



Queensland

Rural and Regional Adjustment Amendment Regulation (No. 2) 2012

Explanatory Notes for SL 2012 No. 44

made under the

Rural and Regional Adjustment Act 1994

General outline

Short title

Rural and Regional Adjustment Amendment Regulation (No. 2) 2012.

Authorising law

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

Policy objectives and the reasons for them

The policy objective is to establish two new assistance schemes in response to the flooding in Western Queensland: the *Special Disaster Western Queensland Tropical Low 2012 Assistance Scheme* and the *Western Queensland Tropical Low 2012 Non-profit Organisations Assistance Scheme*.

Much of Western Queensland has been severely impacted by heavy rain and associated flooding commencing late January 2012 and continuing through to February 2012. As a result of this rainfall, many river systems have flooded including the Maranoa, Balonne and Warrego. In some instances this flooding is higher than that of recent years. The 2012

flooding has already led, or is highly likely to lead, to extensive flooding in the townships of Roma, Charleville, Mitchell and St George.

There has been massive damage to rural infrastructure including machinery, sheds, fencing, houses and roads. It is expected that when floods recede in St George, there will be significant damage to irrigation infrastructure due to the scale and width of the flooding. There will also be significant livestock losses. Much of the towns of Roma and Mitchell in the Maranoa Local Government Area were inundated and a significant proportion of the businesses in those towns have suffered direct flood damage. A significant proportion of the primary producers in the Paroo, Blackall-Tambo, Murweh and Maranoa areas, and in the eastern portion of the Barcaldine Shire on the Belyando River have suffered direct damage.

Financial assistance to those who have been directly impacted by natural disasters is governed by the joint Commonwealth-State Natural Disaster Relief and Recovery Arrangements (NDRRA). The NDRRA establishes a suite of pre-approved measures which can be provided in response to a natural disaster in order to assist with community recovery.

On 6 February 2012 the Minister for Police, Corrective Services and Emergency Services announced that Category B assistance (concessional loans to small business, charities and primary producers and freight subsidies for producers) would be made available to eligible businesses in the local government areas of Balonne, Barcaldine, Blackall-Tambo, Maranoa, Murweh and Paroo. Announcements of eligibility for NDRRA assistance are made by an 'NDRRA activation' made by the Minister for Police, Corrective Services and Emergency Services. The NDRRA activation for this event is called the *Disaster Event - Western Queensland Tropical Low 2012*.

Special Disaster Western Queensland Tropical Low 2012 Assistance Scheme: the clean up and recovery grants scheme for primary producers, small business and non-profit organisations

Due to the extent of the flooding the standard Category B assistance (loans and freight subsidies) will be insufficient to assist with recovery and accordingly the Queensland Government requested that the Australian Government approve the introduction of Category C clean up and recovery grants to eligible producers, small business and non-profit organisations for this event. The introduction of Category C grants requires the written approval of the Prime Minister. On 7 February 2012 the Prime Minister approved introduction of the recovery grants scheme.

To allow QRAA to administer the Category C clean up and recovery grant scheme for eligible primary producers, small business and non-profit organisations requires an amendment to the Regulation. The assistance scheme which is being made available is consistent with national guidelines for Category C clean up and recovery grants which are contained in the Community Recovery Package Guidelines 2011. This financial assistance scheme provides a grant of up to \$25,000 to assist with clean up and recovery activities for those primary producers, small business and non-profit organisations which have suffered direct damage from the flood event. The scheme will have a closing date for applications for assistance of 30 July 2012.

Western Queensland Tropical Low 2012 Non-profit Organisations Assistance Scheme: the loan and grant scheme for non-profit organisations

Concessional loans for small business and primary producers are already established under Schedule 3 and Schedule 2 respectively of the *Rural and Regional Adjustment Regulation 2011* (the Regulation). Concessional loans to non-profit organisations have not normally been made available in response to natural disasters. However, a Category B loans scheme to non-profit organisations was made available in response to the flooding and Tropical Cyclone Yasi of 2011 - Schedule 11 of the Regulation.

Accordingly, in order to allow QRAA to provide concessional loans to eligible non-profit organisations in accordance with the media statement of 6 February 2012 a new scheme is required to be included in the Regulation.

The nature of the assistance under the scheme is the provision of a concessional loan and a grant for re-establishing the normal operation of an eligible entity, including doing any of the following-

- (a) repairing or replacing damaged plant and equipment;
- (b) repairing or restoring essential premises, including grounds, amenities and infrastructure;
- (c) supplying stock for up to 1 month to replace lost stock and maintain liquidity of the eligible entity.

Assistance under the scheme is by way of both a loan and a grant. The amount of loan assistance for an applicant under the scheme must not be more than \$100,000 and the amount of grant assistance for an applicant under the scheme must not be more than \$5,000. The proposed scheme will have a closing date for applications for assistance of 30 July 2012.

Achievement of policy objectives

Section 10 of the Act provides that QRAA may only give assistance under an approved scheme and section 11 provides that an approved assistance scheme is one which is approved by regulation. Consequently approved assistance schemes under which QRAA administers financial assistance are prescriptively detailed in the Regulation.

Consistency with policy objectives of authorising law

This subordinate legislation is consistent with the objects as outlined in section 3 of the Act in that it will enable QRAA to support the State's economy by providing assistance to primary producers, small business and other elements of the economy in periods 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

This subordinate legislation is of a significantly beneficial nature in that it introduces two assistance schemes to assist with disaster recovery:

- (a) *Special Disaster Western Queensland Tropical Low 2012 Assistance Scheme* - a clean up and recovery grant scheme for eligible primary producers, non-profit organisations and small business; and
- (b) *Western Queensland Tropical Low 2012 Non-profit Organisations Assistance Scheme* - a grant and loan package for eligible non-profit organisations.

The *Special Disaster Western Queensland Tropical Low 2012 Assistance Scheme* provides a two tiered grant of up to \$25,000 in total to eligible producers, small businesses and non-profit organisations that have suffered direct damage from the *Disaster Event - Western Queensland Tropical Low 27 January 2012*. As the extent of the disaster is still unfolding, it is difficult to know how many businesses will be impacted and therefore an estimate of potential cost for the *Special Disaster Western Queensland Tropical Low 2012 Assistance Scheme* is unknown.

Similarly, it is difficult to know how many non-profit organisations will be impacted and therefore an estimate of potential cost of the *Western Queensland Tropical Low 2012 Non-profit Organisations Assistance Scheme* is unknown. That said, a Category B loan scheme with the same terms and conditions as the scheme proposed here was introduced in response to the flooding of 2011 and Tropical Cyclone Yasi. To date, there have been no applicants under the scheme and no expenditure has been made. Accordingly, the cost of this latest scheme is likely to be negligible.

Consistency with fundamental legislative principles

No fundamental legislative principle issues have been identified in the preparation of this subordinate legislation.

Consultation

Queensland Treasury, Queensland Reconstruction Authority, QRAA and the Department of the Premier and Cabinet were consulted on the provisions of the subordinate legislation. These agencies are supportive of these new assistance schemes.

The Regulatory Review Branch, Queensland Treasury agreed that the proposed regulation qualifies for an exclusion from the RAS system on the basis that it is a flood-related regulatory proposal designed to implement recovery and assistance measures.

ENDNOTES

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