

Rural and Regional Adjustment (Natural Disaster-related Assistance Schemes) Amendment Regulation 2022

Explanatory Notes for SL 2022 No. 138

made under the

Rural and Regional Adjustment Act 1994

General Outline

Short title

*Rural and Regional Adjustment (Natural Disaster-related Assistance Schemes)
Amendment Regulation 2022*

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 of the amendment regulation is to allow the Queensland Rural and Industry Development Authority (QRIDA) to administer two new schemes of financial assistance to assist with disaster recovery and make minor amendments to two existing drought preparedness schemes. The Act requires that all QRIDA schemes of financial assistance be set out in regulation.

The regulation establishes by regulation the:

- Medium to Large Business Recovery Loans Scheme (Schedule 46)
- Rural Landholder Recovery Grants Scheme (Schedule 47)

The regulation amends the:

- Drought Preparedness Grant Scheme (Schedule 39)
- Drought Ready and Recovery Finance Loan Scheme (Schedule 40).

New disaster assistance measures

In response to the severe natural disasters that impacted southern Queensland during late 2021 early 2022, the Queensland and Australian Governments agreed to an additional suite of recovery measures under Category D of the joint Commonwealth State

Disaster Recovery Funding Arrangements (DRFA). Included in this Category D package were two new assistance measures to be administered by QRIDA to support business recovery from these events:

Medium to Large Business Recovery Loans Scheme (Schedule 46)

The objectives of the Scheme are to provide concessional loan funding of up to \$5 000 000 exclusive of GST over a maximum 10 year term to assist medium to large businesses to reinstate/re-establish their businesses as a result of direct damage following the eligible flooding events of late 2021-early 2022. This scheme of assistance will be available for businesses suffering direct damage from the following disaster events:

- Central, Southern and Western Queensland Rainfall and Flooding 10 November - 3 December 2021,
- Ex Tropical Cyclone (TC) Seth 29 December 2021 - 10 January 2022,
- South East Queensland (SEQ) Rainfall and Flooding 22 February - 5 April 2022, and
- Southern Queensland flooding: 6 - 20 May 2022.

The regulation also includes the potential to activate this assistance measure for future natural disasters should it be decided that these measures should be activated. That is to say, this scheme is not only available for the disasters mentioned above, but could be activated for future disasters should this assistance measure be activated under any future Category D package.

A concessional loan under this scheme can be used by an eligible applicant for a range of clean up, restoration and repair activities or to improve the business' resilience to a future natural disaster, for example, flood mitigation works or moving the business premises to a different location. This scheme is targeted at those larger scale businesses in the agriculture supply chain (including primary producers) for which a standard concessional loan as a small business or primary producer (currently set at \$250,000) is insufficient to support recovery. Examples of supply chain businesses eligible for a loan under this scheme include abattoirs, livestock or produce freight companies, canneries or produce markets or businesses that provide support to the agricultural sector such as mechanical repair businesses or excavation businesses.

Rural Landholder Recovery Grants Scheme (Schedule 47)

The purpose of this scheme is to help rural landholders (as defined) recover from direct damage sustained in the eligible disaster events of late 2021-early 2022. This scheme of assistance will be available for rural landholders suffering direct damage from the following disaster events:

- Central, Southern and Western Queensland Rainfall and Flooding 10 November -3 December 2021,
- Ex TC Seth 29 December 2021 - 10 January 2022,
- SEQ Rainfall and Flooding 22 February - 5 April 2022, and
- Southern Queensland flooding: 6 - 20 May 2022.

The regulation also includes the potential to activate this assistance measure for future natural disasters where this assistance is activated. That is to say, this scheme is not only available for the disasters mentioned, but could be activated for future disasters should this assistance measure be activated under any future DRFA assistance package.

For the purposes of this scheme, a rural landholder is an entity that is the owner or long-term lessee of relevant land of at least 10 hectares that carries out a primary production enterprise on that land. This assistance scheme is intended to provide disaster recovery assistance to rural landholders who conduct a primary production enterprise (earning at least \$20,000 per annum from the enterprise) and do not earn more than \$250,000 from activities other than the primary production enterprise, but are not eligible to receive DRFA assistance as a primary producer (as they do not derive the majority of their income from their primary production enterprise and do not spend the majority of their labour on their primary production enterprise).

Under the scheme, eligible rural landholders can receive up to a maximum of \$10,000 as a rebate for eligible clean up, repair and restoration activities such as removing debris, dead livestock, repairing or restoring fields or repairing buildings or fixtures such as farm roads that are used to carry out the primary production enterprise (excluding the residential dwelling of the rural landholder).

Amendments to drought preparedness schemes

The new drought preparedness/drought response programs were announced in the 2021-22 Queensland State Budget as part of the Drought Assistance and Reform Package. The Queensland Government has committed to a drought reform process to introduce policies and programs that will improve the drought preparedness of Queensland primary producers for future drought.

The Drought Preparedness Grant Scheme provides a 25 per cent rebate on new capital infrastructure identified in the applicant's resilience plan that is undertaken to improve the drought preparedness of his or her primary production enterprise, for example, the purchase and installation of new water infrastructure or fodder storages. The maximum amount payable under the scheme is \$50,000.

The Drought Ready and Recovery Finance Loan Scheme provides a concessional loan of up to \$250,000 exclusive of GST to either support projects or activities undertaken by the producer to improve his or her drought preparedness (the purchase and installation of new permanent capital infrastructure such as water infrastructure or fodder storages), or readiness or activities that will assist the producer to recover from a drought.

The proposed regulatory amendment will make these two schemes slightly more accessible to potential applicants. The schemes currently provide that an applicant will not be approved for an activity for which he or she is seeking assistance under the Drought Preparedness Grant or Drought Ready and Recovery Finance Loan Scheme if he or she has already commenced the project. Section 4 of Schedules 39 and 40 provides that 'an eligible project is a project the authority is satisfied...will not commence before the authority approves assistance under the scheme for the project'

The paying of a deposit on an invoice related to a project has been interpreted as having commenced a project for the purposes of section 4. Accordingly, QRIDA has been declining to approve applications for projects where the applicant has already provided a deposit for the activity, even though the work itself might not have actually been commenced.

This has created difficulties in the administration of these two schemes. Due to the long delays and supply chain difficulties currently experienced in the building and construction industry, applicants have paid deposits several months in advance for activities for which they are seeking the grant or loan in order to secure that the work gets done. A failure to

pay a deposit would potentially mean the applicant would be unable to secure a place on their building contractor's schedule, the timeframes for which are now out to several months.

This regulatory amendment seeks to address that issue by including a provision that commencing an eligible project 'does not include the payment of a deposit.' That is to say, this regulatory amendment clarifies that a deposit is not considered to have commenced a project for the purposes of section 4 of the respective schemes.

Achievement of policy objectives

The amendment regulation will achieve its objective of supporting the economic recovery of regions of Queensland impacted by disasters during late 2021 early 2022 by introducing two new schemes of financial assistance.

This regulatory amendment will also support the policy objective of improving the drought preparedness of Queensland primary producers by making two drought preparedness schemes more accessible to potential applicants (clarifying that the paying of a deposit on an invoice for an activity does not constitute having commenced the activity and thus making it ineligible to receive assistance under the programs).

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 including schemes offered by the Australian Government.

QRIDA may also administer 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.

Benefits and costs of implementation

The disaster schemes subject to this regulatory amendment will be funded through the DRFA ie they are cost shared between Queensland and the Australian Government. \$3,000,000 has been allocated to the Rural Landholder Grants Scheme and \$150,000,000 to the Medium to Large Business Recovery Loans Scheme. QRIDA must decline an application for either of the schemes should the available funding be exhausted.

The Category D package of which these two measures form a part is intended to support the recovery of communities impacted by the natural disasters of late 2021 / early 2022. Currently, no DRFA measure exists to support clean up and recovery for businesses that are not primary producers or small businesses (as defined). The two new measures will provide assistance for recovery activities for rural landholders (as defined) and medium to large businesses (as defined). These two new measures, together with the other

measures announced as part of the Category D package, should accelerate the economic recovery of regions impacted by the disasters of late 2021 / early 2022.

The two drought preparedness schemes are funded by the Queensland Government with \$3,000,000 for the Drought Preparedness Grants Scheme and \$20,000,000 for the Drought Ready and Recovery Loans Scheme notionally allocated in 2022-23. This minor amendment will not cause any additional outlay as eligibility for these schemes is subject to available funding. QRIDA must decline an application should the available funding be exhausted. The amendment proposed in this regulatory amendment will provide a benefit to applicants as it will allow them to put down a deposit on activities for which they are seeking funding and not have that deposit exclude them from obtaining assistance under these scheme for that activity.

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

The Queensland Government extensively consults with primary producers and the agriculture supply chain more broadly both during and after a disaster to identify disaster impacts and issues related to recovery. This includes direct one on one engagement between staff of the Department of Agriculture and Fisheries (DAF) and impacted primary producers and engagement with agricultural industry organisations Queensland Farmers' Federation, AgForce, Queensland Dairyfarmers' Organisation and Canegrowers during disaster management meetings. These meetings identified the benefit of providing assistance to medium to large businesses currently ineligible to receive disaster assistance.

Both QRIDA and DAF have received feedback from time to time that the eligibility criteria for current DRFA grants and loans for primary producers meant that there were smaller scale primary production enterprises who were ineligible to receive assistance post-disaster (as they did not derive the majority of their income from the primary production enterprise) even though they were impacted as severely as larger scale primary producers. This new scheme is intended to provide recovery assistance to those smaller scale businesses.

With respect to the minor amendments to the drought preparedness schemes, DAF and QRIDA conducted regional forums across Queensland to promote the new drought policy. The issue that this regulatory amendment is seeking to address was raised at some of these meetings.

The Office of Best Practice Regulation advised that the amendment is excluded from further analysis under the *Queensland Government Guide to Better Regulation* on the basis of category (k) – regulatory proposals that are unlikely to result in significant adverse impacts.