



Queensland

Rural and Regional Adjustment Amendment Regulation (No. 1) 2005

Subordinate Legislation 2005 No. 24

made under the

Rural and Regional Adjustment Act 1994

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1 Short title

This regulation may be cited as the *Rural and Regional Adjustment Amendment Regulation (No. 1) 2005*.

2 Regulation amended

This regulation amends the *Rural and Regional Adjustment Regulation 2000*.

**3 Renumbering of pt 3 (Miscellaneous) and s 7
(Amendment of existing approved assistance
scheme—Act, s 54)**

Part 3 and section 7—
renumber as part 4 and section 9 respectively.

4 Insertion of new pt 3

After section 6—
insert—

‘Part 3 Approved assistance schemes

‘7 Purpose of pt 3

‘The purpose of this part is to approve schemes under section 11¹ of the Act.

‘8 Approval of Citrus Industry Recovery Scheme

‘The Citrus Industry Recovery Scheme set out in the schedule is approved.’.

5 Insertion of new schedule

After section 9, as renumbered by this regulation—

¹ Section 11 (Approved assistance schemes) of the Act

insert—

‘Schedule Citrus Industry Recovery Scheme

section 8

‘1 Definitions for schedule

‘In this schedule—

canker outbreak means the outbreak of citrus canker in 2004 in the area that was declared to be a pest quarantine area for citrus canker under the *Plant Protection Act 1989*.²

relevant grower means a commercial grower of citrus who has been adversely affected by the canker outbreak.

‘2 Objective of scheme

‘The objective of the scheme is to assist relevant growers who will have a crop available for harvesting in 2005 or 2006 to recover from the impacts of the canker outbreak.

‘3 Purpose of assistance

‘The purpose of assistance under the scheme is to enable relevant growers to maintain their viability by—

- (a) encouraging the accumulation, rationalisation, expansion or diversification of the growers’ citrus growing businesses, including value adding and investment in supply chain activities both on-farm and off-farm; and
- (b) supporting ongoing farm maintenance to enable the growers to recover from restrictions on market access.

² See the repealed *Plant Protection (Canker) Notice 2004*, section 3 (Declaration of pest quarantine area).

‘4 Nature of assistance

‘(1) The nature of the assistance that may be given under the scheme is the provision of loans at concessional rates of interest to applicants who meet the eligibility criteria for any of the following activities—

- (a) diversifying into other on-farm enterprises;
- (b) investing in value adding or supply chain activities on-farm and off-farm;
- (c) accumulating property by purchasing, leasing or sharefarming whole or partial additional properties;
- (d) rationalising partnerships, including family partnerships;
- (e) expanding farming operations;
- (f) developing farm water supplies;
- (g) purchasing livestock, if—
 - (i) the purchase is included in a contract to purchase property mentioned in paragraph (c); or
 - (ii) the purchase is directly related to the activity for which assistance is approved under this scheme;
- (h) improving or carrying out capital works on-farm;
- (i) syndicated purchasing of plant and machinery, if appropriate security exists;
- (j) upgrading farm plant and machinery, other than excluded vehicles, that is predominantly for use on land used by the applicant for a purpose approved by the authority;
- (k) purchasing new trees;
- (l) maintaining, replanting or reinvigorating orchards.

‘(2) In this section—

excluded vehicle means a motor vehicle with a gross vehicle mass of less than 4 t.

'5 Maximum loan amounts

- '(1) The maximum amount of a loan, or the total of more than 1 loan, that may be made under the scheme to an applicant who meets the eligibility criteria is \$500 000.
- '(2) However, the maximum amount of a loan for an activity mentioned in section 4(1)(g) or (j) is \$100 000.

'6 Eligibility criteria

'To be eligible to receive assistance under the scheme, an applicant must—

- (a) be a relevant grower who—
 - (i) will have a crop available for harvesting in 2005 or 2006; and
 - (ii) requires financial assistance to recover from the impacts of the canker outbreak; and
- (b) demonstrate sound prospects for commercial viability, and the ability to service the loan, in the long-term; and
- (c) provide evidence of a financial need for the assistance; and
- (d) demonstrate that the amount of off-farm or liquid assets owned by the applicant is not more than the amount needed for prudent risk management; and
- (e) if the assistance is sought to rationalise a partnership—demonstrate that the proposal for the rationalisation is not merely a refinance arrangement; and
- (f) if the assistance is sought to upgrade farm plant and machinery—demonstrate that the plant and machinery will be used predominantly for on-farm purposes and not for off-farm contracting work; and
- (g) have used land for commercial citrus growing for not less than 2 years; and
- (h) ordinarily obtain the applicant's major source of income from commercial citrus growing or value-adding activities related to commercial citrus growing; and

- (i) give the authority a business plan for the applicant's on-farm business that complies with section 7.

'7 Requirements for business plan

- '(1) For section 6(i), a business plan³ must—
 - (a) include details of the activity for which the assistance is sought and the productivity expected to be generated from it; and
 - (b) adopt a whole of business approach to planning, and include components dealing with matters such as marketing and financial and risk management; and
 - (c) relate to the whole of the applicant's business.
- '(2) The authority may ask the applicant for further information in relation to the business plan submitted by the applicant.

'8 Terms of repayment

- '(1) The maximum term of a loan is—
 - (a) if the loan is for an activity mentioned in section 4(1)(g)—7 years unless a longer term is approved by the authority; or
 - (b) if the loan is for an activity mentioned in section 4(1)(j)—7 years; or
 - (c) otherwise—10 years.
- '(2) If the land used by the relevant grower for commercial citrus growing is not within the local government area of the Emerald Shire Council—
 - (a) repayment of principal and interest on the loan will be—
 - (i) initially calculated using a period of up to 10 years; and
 - (ii) tailored to the grower's individual requirements based on the grower's income patterns; and

3 Guidelines on the content of a business plan may be obtained from the authority.

- (b) an interest only period of not more than 2 years may be available; and
 - (c) the loan will have an initial interest rate that is fixed for either 1 or 3 years under section 9.
- ‘(3) If the land used by the grower for commercial citrus growing is within the local government area of the Emerald Shire Council—
- (a) no interest will apply for the first 2 years of the loan; and
 - (b) after the first 2 years, interest will be payable at the rate provided for under section 9; and
 - (c) the loan will have a non-repayment period of 2 years.

‘9 Interest rate

- ‘(1) The initial interest rate for a loan under the scheme will be worked out—
- (a) if the land used by the grower for commercial citrus growing is within the local government area of the Emerald Shire Council—at the end of the interest free period mentioned in section 8(3)(a); or
 - (b) otherwise—when the loan is approved by the authority.
- ‘(2) The initial interest rate for the loan—
- (a) depends on whether the interest rate is fixed for 1 or 3 years, as decided by the authority; and
 - (b) will be worked out by the authority under subsection (7) and will be based on the 1 or 3 year base lending rate, as appropriate, plus 1%.
- ‘(3) A 3 year fixed interest rate is available only when the loan is first drawn down.
- ‘(4) If the initial interest rate for a loan is fixed for 3 years under subsection (3), at the end of the 3 year period, and on each subsequent anniversary, the interest rate reverts to the 1 year base lending rate, plus 1%, at the time.

- ‘(5) However, the authority may, during the term of the loan, increase the interest rate from the interest rate mentioned in subsection (4) to a commercial rate.
- ‘(6) The authority will decide the extent to which the interest rate for a loan will increase under subsection (5)—
 - (a) in an annual review of the loan; and
 - (b) based on the improved financial capacity of the grower.
- ‘(7) The interest rates for new loans will be reviewed by the authority not later than 31 May and 30 November in each year and set for the 6 month period starting on the following 1 July and 1 January respectively.
- ‘(8) In this section—
base lending rate means the 1 or 3 year lending rate, as appropriate, of the Queensland Treasury Corporation.

‘10 **Security**

- ‘(1) Appropriate security for a loan as determined by the authority will be required.
- ‘(2) A mortgage of land or other assets, commensurate with the amount of the loan, will be required.
- ‘(3) Other security, including, for example, a crop lien, may also be required.

‘11 **Terms and conditions**

‘The terms and conditions of a loan under this scheme will be determined by the authority and may include, for example, any of the following—

- (a) review of the loan during its term;
- (b) requiring the relevant grower to provide information relating to the performance of the grower’s business during the term of the loan;
- (c) requiring the relevant grower to undertake to work the property.

'12 Applications

- '(1) Applications for assistance under the scheme must be made on the authority's application form and may be lodged with the authority or at a commercial lender.
 - '(2) Applications must be accompanied by all documentation required under section 6 or stated on the application form.
 - '(3) Also, the authority may request the applicant to provide further relevant information required to decide the application.
 - '(4) Applications must be made before 31 December 2005.'
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ENDNOTES

- 1 Made by the Governor in Council on 24 February 2005.
- 2 Notified in the gazette on 25 February 2005.
- 3 Laid before the Legislative Assembly on . . .
- 4 The administering agency is the Department of Primary Industries and Fisheries.