## FARM FINANCE CONCESSIONAL LOANS SCHEME

*Statement*

**HON KEN BASTON (Mining and Pastoral — Minister for Agriculture and Food)** [5.31 pm]: I want to say a few words about the concessional loans scheme. There seems to be much discussion about it. I might quiet a bit of confusion. I would like to respond to the comments made by Hon Robyn McSweeney the night before last—a few other members also made some comments—to update members on the terms and the progress of these matters. The federal Minister for Agriculture, Fisheries and Forestry, Hon Joe Ludwig, announced a farm finance package in April last year. It included $60 million over two years to fund concessional loans. Negotiations began in June and, despite our efforts, dragged on for months. They were not resolved until after the federal election and a change of government. During this time, I dealt with three federal ministers for agriculture—Joe Ludwig, Joel Fitzgibbon and Barnaby Joyce. Unfortunately, WA's nominal allocation of funds was reduced to $50 million. I remind the house that by that time WA was clearly heading to a record harvest and the eastern states to a major drought. The scheme opened for applications on 20 January 2014. Claims that it should have been made available faster ignored some legal realities. My department investigated all options, including using the Queensland Rural Adjustment Authority, but it was not going to be practical from a legal or timing point of view. The Northern Territory chose to use the Queensland Rural Adjustment Authority but it was in a different position. In the end, the Northern Territory's loan program did not open until after 24 February 2014, five weeks after our loans were available in Western Australia. Claims that funds should have been available for the growing season of 2013 were unrealistic and did not accept that the loans were for productivity, not throwing the dice on a last crop.

I would now like to explain some facts about WA's eligibility criteria. The federal government negotiated criteria with each state individually. The criteria were consistent across jurisdictions in that the federal government applied criteria around whether liquid and off-farm assets were sufficient for risk management. I also add that viability was very much a key of its platform. The minister made it very clear to me that whatever loans it was handling, we had to have viability.

WA announced its eligibility criteria publicly so that potential applicants knew where they stood before they applied, but other states did not publicly announce their details. WA concessional loans allow viable farm businesses to invest in productivity improvements that will improve the long-term profitability of their businesses, not to reconstruct debt. Cabinet has previously approved a "no lender of last resort" policy and has a position of not providing carry-on finance for businesses. The last thing the industry needed was for non-viable farm businesses to take on even greater debt. However, in March I wrote to the federal minister to suggest that WA's eligibility criteria be expanded and amended to increase the maximum loan amount available from $200 000 to $400 000 and also to raise the limits on net non-farm and liquid assets. The off-farm assets were $421 500 and the liquid assets were $400 000. That included cash and farm bonds but did not include superannuation. It made good sense to me to join those two together and have a total of $821 500 as off-farm assets.

The federal government has agreed to the request and started the process to amend them. I have received a commitment from the federal minister to expedite this and make it available to all applicants. The closing date for 2013–14 applications was 30 April and a total of 44 applications for funding were received. It is disappointing that more farm businesses did not apply, but it is worth noting that the program was developed after the 2012 season. In the 2013 season, conditions changed dramatically. With a record crop came less risk and banks reassessed lending conditions accordingly off the back of that crop. These loans were out there at a 4.5 per cent interest rate, so many banks offered better interest rates to their clients because they did not want their customers to leave them. I consider that to be one of the better outcomes of that funding being available.

It has also been stated that the money went back to Canberra. Can I just say that all this money is going to go back to Canberra eventually, because it is only a loan. It is not like the grant that the state did for the $7.8 million last year, when 239 farmers got a grant of $25 000, which they kept. This is a loan at 4.5 per cent. We certainly did not want to force people to take that loan. We wanted people to use that for productivity.

The next loan mentioned—that is, the $320 million that I mentioned in the answer to Hon Darren West—is the drought loan, some of which will come to Western Australia. We are still working through that. One of the difficulties is that the federal criterion for the money to be invested in Western Australia is a one-in-20-year drought. In the last couple of years there has to have been a one-in-20-year drought, and that applies to only a very small area in the eastern wheatbelt. Other areas that fit that category are the Shark Bay area and the lower Murchison area up to the west Gascoyne. I believe that more farmers in the eastern wheatbelt should be eligible for that funding. That is an ongoing thing that we are doing at present. I thought that the house should be brought up to speed on that matter and on what the figures actually are.