —

Mr P. Abetz, Chairman.

Mr W.R. Marmion, Minister for Finance representing the Minister for Agriculture and Food.

Mr R.J. Delane, Director General.

Mr K.R. Chennell, Executive Director, Biosecurity and Regulation.

Mr P.L. Metcalfe, Executive Director, Livestock Industries.

Mrs C. Gibbon, Manager, Financial Accounting and Contracts.

Ms M. Taylor, Director, Finance.

Mr J.V. Eftos, Executive Director, Business Support.

Mr J.K. Ruprecht, Executive Director, Irrigated Agriculture.

Mr E.A. Mavrantonis, Project Manager.

Mr M.W. Sweetingham, Executive Director, Grains Industry.

Mr G. MacLean, Principal Policy Adviser, Office of the Minister for Finance.

The CHAIRMAN: Does the minister need different advisers for this division?

Mr W.R. MARMION: No.

The CHAIRMAN: They are the same so that makes it nice and simple. Member for Gosnells.

Mr C.J. TALLENTIRE: I refer to the third dot point on page 557 of the *Budget Statements* and the reference to the shires that have had five consecutive below-average production years. I note that the next dot point refers to people in those areas being eligible for a \$10 000 grant to investigate their financial options. Is it the case that people can continue to access that amount in successive years?

Mr W.R. MARMION: I will refer to the director general.

Mr R.J. Delane: I will ask Mr Lewis Mavrantonis, the manager for the rural business development unit, to make initial comments.

Mr E.A. Mavrantonis: The scheme ends on 30 June 2015.

Mr C.J. TALLENTIRE: So the scheme will not continue at all into the next financial year?

Mr E.A. Mavrantonis: Discussions are underway.

Mr C.J. TALLENTIRE: If it were to continue into the next financial year, from which line item would the funds come?

Mr W.R. MARMION: I refer to the director general.

Mr R.J. Delane: Such schemes are usually term bound. They may be open-ended but they may also be term bound, which may require a new scheme to be established. As with all droughts, of course, we hope that they come to an end quickly, so schemes usually have a set term and a set budget. Interestingly, in Western Australia some of the schemes, including the farm business assessment scheme for 2014, have not had as much take-up as we initially thought. As Mr Mavrantonis indicated, there is ongoing consideration by the Rural Business Development Corporation and the department's advice to it and to the minister on whether a scheme should be supplemented or continued. It will be assessed at the time on whether it can be funded from the small reserves of the Rural Business Development Corporation or whether it will need some supplementary funding.

Mr C.J. TALLENTIRE: This question relates directly to that answer because the efficiency indicators indicate—I am moving through the budget papers a little—that a proportion of expenditure is administrative expenditure. Why is there a blip in this line item? We have gone from a 10 per cent administrative expenditure to a 32 per cent administrative expenditure, and then we are hoping to come back down to a 13.2 per cent administrative expenditure. Can that be explained, please?

Mr W.R. MARMION: Mr Mavrantonis.

Mr E.A. Mavrantonis: It relates to the 2013–14 grant schemes payments under the RBDC for the state assistance package and for the WA pilot of drought reform measures. A lot of grants were allocated and administered. As we moved into 2014–15, those schemes were being closed off and less payments made. As we move into 2015–16, not as many grant schemes are on offer. The farm business assessment scheme to which the member referred may likely continue, but there is a reduction in the amount of grant schemes and an increase in

the amount of concessional loans that are commonwealth funded and are not included in that administrative cost figure. The member is seeing a blow-out in percentage that will settle as we go forward.

Mr W.R. MARMION: The director general can add a little further.

Mr R.J. Delane: In an area such as this, the very nature of a drought and these schemes means that sometimes substantial amounts of policy, administrative and consultation work are required in the development of a scheme. If they have a strong take-up and it is a large scheme, the efficiency of its delivery is high, and that is what we see in the earlier years. If there is then a relatively, if you like, sparse period for the allocation of grants et cetera, it is not possible for us to reduce the administrative costs to the same degree, or the administrative costs might already have been applied to the assessment of the next scheme. It is an imperfect indicator but one that the management team seeks to drive down at every opportunity. As has been the case for the Department of Agriculture and Food, given that we provide virtually all the services to the Rural Business Development Corporation, we have had very transparent and matter-of-fact indicators, but they do mean that sometimes there are some pretty lumpy numbers.

The appropriation was recommended.