

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

Mr S.J. Price, Chair.

Mr D.T. Punch, Minister for Regional Development representing the Minister for Agriculture and Food.

Ms H. Brayford, Director General, Department of Primary Industries and Regional Development.

Ms L. Williamson, Chief Financial Officer, Department of Primary Industries and Regional Development.

Mr N. Brkich, Director, Investment Management, Department of Primary Industries and Regional Development.

Mr T. Palmer, Chief of Staff, Minister for Regional Development.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard and the daily proof will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated fund. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall be examined only in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

Do we have any questions? The Leader of the Opposition.

**Mr R.S. LOVE:** I thank the minister and his advisers. I am looking division 18, “Rural Business Development Corporation”, on page 264 of budget paper No 2. It is stated in paragraph 1.2 under “Significant Issues Impacting the Agency” —

The Corporation also administers the ACCU Plus project within the Western Australian Carbon Farming and Land Restoration Program (CF-LRP). The CF-LRP is a key initiative of the State Climate Policy and provides the incentive to implement projects that will deliver on farm carbon sequestration ...

Why is it necessary for the RBDC to handle those matters? Is it simply because it has some sort of governance advantage, or is there some part of its structure that makes it able to administer these particular Australian carbon credit units, rather than the department itself?

**Mr D.T. PUNCH:** I thank the member. I might defer that question to Ms Williamson.

**Ms L. Williamson:** The Rural Business Development Corporation Act is unique in that it allows the RBDC to acquire and hold real and personal property. It can also sell, lease, grant, exchange or otherwise deal with or dispose of property on the terms and conditions it considers appropriate in relation to a scheme of assistance.

**Mr R.S. LOVE:** If we look at the process as outlined in the “Statement of Cashflows” on page 267, we see that paragraph 7 refers to payments from investing activities relating to the financial assistance advanced under the carbon farming program, which may be settled through the issue of Australian carbon credit units. Can the minister explain exactly what that process is? Correct me if I am wrong, but as I understand it, some level of grant is provided to a farm business. The business then undertakes some land restoration work for which a carbon credit may potentially be developed. Who does that carbon credit then belong to, and how is it processed?

**Mr D.T. PUNCH:** I will ask Mr Brkich to respond.

**Mr N. Brkich:** The Western Australian carbon farming and land restoration program, as the Leader of the Opposition has noted, provides an incentive to implement projects that will deliver on-farm carbon sequestration and priority environmental, economic and social benefits. Effectively, it uses an innovative funding model based on the pre-purchase of Australian carbon credit units—ACCUs—to address financial barriers and continue investment through the potential resale of ACCUs in the future.

**Mr R.S. LOVE:** Once the current land restoration funding is complete, is it anticipated that there will be any further ACCUs in any other program of government put through this corporation?

**Mr D.T. PUNCH:** The corporation provides a vehicle for these kinds of activities, but I am not aware of any proposal at this stage to put additional ACCUs through the corporation.

**Mr R.S. LOVE:** So there will not be any further likely use of the corporation for this purpose, other than this one-off funding arrangement?

**Mr D.T. PUNCH:** I am advised that there are no proposals for that, but the corporation can be used for that purpose; that is perfectly within its ambit. But there are no proposals that I am advised of to take further ACCUs forward through the corporation. However, it can be there as a vehicle, so there may be decisions in other parts of government that may view this as the most appropriate mechanism for delivering this service.

**Mr R.S. LOVE:** Once the ACCUs are eventually created, will the ownership of them rest with the corporation? Can they then be simply onsold and the money returned to consolidated revenue or the department?

**Mr D.T. PUNCH:** I will ask Mr Brkich to respond.

**Mr N. Brkich:** Effectively, the model can be set up in such a way that, as the minister said, the RBDC can be a vehicle for purchasing these ACCUs, because the act allows it to. There has been consideration of whether this scheme could potentially be self-funding in the future through the sale of ACCUs and then purchase and ongoing development through the carbon farming and land restoration program.

**Mr R.S. LOVE:** Would that lead to an ongoing role for the Rural Business Development Corporation? It seems a very limited role for the organisation, when we read through it. If we take out the ACCU arrangements, there is very little left for it to do. Is that seen to be the most efficient model going forward—to continue on with this corporation?

[7.10 pm]

**Mr D.T. PUNCH:** Is the member suggesting that there is not a useful function for this agency?

**Mr R.S. LOVE:** I am wondering whether if there were a different ownership structure for those Australian carbon credit units, we would really need the corporation. I will say it, because the minister has raised the need: I note that the budget document states that there are only three concessional loans and they are deemed to be irregular and in any case they are expected to be closed out by the end of this coming financial year. There does not seem to be a lot left for the organisation to do, so what is the long-term future of the Rural Business Development Corporation?

**Mr D.T. PUNCH:** The member is going to the heart of policy on the future of the corporation and its activities. That is really a matter for the minister to comment on. The board is reviewing its strategic plan and what the opportunities are to provide more services to the sector.

**Mr R.S. LOVE:** The ability now exists for the Small Business Development Corporation to administer grants et cetera, so its functions have expanded. Is there merit in considering merging the two entities so that it might expand the role of both in the sense of lending more towards the development of farm businesses as such along with some of the vehicles that the corporation brings with it? It is just a proposition I am putting to the minister.

**Mr D.T. PUNCH:** That is really a matter for the minister to address from a policy point of view on how the agency will contribute into the future.

**Mr R.S. LOVE:** Page 264, under significant issues impacting the agency, paragraph 1.1, refers to the farm debt mediation scheme. How many clients currently access that scheme, how many have done so in previous years, and what is the expectation in the current year?

**Mr D.T. PUNCH:** The member is seeking information relating to 2022 and 2023?

**Mr R.S. LOVE:** Yes.

**Mr D.T. PUNCH:** There were seven applications in 2022 and five in 2023.

**Ms M. BEARD:** I refer to page 264 of budget paper No 2, volume 1, under delivery of services, “Item 48: Net amount appropriated to deliver services”. What is the FTE and the total headcount directly employed by the RBDC and where are its staff based?

**Mr D.T. PUNCH:** There are five board members and the Department of Primary Industries and Regional Development provide support.

**Ms M. BEARD:** Are there direct employees of DPIRD?

**Mr D.T. PUNCH:** There are no direct employees of the Rural Business Development Corporation. The services are provided by DPIRD on behalf of the board.

**Ms M. BEARD:** My next question relates to page 266, under explanation of significant movements. Paragraph 2 states —

Primary Industries and Regional Development provides all services (including full-time equivalents) under a Memorandum of Understanding with the Corporation.

How are the services provided to the Rural Business Development Corporation?

**Mr D.T. PUNCH:** I think I may have answered that in the previous question. Services are provided by the Department of Primary Industries and Regional Development.

**Ms M. BEARD:** Does the director general of DPIRD have any funding tied to the KPIs for the Rural Business Development Corporation?

**Mr D.T. PUNCH:** Having consulted the brains trust, the answer is no.

**Ms M. BEARD:** How many FTEs are provided by DPIRD for support?

**Mr D.T. PUNCH:** It is approximately 1.5, but it is dependent on the needs of the corporation at the time.

**Ms M. BEARD:** For how long has the memorandum of understanding been in place between primary industries and the corporation, and is it something the minister can table?

**The CHAIR:** Minister, before you answer the question, you cannot table anything during estimates.

**Mr D.T. PUNCH:** Yes; thank you, chair. It has been an ongoing MOU for a number of years and any request to table would have to be directed to the minister in the appropriate place.

**The appropriation was recommended.**