



Department of
**Primary Industries and
Regional Development**

Our reference: AB 00276-17
Enquiries:

Dr Jane Thomson
Committee Secretary
Senate Rural and Regional Affairs and Transport Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Dr Thomson

Inquiry into Regional Investment Corporation Bill 2017

I thank you for the opportunity for the Department of Primary Industry and Regional Development of Western Australia to present a submission regarding the Regional Investment Corporation Bill 2017.

Western Australia has some concerns regarding the proposed number of board members outlined in Section 16 and what constitutes a quorum under Section 29.

Section 16 indicates the Board is to consist of a Chair and only two other members. The Regional Investment Corporation is to manage a loan portfolio of \$4 billion and up to 1,000 clients, and operate across all jurisdictions. With the variations in climatic and production zones currently existing in Australia, it would appear that three members would provide insufficient spread of skills and experience for effective governance.

Section 201A of the *Corporations Act 2001* states there should be at least three members for a public company. The Australian Institute of Company Directors suggests that a minimum for a Public sector board should be 6 to 12. It would therefore be prudent for the Regional Investment Corporation to have a membership in the range of five to seven members in total.

Diversity in council for effective decision making suggests a Chair and at least four appropriately skilled and experienced directors would be required to govern the proposed entity. Anything less may be perceived as Government leaving the decision making for the \$4 billion portfolio in the hands of two people.

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Our second concern is the quorum issue. As it is currently presented, the RIC Bill suggests that should there be a single member present at a meeting with the Chair, this would constitute a majority of board members. It may be better to modify this clause to state that a quorum for a meeting of the board would be two members (if membership is to remain at two plus the Chair). Should a larger Board be convened, a quorum should be the majority of members (excluding the Chair).

The Western Australian Government requests the Committee recommend the Regional Investment Corporation Bill is amended to:

- increase the number of board members to five; and,
- state a quorum will be three of the five members.

Yours sincerely

 Mark Sweetingham

**ACTING DEPUTY DIRECTOR GENERAL
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DEPARTMENT OF PRIMARY INDUSTRY AND REGIONAL DEVELOPMENT**

Date: 14 July 2017