

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

Department of Agriculture and Water Resources

Question Number: 77

Division/Agency: Farm Support Division

Topic: Regional Investment Corporation

Proof Hansard Page: 43 (25.05.2017)

Senator MCCARTHY asked:

1. **Senator McCARTHY:** Will the government seek to consult with farm groups with regard to the legislation?

Senator Ruston: Of course we will be doing that.

Senator McCARTHY: When will you do that?

2. **Senator McCARTHY:** Who in the industry have you consulted with already?

Ms Kennedy: I can read out the list, or I can provide it on notice if that is easier.

Senator McCARTHY: Is it a long list?

Ms Kennedy: It is relatively long. I have already had conversations with, I think, 10 different groups, and we have got another six lined up. We have talked with most of the key ones now and have flagged that we would like to have ongoing consultation with them as we move towards the RIC opening for business.

Senator McCARTHY: That is 16 groups, is it?

Ms Kennedy: I have already had conversations with 10, and another six are lined up for the next short time.

Senator McCARTHY: Would you be able to table those names?

Answer:

1. The department has commenced its engagement and consultation with farm groups. On 11 and 15 May 2017, the department met with the National Farmers' Federation (NFF) (and with the NFF Drought Taskforce on 26 May 2017).

See below for a list of other groups engaged as at 6 June 2017.

Question Number: 77 (continued)

2. As of 6 June 2017, the department has engaged the following stakeholders in relation to the announcement of the RIC in the 2017–18 Australian Government Budget:

- State government agriculture department officials (excluding NT and ACT)
- National Farmers' Federation (NFF) and the NFF Drought Taskforce (Members in attendance: Dried Fruits Australia, AgForce, Australian Dairy Farmers, NSW Farmers' Association and Sheepmeat Council of Australia)
- NT Department of Primary Industries
- Bendigo Bank
- NSW Rural Assistance Authority
- QRAA
- Primary Producers SA
- AgForce
- GrainGrowers
- Queensland Farmers' Federation
- Rural Financial Counsellors
- Australian Dairy Farmers
- Australian Bankers' Association
- WA Farmers' Federation
- Victorian Farmers' Federation
- Tasmanian Farmers and Graziers Association
- NSW Farmers' Association

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

Department of Agriculture and Water Resources

Question Number: 78

Division/Agency: Farm Support Division

Topic: Previous schemes

Proof Hansard Page: 46 (25.05.2017)

Senator RICE asked:

Senator RICE: Have they now been amalgamated into the overall Farm Business Concessional Loans Scheme?

Mr Hutchison: From 1 November 2016, the Farm Business Concessional Loans Scheme started, and it had two products available under it. It was a drought assistance concessional loan which, effectively, replaced the two previous drought products that I mentioned as well as the continuation of the dairy recovery loans which were started late last financial year.

Senator RICE: Basically, this one scheme is now taking over those two loan schemes?

Mr Hutchison: That is right. This one scheme is now available. It has drought loans and dairy loans available. The announcement that we have been discussing in the last few moments is the addition of those concessional loans for ex-farm household allowance recipients.

Senator RICE: Could you take on notice how much was taken up by each of the previous schemes and how much has been available?

Answer:

Please refer to Response to question on notice 80 from Budget Estimates hearings, May 2017.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

Department of Agriculture and Water Resources

Question Number: 79

Division/Agency: Farm Support Division

Topic: Concessional loans scheme

Proof Hansard Page: 53-54 (25.05.2017)

Senator STERLE asked:

Senator STERLE: So, you talk about improving, diversifying, expanding or growing business and you said something about supply chains. Can you give us some examples of how a farmer can make application through the concessional loan scheme to get some money and do what? Those headings are pretty generic. Can they buy a new tractor?

Mr D Williamson: I might ask Ms Kennedy to answer but, just to put a marker down, this is commencing from 1 July next year—not the current program.

Senator STERLE: I understand. It is a good time to ask.

Ms Kennedy: Although that primary eligibility will be moving away from a geographic basis around drought, there will still be a safety net there to ensure that people who are drought affected will still be able to access it. But in terms of that primary eligibility pathway, that is going to be a focus of the ongoing stakeholder consultation that we are doing. Of course, this will be a matter that would be part of the responsible minister's operating mandate for the RIC board once it is appointed. Also, the board itself will have a role in identifying eligibility criteria. For instance, we believe that people would still be, similar to current schemes, restructuring debt or looking at a loan to increase the profitability of their business, any kind of operating expenses. There will be some exceptions that we want to work with stakeholders on. There has been a list that has existed as exceptions so far, but we want to make sure that those are still appropriate.

Senator STERLE: Are you able to provide that list? I am not knocking any assistance to our farming communities, not at all, but it is a very wide open list. So, you have a list already that targets a few examples. Can you provide that to the committee?

Ms Kennedy: I am sure we could take on notice some examples. I think the key point here is there is a list of eligible and non-eligible purposes for the current loan schemes. The point that Mr Williamson has already made is that the new expanded RIC program will not come online until 1 July 2018.

Question Number: 79 (continued)

Answer:

Programme guidelines for the current Farm Business Concessional Loans Scheme include a list of examples of eligible and non-eligible uses for loan funds. Please see Section 7, pages 5-7 of the *Drought Assistance Concessional Loans - Guidelines for Victoria* at: www.ruralfinance.com.au/uploads//grant_files/drought-loan-guidelines-2017.PDF and Section 7, pages 5-6 of the *Dairy Recovery Concessional Loans – Guidelines for Victoria* at: www.ruralfinance.com.au/uploads//grant_files/dairy-loan-guidelines-2017.PDF.

Please note: while largely similar, current programme guidelines can differ slightly between the different states and the Northern Territory. In addition, Dairy Recovery Concessional Loans are only available in New South Wales, Victoria, Tasmania and South Australia.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2017

Department of Agriculture and Water Resources

Question Number: 80

Division/Agency: Farm Support Division

Topic: Concessional Loans

Proof Hansard Page: Written

Senator STERLE asked:

1. Provide a breakdown of funding for the different concessional loans available since 2013 (farm finance, drought, drought recovery, dairy and any others), including;
 - a. Original funding allocated to the various concessional loans
 - b. Amount spent for each financial year; 2013-14, 2014-15, 2015-16, 2016-17
 - c. Amount of unspent money for each financial year; 2013-14, 2014-15, 2015-16, 2016-17
 - d. What has happened with unspent funds for each financial year; 2013-14, 2014-15, 2015-16, 2016-17
 - e. Provide a breakdown of administration costs associated to each program paid to each State and Territories for each financial year; 2013-14, 2014-15, 2015-16, 2016-17
 - f. How many Department of Agriculture and Water Resources staff members administer the various concessional loans.
 - g. Provide a breakdown of the number of recipients in each State and Territory of the various concessional loans for each financial year; 2013-14, 2014-15, 2015-16, 2016-17
 - h. Provide the average waiting time for applicants when applying for the various concessional loans for each financial year; 2013-14, 2014-15, 2015-16, 2016-17

Answer:

Information and data regarding funding, uptake and administration of the Australian Government's concessional loans schemes for farm businesses is at **Attachment A**.

Loan funds unspent by the jurisdictions are returned to the consolidated revenue fund through the Department of Agriculture and Water Resources once they are no longer required unless there is a government decision to redirect funds elsewhere.

Question Number: 80 (continued)

The quantum of administration funds paid individually to each state and the Northern Territory is confidential between the Commonwealth and each jurisdiction through their Service Level Agreements. Administration funds paid to jurisdictions represent the Commonwealth's reasonable contribution toward the delivery of concessional loans in each jurisdiction.

DAWR staff do not administer the various concessional loans, this is done by state and territory delivery agencies.

Number of approved farm businesses by state and scheme (as at 31 May 2017)

Scheme	Application Period	Queensland		New South Wales		Victoria		South Australia		Western Australia		Northern Territory		Tasmania		Australia Wide	
		Approved Farm Businesses	Approved (\$ million)	Approved Farm Businesses	Approved (\$ million)	Approved Farm Businesses	Approved (\$ million)	Approved Farm Businesses	Approved (\$ million)	Approved Farm Businesses	Approved (\$ million)	Approved Farm Businesses	Approved (\$ million)	Approved Farm Businesses	Approved (\$ million)	Total no. Approved Farm Businesses	Total Approved (\$ million)
Farm Finance Concessional Loans	2013-14	79	48.233	88	39.186	76	33.207	3	1.6	23	5.041	9	7.32	12	5.501	290	140.088
	2014-15	21	9.987	28	12.797	20	6.812	0	0	22	10.537	3	2.22	25	13.735	119	56.088
Drought Concessional Loans	2013-14	6	3.227	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6	3.227
	2014-15	144	84.31	121	79.225	40	20.893	3	2.093	5	2.142	0	0	N/A	N/A	313	188.663
	2015-16	74	49.8	20	12.012	81	35.689	8	4.153	3	2.007	0	0	2	0.653	188	104.314
Drought Recovery Concessional Loans	2014-15	12	3.258	10	7.783	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	22	11.041
	2015-16	51	20.992	24	10.662	N/A	N/A	4	0.83	N/A	N/A	N/A	N/A	0	0	79	32.484
Dairy Recovery Concessional Loans	2015-16	N/A	N/A	8	4.049	95	49.16	7	6.962	N/A	N/A	N/A	N/A	5	4.245	115	64.416
	2016-17	N/A	N/A	0	0	99	55.263	1	0.585	N/A	N/A	N/A	N/A	6	4.975	106	60.823
Drought Assistance Concessional Loans	2016-17	45	28.483	0	0	27	13.454	1	1	N/A	N/A	0	0	6	5.835	79	48.772
	Total	432	248.29	299	165.714	438	214.478	27	17.223	53	19.727	12	9.54	56	34.944	1317	709.916

Note: These figures are approved farm businesses only and may include approved applications that were subsequently cancelled or withdrawn.

Amount of loan funds allocated, loan funds unspent, average processing times (as at 31 May 2017)

Scheme	Application Period	Loan Funding allocated to schemes (\$ million)	Unspent Loan Funding (\$ million) [#]	Average processing time ⁺ (business days)
Farm Finance Concessional Loans	2013-14	210	88.098	46
	2014-15	210	165.824	41
Drought Concessional Loans	2013-14	40	*106.132	17
	2014-15	240		
	2015-16	150	34.324	33
Drought Recovery Concessional Loans	2014-15	100	89.949	38
	2015-16	100		29
Dairy Recovery Concessional Loans	2015-16	^75	~77.248	36
Farm Business Concessional Loans	2016-17	250	[40.000]	31
Farm Business Concessional Loans	2017-18	250	250.000	-

[^] \$55 million was initially announced for Dairy Recovery Concessional Loans (2015-16). A further \$20 million was provided to Victoria due to demand.

[#] Funds not allocated to a jurisdiction or not lent and subsequently returned to the Commonwealth.

^{*} The 2013-14 and 2014-15 funding for the Drought Concessional Loans Scheme is combined as the 2013-14 funding for the Drought Concessional Loans Scheme was carried over to 2014-15.

[~] In 2015-16, the funding for the Drought Recovery Concessional Loans Scheme and the Dairy Recovery Concessional Loans Scheme was combined.

⁺ Business days do not include weekends or public holidays. Processing time is calculated from when an application is received by a delivery agency to when a final decision is made on that application.

Breakdown of administration funds by financial year for concessional loans schemes

Scheme	Financial Year	Funding (\$ million)
Farm Finance Concessional Loans	2013-14	9.750
	2014-15	8.150
Drought Concessional Loans	2013-14	2.000
	2014-15	8.000
	2015-16	3.750
Drought Recovery Concessional Loans	2014-15	-
	2015-16	2.500
Dairy Recovery Concessional Loans	2015-16	-
Farm Business Concessional Loans	2016-17	7.625
Farm Business Concessional Loans	2017-18	6.250