

Division 64: Rural Business Development Corporation, \$236 000 —

Mr I.C. Blayney, Chairman.

Mr D.C. Nalder, Minister for Agriculture and Food.

Mr M. Webb, Acting Director General.

Dr K. Chennell, Executive Director, Biosecurity and Regulation.

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

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

Ms M. Taylor, Chief Finance Officer.

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

Mr J. Moynihan, Director, GrainsWest Business Development.

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

Mr V. Ferdinands, Principal Policy Adviser.

The CHAIRMAN: Can the minister confirm he is using the same advisers?

Mr D.C. NALDER: Yes, I will. Thank you, Chair.

The CHAIRMAN: We are dealing with division 64, the Rural Business Development Corporation.

Mr M.P. MURRAY: The second dot point of page 705 of the *Budget Statements* is about the commonwealth farm finance concessional loans scheme. Is this a chance for the minister to help dairy farmers through the scheme although it has been reduced and changed along the way, which I understand? Is this a chance for the minister to take steps forward to assist some of these farmers? I know of a farmer who only recently bought his farm and has a debt of around \$3 million. Through this system, surely the minister and his advisers will be able to assist him?

Mr D.C. NALDER: Again, I do not knee-jerk to any situation. We need to look at the situation carefully. There are two elements here: one is the long-term structure of the industry and funds are set aside to support the long-term direction of the industry. We also have short-term issues like we see today. It may be that we provide support, but I think it is premature at this point to respond in a manner to any specific case and say that the government should intervene by providing financial support. We stand ready to assist the industry, not just the milk industry but the whole agricultural sector, when it is prudent to do so. We have to look at every situation on its merits. We have more work to do in this space. We know there is a short-term issue of excess milk that we need to try to supply into the marketplace. We have to see how we can get the milk out there. I have not clearly identified exactly what format or process we will follow at this point. I will add a little bit about how concessional loans work and their structure by handing over to Lewis Mavrantonis.

Mr E.A. Mavrantonis: Sorry, I am not clear. Was it around farm finance concessional loans?

Mr C.J. TALLENTIRE: I have a further question that might help sharpen the response.

The CHAIRMAN: Then I will allow the follow-on question.

Mr C.J. TALLENTIRE: Minister, the second dot point on page 705 specifically states that the money is there “to assist farm businesses experiencing debt servicing difficulties”. How does the case of Mr Minsen, a young dairy farmer, not fit under the debt servicing difficulty category? Why has he not been approached and told that this service means a segment of the budget is available to him?

Mr D.C. NALDER: This budget is not necessarily available carte blanche to someone. If someone buys a new farm and borrows a lot of money but does not have the contracts in place, it is not for the government to step in and underwrite —

Mr C.J. TALLENTIRE: He had a contract in place.

Mr D.C. NALDER: No, the contracts were expiring. It is not for the government to turn around and underwrite contracts.

Mr M.P. MURRAY: They go to September.

The CHAIRMAN: Members!

Mr D.C. NALDER: I will hand it over to Mr Mavrantonis to explain exactly how the system and the process work so that people can access or apply for access to this scheme.

Mr E.A. Mavrantonis: The only concessional loans scheme open at the moment is the drought concessional loans scheme. The scheme is available to all farmers in the state who fit the eligibility criteria. They have to be a one in 10-year or a one in 20-year Bureau of Meteorology-defined drought area in the state. That is the only way into the existing drought concessional loans scheme.

Dr G.G. JACOBS: I know the seasons are better now but, prior to 2014 I asked the question why there were only five applications in drought concessional loans. I represent an area in the Yilgarn where the pain is longer and deeper than that. The area really asks the question why only five applications were made in this process —

Mr D.C. NALDER: I will pass to Mr Mavrantonis.

Dr G.G. JACOBS: — that were successful!

Mr E.A. Mavrantonis: Yes, that is correct. I think at that time, around 26 applications for the drought concessional loans were made but only five were successful.

Dr G.G. JACOBS: What was the impediment?

Mr E.A. Mavrantonis: Basically, 12 applications were withdrawn and the remainder that were declined—about nine—were predominantly not viable into the longer term, or they had problems with security.

The CHAIRMAN: I had the member for Eyre down next. Do you have another question?

Dr G.G. JACOBS: I would like to defer my question to the member for Wagin, if I may.

The CHAIRMAN: I will give the member for Wagin the call very quickly; you have a minute.

Mr T.K. WALDRON: The second dot point under “Significant Issues Impacting the Agency” on page 706 is about the farm debt mediation scheme “through the Corporation in mid-2015”. I wonder how well that farm mediation scheme has been received. Is there a demand for it? I notice that it is a voluntary scheme. If one party walks away because it does not want to do it, what happens then? It is all over; is that correct?

Mr D.C. NALDER: I will pass to Mr Mavrantonis.

Mr E.A. Mavrantonis: Yes. The scheme started in May–June 2015. We have had 10 applications: three have been resolved; two have been withdrawn; and five are currently under case management. It has been reasonably successful and positive. The members question related to —

Mr T.K. WALDRON: It is a voluntary scheme —

The CHAIRMAN: I am sorry members.

The appropriation was recommended.

Meeting suspended from 1.00 to 2.00 pm