

Rural and Regional Adjustment (Resilient Homes Assistance Scheme) Amendment Regulation 2022

Explanatory Notes for SL 2022 No. 105

made under the

Rural and Regional Adjustment Act 1994

General Outline

Short title

Rural and Regional Adjustment (Resilient Homes Assistance Scheme) Amendment Regulation 2022

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

A strong *La Niña* event over the summer of 2021-22 brought above-average rainfall to the north and east coasts of Australia. During this season, Queensland homeowners across 39 local government areas experienced damage to their homes as a result of four major floods – the Central, Southern and Western Queensland flooding (10 November – 3 December 2021); the ex-Tropical Cyclone Seth floods (29 December 2021 – 10 January 2022); the South East Queensland floods (22 February 2022- 5 April 2022); and the Southern Queensland Flooding (6 May 2022 - 20 May 2022).

A \$741 million Resilient Homes Fund (RHF) was established under Category D of the joint Commonwealth-State Disaster Recovery Funding Arrangements (DRFA) in response to the four events to provide assistance to address the immediate and long-term impacts of the events.

The RHF provides support of \$375 million to affected homeowners with:

- a \$275 million Resilient Retrofit Program to support homeowners to ‘build back better’ through improving their homes’ resilience to future flood events; and
- a \$100 million Resilient Home Raising Program to support homeowners to raise their homes.

Through the Resilient Homes Assistance Scheme (Scheme), an eligible homeowner will be able to apply either for funding up to \$50,000 toward repairing or retrofitting under the Resilient Retrofit Program, or up to \$100,000 towards the cost of raising homes under the Resilient Home Raising Program.

A co-contribution by the homeowner is required for funding above these thresholds. Homeowners in genuine hardship may be eligible to have the co-contribution requirement waived if they can demonstrate genuine hardship.

The primary purpose of the *Rural and Regional Adjustment (Resilient Homes Assistance Scheme) Amendment Regulation 2022* (Amendment Regulation) is to enable the Queensland Rural and Industry Development Authority (QRIDA) to administer the Scheme. The Scheme will help people living in Queensland to recover quickly and become more resilient to future flooding.

Achievement of policy objectives

The policy objective will be achieved by amending the *Rural and Regional Adjustment Regulation 2011* to establish the Scheme as an approved assistance scheme under the *Rural and Regional Adjustment Act 1994* (the Act). This enables QRIDA to administer the Scheme, as QRIDA can only provide financial assistance under an approved assistance scheme prescribed by regulation under the Act.

QRIDA will be able to provide financial assistance to successful applicants in the form of a grant. The grant is made to support Queenslanders to resiliently rebuild or raise their flood-affected homes, and to enable people to return to their homes. In most cases, financial assistance under the grant will be made directly to a homeowner's licensed contractor, but there will be some circumstances where the financial assistance may be made directly to the homeowner.

The Scheme will commence 15 August 2022 and operate until 30 June 2024 or until the funds are exhausted.

Consistency with policy objectives of authorising law

The Amendment Regulation is consistent with the policy objectives of the Act. The Act establishes QRIDA primarily to administer assistance schemes that foster the development of a more productive and sustainable rural and regional sector in Queensland.

QRIDA may also support the State's economy by administering approved assistance schemes to assist primary, producers, small business, and other sectors during periods of temporary difficulty, or to otherwise benefit the Queensland economy.

Inconsistency with policy objectives of other legislation

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

Alternative ways of achieving policy objectives

An alternative way to achieve the policy objective would be to have an entity other than QRIDA provide the assistance. However, QRIDA was established to provide assistance and support to the state's economy and has significant experience and expertise in administering grants funding. Given QRIDA's established expertise, QRIDA is the most appropriate entity to administer the Scheme.

Benefits and costs of implementation

QRIDA has extensive experience in administering grant, loan, rebate, and payment schemes for the government and is well placed to administer the Scheme.

The Scheme is designed to support eligible homeowners by facilitating the delivery of assistance funds of:

- up to \$50,000, above which a co-contribution of 50 per cent is required, towards repair or retrofit of their homes to incorporate resilient design and materials such as installing water-resistant floor coverings such as tiles or polished concrete and moving power outlets above the defined flood hazard level to improve their homes' flood resilience; or
- up to \$100,000, above which a co-contribution of 50 per cent is required, towards the cost of raising homes so that the liveable rooms and areas are above the defined flood hazard level to reduce the impacts of future flood events.

The Scheme will significantly reduce the effort, cost (including costs for the community and government), and time taken for Queenslanders to be able to rebuild or raise their homes now and following future flood events.

While there are administrative costs incurred in QRIDA delivering the Scheme, these costs are outweighed by the benefit of QRIDA's experience in delivering similar schemes. The total costs will be determined by the number of applications for funding, and may include fees such as title searches. As part of the agreement with the Australian Government, the \$741 million RHF includes extraordinary delivery costs to administer the program.

The Queensland and Australian Governments have allocated a budget of \$375 million over two financial years (2022-2024) to the Scheme as part of the \$741 million RHF funded 50/50 by the Queensland and Australian governments. The total cost to the Queensland Government will depend on the level of uptake.

Consistency with fundamental legislative principles

The Amendment Regulation has been drafted with regard to, and is consistent with, the fundamental legislative principles as defined in section 4 of the *Legislative Standards Act 1992*.

Consultation

Extensive consultation has been conducted by the Department of Energy and Public Works and the Queensland Reconstruction Authority through direct engagement with:

- impacted local governments;
- the Insurance Council of Australia and insurers;
- representatives from the building industry through the state Building Recovery Group, part of the Functional Recovery Groups under the Queensland Recovery Plan; and
- representatives from the community services industry such as the Australian Red Cross and community centres.

Stakeholder consultation has included multiple workshops, forums, and meetings since the funding was announced in May 2022. The RHF program was developed in conjunction with both the people who will be working with the community and the industries involved in delivering resilient outcomes.

During the consultation, stakeholders highlighted the need to ensure that the most vulnerable people are supported through the process. To achieve this, case management services will be provided at all stages of the program.

In addition, the need for equitable distribution of funds from the program was reinforced. As such, funding will be available to applicants without means testing and to both the insured and uninsured.

The Department of Agriculture and Fisheries consulted the Office of Best Practice Regulation (OBPR) on whether the amendments are excluded from further analysis under the *Queensland Government Guide to Better Regulation*. The OBPR noted that the proposed changes enable QRIDA to administer payments and do not increase the regulatory burden on business or the community and participation is voluntary. OBPR advised that no further regulatory impact analysis was required.