

Division 18: Rural Business Development Corporation, \$236 000 —

Mr D.A.E. Scaife, Chair.

Mr D.A. Templeman, Minister for Tourism representing the Minister for Agriculture and Food.

Mr R. Addis, Chief Executive Officer.

Ms A. Taylor, Chief Financial Officer.

Mr C. Binning, Deputy Director General, Primary Industries Development, Department of Primary Industries and Regional Development.

Mr G. Hamley, Chief of Staff, Minister for Tourism.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by close of business Friday, 1 October 2021. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

Minister, is there any change or any further introduction of advisers?

Mr D.A. TEMPLEMAN: The only advisers we will need for this division are the director general and the CFO. Mr Addis will be appearing in this division as the chief executive officer of the Rural Business Development Corporation. I ask Mr Binning to stay for the division after this one.

[9.40 pm]

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

Mr P.J. RUNDLE: I refer to page 208 and significant issues impacting the agency. Can the minister tell me about the six loans that are currently deemed to be irregular and are being monitored closely?

Mr D.A. TEMPLEMAN: Are we looking at the Rural Business Development Corporation's administration of farm finance concessional loans?

Mr P.J. RUNDLE: At the bottom of page 268 it states that six of the 12 concessional loans are deemed irregular and are being monitored closely.

Mr D.A. TEMPLEMAN: Can Mr Addis make some clarifying remarks on the six loans that have been deemed to be irregular and are being monitored closely?

Mr R. Addis: I do not have the detailed information on those loans specifically, other than I understand that they are caught up with difficulties in refinancing the loans through the commonwealth's Regional Investment Corporation, which is not a great deal more than is in the note in the budget papers.

Mr P.J. RUNDLE: I was going to ask what is the value of the six loans, but I assume that the minister does not have that detail. Does the minister expect to receive the full loan repayment at the end of the loan agreement?

Mr D.A. TEMPLEMAN: There are some issues associated with those particular loans and they are being monitored closely. They will be assessed as per their individual circumstance because the parameters around the capacity for those loans to be delivered may vary according to the circumstances for each one. It is a little bit sensitive too in terms of identification. Mr Addis might be able to add a little more to that line of inquiry.

Mr R. Addis: In total there are 12 active loans. We are expecting to have full repayment on all of them. We do not envisage any non-payment. That is not to say that that may not happen in the future, but at this stage we have a pretty high debt-recovery rate and we do not expect undue problems with those items.

Mr R.S. LOVE: I refer to paragraph 5 on page 269. We touched upon this briefly in the discussion around the Western Australian carbon farming and land restoration program. In terms of the RBDC's involvement with the carbon farming and land restoration program, how much of the budget of this organisation has been allocated towards

supporting that initiative? Does the minister anticipate the allocation of further funding to directly support RBDC's involvement with the carbon farming and land restoration program?

Mr D.A. TEMPLEMAN: I am happy for the CEO to respond.

Mr R. Addis: None of the existing funding of the RBDC will be allocated to the new carbon farming and land restoration program. It is more that that program, which is a new initiative and was discussed in the previous division, will be administered, in part, by the RBDC and will therefore impact on its accounts in the future. That is probably all we have to add on that item.

Mr R.S. LOVE: That is pretty well what I asked: how much of the budget will be used not to actually give out grants, but to support the operations of the scheme? Some of the administrative work of the RBDC will be involved in the carbon farming and land restoration scheme. How much of the current budget would that represent?

Mr R. Addis: The RBDC is supported through the department operationally and administratively. It is certainly the case that the board of the RBDC will dedicate some of its time to contribute to the design, but particularly the oversight and governance of the carbon farming and land restoration program. The heavy-duty work to support that program is essentially done through the department's existing resources.

Mr R.S. LOVE: Can we confirm that the RBDC will be the bank? Is that the process that we heard of with regard to where the carbon credits would eventually be held and land in the future? Is that how it works?

Mr D.A. TEMPLEMAN: That is correct.

Mr R.S. LOVE: In performing that function, will it be supported by the department and not need its own administrative effort?

Mr D.A. TEMPLEMAN: I am happy for Mr Addis to respond.

Mr R. Addis: That is pretty much right. The RBDC will not develop any new or additional administrative or management capability outside the department.

Mr P.J. RUNDLE: I refer to page 270 and item 1, farm business development, which is about halfway down the page. The table below lists "Employees (Full-Time Equivalents)" with nil funding. On page 19 of RBDC's annual report for 2021 it states —

The creation of DPIRD as part of the government's public sector reforms continues to impact the RBDC in a number of ways. The integration has been a lengthy process, with the loss of staff and their corporate knowledge a significant risk.

Can the minister tell me how many FTE equivalents work at the Rural Business Development Corporation or how many were lost as a result of the machinery-of-government changes?

[9.50 pm]

Mr D.A. TEMPLEMAN: I am happy for Mr Addis to respond.

Mr R. Addis: The reference in the RBDC's annual report is essentially to staff within the department who helped us support and service the RBDC. The RBDC did not have FTE in its own right prior to the amalgamation, and it does not now. That said, there have been disruptions, as is the normal course of things when there are such corporate restructures.

Mr P.J. RUNDLE: The annual report says there is a significant risk. How is that risk being managed?

Mr D.A. TEMPLEMAN: The member's line of questioning relates to a report that is not attributable to a budget line item. That is probably a question to directly ask the minister through a question on notice.

Mr P.J. RUNDLE: We have an annual report that says there is a significant risk and it refers to FTEs. The FTE line item in the budget has nil, nil, nil, nil. I am really referring back to the RBDC annual report, which states that the public sector reforms have impacted the RBDC in a number of ways, including the risk of losing staff, and the line item in the *Budget statements* has nil, nil, nil, nil.

Mr D.A. TEMPLEMAN: In response, as Mr Addis highlighted, the formal allocation of FTEs prior to the machinery-of-government change has not changed—it was nil before; it is still nil. However, the broader support of the work of the RBDC is essentially delivered through the department. That has not, and will not, change. The references to the annual report are noted, but I am confident that the important work of this particular corporation will continue to do the work that it is required to do in the interests of rural business development.

Mr R.S. LOVE: The member for Roe highlighted that no staff work at the RBDC as such, though some support is given. Paragraph 6 under "Significant Issues Impacting the Agency" on page 269 states —

The COVID-19 pandemic has been disruptive ... With its extensive networks ... and understanding of the social support assistance available, the Corporation is contributing intelligence and insights ...

I am wondering how an organisation that does not have anybody working for it has knowledge! Where is the repository of knowledge? Is it with the board? Is there a hell or something? Is there some sort of big computer that keeps all this knowledge and talks to us? Where is the knowledge emanating from to be disseminated back to the government?

Mr D.A. TEMPLEMAN: I am happy to ask Mr Addis to respond.

Mr R. Addis: The fact the staff who service and support the RBDC administratively are within DPIRD as an entity, and therefore RBDC as a legal entity does not have its own FTE, does not mean that the networks those staff have cannot be used to feed into the RBDC's thinking and work. Equally importantly, the board of the RBDC comprises a number of people who work across the regions and across the sectors, in finance, ag consultancy and the like, and therefore bring a wealth of knowledge and intelligence to the group including from the Rural Financial Counselling Network. They bring a wealth of knowledge and intelligence both for the purposes of the RBDC and also they share it with the department, which helps to augment our own intelligence which is very useful.

The appropriation was recommended.