



Queensland

# **Rural and Regional Adjustment Amendment Regulation (No. 5) 2011**

## **Explanatory Notes for SL 2011 No. 192**

made under the

*Rural and Regional Adjustment Act 1994*

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## **General outline**

### **Short title**

*Rural and Regional Adjustment Amendment Regulation (No. 5) 2011.*

### **Authorising law**

Sections 3, 10, 11 and 44 of the *Rural and Regional Adjustment Act 1994* (the Act)

### **Policy objectives and the reasons for them**

The purpose of the subordinate legislation is to introduce an approved assistance scheme which implements the policy guidelines for the Commonwealth Subsidised Interest Rate Scheme for Pastoralists and Service Businesses Involved in Live Cattle Export to Indonesia (the scheme).

On 7 June 2011 the Federal Minister for Agriculture, Fisheries and Forestry (Federal Minister), imposed an order to suspend live cattle exports to Indonesia in response to animal welfare concerns for Australian cattle slaughtered in Indonesian abattoirs. The suspension was to remain in place until sufficient safeguards to ensure a verifiable and transparent supply

chain assurance up to and including the point of slaughter for every consignment of cattle leaving Australia were established.

Although the suspension was subsequently lifted on 6 July 2011, the Australian Government acknowledged that some pastoralists and service businesses involved in the trade are experiencing working capital shortfalls as a result of the temporary suspension.

Consequently on 10 August 2011, the Federal Minister announced assistance measures to enable those affected by the temporary suspension to access working capital via a subsidised interest rate on new loans up to \$300,000.

### **Achievement of policy objectives**

The subordinate legislation will enable QRAA to administer the scheme in Queensland in accordance with the policy guidelines established by the Australian Government.

The scheme will subsidise interest incurred for up to two years on new business related loans of up to \$300,000 taken out since 7 June 2011. It will not be payable where the new loan has been used to extinguish an existing loan contract (i.e. refinancing).

In the first year the interest subsidy is capped at 8 per cent and in the second year is capped at 4 per cent. Accordingly, the maximum amount of interest subsidy in the first year is \$24,000 and \$12,000 in the second year (i.e. \$36,000 total).

The Australian Government has allocated \$6.8 million for the scheme. The scheme will close on 10 February 2012 or earlier if funding is expended before that date.

The principle eligibility criteria for the assistance are that the business:

- have a registered ABN on or before 7 June 2011; and
- have an annual business turnover of less than \$10 million per annum in any of the last three financial years; and
- derive more than 50 per cent of its business turnover from the live cattle export trade to Indonesia in any one of the last three financial years (i.e. 2008-09, 2009-10, 2010-11); and
- has indicated to the Authority that it intends to be involved in the live cattle export trade to Indonesia during the 2011-12 financial year.

The specific detail of the scheme is not set out prescriptively in the subordinate legislation as section 23(2) of the *Statutory Instruments Act 1992* is relied upon to adopt the provisions of the policy guidelines as they apply from time to time. Specific details of the scheme are contained in the policy guidelines which can be found at the following website: [www.daff.gov.au](http://www.daff.gov.au)

The subordinate legislation creates a new Schedule 16 for schemes approved under section 11(4) of the Act and merely inserts an entry for the scheme title.

The subordinate legislation also makes a minor amendment of an editorial nature unrelated to the scheme.

### **Consistency with policy objectives of authorising law**

This subordinate legislation is consistent with the objects as outlined in section 3 of the Act. It will enable QRAA to support the State's economy by administering a scheme for the Commonwealth to provide assistance to pastoralists and service businesses involved in the live cattle export trade to Indonesia when they are experiencing temporary difficulty.

### **Inconsistency with policy objectives of other legislation**

This subordinate legislation is not inconsistent with the policy objectives of any other legislation.

### **Benefits and costs of implementation**

The assistance provided under this scheme will support businesses experiencing financial difficulties due to cash flow shortfalls as a direct result of the temporary suspension of the live cattle trade to Indonesia. There will be no costs accruing to either the Queensland Government or QRAA as the Australian Government is funding the administration of the scheme.

### **Consistency with fundamental legislative principles**

The subordinate legislation does not raise any issues in regard to fundamental legislative principles.

## Consultation

QRAA and the Australian Government Department of Agriculture, Fisheries and Forestry were consulted in the development of the policy guidelines which set out the nature of the assistance provided under the scheme and how the scheme will be administered.

The Queensland Office for Regulatory Efficiency (QORE), Queensland Treasury, was consulted in regard to the requirements for a Regulatory Assessment Statement (RAS) and both QRAA and Treasury support this approved assistance scheme for businesses involved in the live cattle export industry.

QORE advised that a RAS was not required as the proposal will not, under section 43 of the *Statutory Instruments Act 1992*, impose appreciable costs on the community, business or government and is of a machinery nature.

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### ENDNOTES

- 1 Laid before the Legislative Assembly on . . .
- 2 The administering agency is the Department of Employment, Economic Development and Innovation.

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