

Division 17: Rural Business Development Corporation, \$235 000 —

Mr S.J. Price, Chair.

Mr D.A. Templeman, Minister for Local Government representing the Minister for Regional Development.

Mr R. Addis, Director General.

Mr M. Sweetingham, Acting Deputy Director General, Department of Agriculture and Food.

Dr M. Carbon, Acting Executive Director, Biosecurity and Regulation.

Mr E. Mavrantonis, Project Manager, Rural Business Development Unit.

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

Ms M.J. Taylor, Chief Finance Officer.

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

Mr G. Hamley, Chief of Staff.

[Witnesses introduced.]

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

Mr I.C. BLAYNEY: I refer to the first dot point under “Significant Issues Impacting the Agency” on page 310 of budget paper No 2. Can the minister provide detailed information on the two new loan schemes—drought assistance loans and business improvement concessional loans?

Mr D.A. TEMPLEMAN: I thank the member for the question. Is he referring to drought assistance loans and the business improvement concessional loans? He would like some detail about both those schemes. I will ask the relevant officer, Mr Mavrantonis, whether he could give us information on the drought assistance loan scheme followed by information on the business improvement concessional loan scheme.

Mr E. Mavrantonis: Was that question in relation to the first dot point?

Mr D.A. TEMPLEMAN: Yes.

Mr E. Mavrantonis: It refers to the Regional Investment Corporation that will come online as of 1 July 2018. I do not have the full details, but I certainly can take it on notice and provide it.

Mr D.A. TEMPLEMAN: The dot point states that the schemes are proposed to offer loans over a 10-year period, and that there will be further engagement and consultation about the administration of the loans. I am happy to provide supplementary information, but I want to clarify exactly what detail about these two loan schemes the member wishes to have.

Mr I.C. BLAYNEY: I would like to know the amount of money that will be in them, the eligibility criteria and the repayment terms.

Mr D.A. TEMPLEMAN: I will ask the director general whether he can make some comment; and, if we do not satisfy the member’s question, we will provide some supplementary information.

Mr R. Addis: Just so we are clear about what we are talking about, this is a scheme proposed by Canberra that the state is negotiating with the commonwealth about possibly delivering on its behalf in Western Australia. As far as I am aware, issues around eligibility and loan arrangements are a matter for the commonwealth at its behest, so we are really talking about how we might use the Rural Business Development Corporation to deliver that scheme in WA.

Mr D.A. TEMPLEMAN: Mr Metcalfe may wish to provide some additional information, but it seems that the delivery of these two loan schemes will ultimately be determined by ongoing negotiation and consultation with the commonwealth. The information that the member requires may not be available to us at this time because it is still to be negotiated with the commonwealth. The commonwealth needs to make the state aware of exactly what the criteria will be. I am happy to provide the member for Geraldton with additional information on the drought assistance loans and the business improvement concessional loans as they relate to the commonwealth’s proposal.

[*Supplementary Information No B12.*]

Mr R.S. LOVE: I refer to the farm business development service on page 311 of the budget papers. It refers to providing financial support to farmers who have been significantly impacted by exceptional seasonal events and enhancing their skills to improve and sustain long-term profitability. Specifically, what programs are being offered under that service and is any work being done in light of the drier seasons in the northern and north-eastern sections of the grain-growing areas of our state? I also have a couple of follow-on questions.

Mr D.A. TEMPLEMAN: I understand that Mr Metcalfe can provide some information on that question.

Mr P.L. Metcalfe: A broad range of support is currently available, including financial counselling services through the Rural Financial Counselling Service, which provides a free counselling service that assists primary producers and small businesses. We have also recently run a workshop with a range of service providers and affected producers in the northern and north-eastern part and identified that the most impacted group was small businesses in those rural communities. Under the current arrangements with the commonwealth, the Rural Financial Counselling Service cannot provide a service to small businesses, and so on a trial basis the Department of Primary Industries and Regional Development has made available some funds of \$139 000 to provide a service to those small businesses in anticipation of the impact it is having as a result of producers shutting off expenditure, recognising they are an important part of the rural community. The regional men's health initiative is also part of that service and that is for the improved health and wellbeing of men in rural Western Australia. It involves professional resilience officers and community educators being available to talk to those people who are struggling and having difficulty through these difficult times. The other component is farm business training, which is targeted at improving the business performance and management of those operations, and the department has a suite of programs there. One is focused on the Plan, Prepare and Prosper workshop, which is about developing a business plan and helping those businesses move forward and understanding their finances better and having a plan to improve the performance of their business. The other programs include succession planning, marketing, financial literacy and risk management. At the moment 1 200 businesses have been through those courses, which is a great outcome. The final part of the suite of services is farm debt mediation. That is a voluntary service we introduced a couple of years ago with the support of the banks. It is set up to ensure that mediation can happen prior to letters of demand being applied when, quite frankly, it is all too late. The good news is that it has been successful in and resolved six cases to date. I think there have been 14 applications. Some cases have been resolved prior to mediation. One has been through mediation and not been resolved, but the six cases that have been resolved have had good outcomes. They are the services. The other bits are around research and development on improved varieties, farm practices, minimum tillage and those sorts of things in the cropping R&D space that contribute to this as well. Hopefully I have answered the member's question.

[9.50 pm]

Mr R.S. LOVE: Has any further work been completed or considered on the introduction or encouragement of multi-peril crop insurance and measures such as that to lessen individual risk for those businesses?

Mr P.L. Metcalfe: Multi-peril crop insurance in this realm has had a bit of history and we have responded to that by our policy to not subsidise multi-peril crop insurance. But we did agree to put in place infrastructure to resolve the arbitrage or the difference between a payout point and an impacted point, and the Doppler radars and the network of 175 automatic weather stations go a long way to resolving it. I am pleased to report that seven service providers are providing commercial products in Western Australia that help with managing income protection and yield impacts. The commonwealth is also providing a one-off \$2 500 rebate on the additional business assessment process to enable people to be assessed on their ability to manage risk under the scheme as part of the productivity white paper initiated about 18 months ago. The uptake of those products has been variable and not to the extent of the higher uptake in some of the other states. Western Australia is still working its way through. I think a lot of growers are of the view that they can manage the risk themselves, but more are becoming au fait with the products and gaining more confidence as they experiment and develop experience with them.

Ms L. METTAM: I refer to the service summary on page 310. I note the decline in funding in the forward estimates. How many staff, or FTEs, make up the Rural Business Development Corporation at the moment? What changes does the minister envisage for staffing in the future?

Mr D.A. TEMPLEMAN: The member wants the full FTE allocation figures for the corporation. Mr Mavrantonis can answer that question.

Mr E. Mavrantonis: The RBDC do not have any staff. The department has a memorandum of understanding with the RBDC and provides services required by the corporation for the administration of its schemes.

Ms L. METTAM: How can the minister account for the reduction in forward estimate funding in this service?

Mr D.A. TEMPLEMAN: Is the member referring to the line item "Farm Business Development" in the table under the service summary?

Ms L. METTAM: Yes.

Mr D.A. TEMPLEMAN: Mr Mavrantonis can answer that question.

Mr E. Mavrantonis: What it shows is a reduction in the amount spent in the concessional loan schemes. The out years are heading towards the end of the loan period and the loans will be finalised on those dates. What the member is seeing is that the cost of managing the loan portfolio will reduce over that time; it is not related to FTEs.

Extract from *Hansard*

[ASSEMBLY ESTIMATES COMMITTEE B — Tuesday, 19 September 2017]
p185b-187a

Mr David Templeman; Mr Ian Blayney; Mr Shane Love; Ms Libby Mettam

Mr I.C. BLAYNEY: I refer to the significant issues impacting the agency on page 309 of budget paper No 2. Could the minister provide a detailed list of the five schemes administered by the corporation?

Mr D.A. TEMPLEMAN: Is the member referring to the second last dot point at the bottom of page 309?

Mr I.C. BLAYNEY: I will have to find it because I do not have the volume open.

Mr D.A. TEMPLEMAN: The member mentioned five schemes. The dot point states —

The Corporation currently administers five schemes, including four Commonwealth Government initiated and funded concessional loans schemes.

What sort of detail is the member after for those schemes, given that the commonwealth actually initiates and funds them?

Mr I.C. BLAYNEY: What are they are intended for?

Mr D.A. TEMPLEMAN: Mr Mavrantonis can answer that.

Mr E. Mavrantonis: The five schemes currently running are the four concessional loan schemes: the two rounds of the farm finance concessional loan scheme and two rounds of the drought concessional loan scheme. The fifth scheme is the voluntary farm debt mediation scheme that is currently running in the state.

Mr I.C. BLAYNEY: Could the minister provide a list of uptakes under each scheme by location, amount and scheme?

Mr D.A. TEMPLEMAN: I would have to provide that as supplementary information. I am happy to provide the detail requested by the member for Geraldton for those five schemes.

[*Supplementary Information No B13.*]

The appropriation was recommended.

Committee adjourned at 10.00 pm
