

Rural and Regional Adjustment Amendment Regulation (No. 5) 2014

Explanatory Notes for SL 2014 No. 169

made under the

Rural and Regional Adjustment Act 1994

General Outline

Short title

Rural and Regional Adjustment Amendment Regulation (No. 5) 2014

Authorising law

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

Policy objectives and the reasons for them

The objective of the amendment regulation is to establish a new scheme of financial assistance to assist small business, primary producers and not-for-profit organisations that have suffered a significant loss of income as a result of a natural disaster, with accessing essential working capital necessary to continue operations.

The Natural Disaster Relief and Recovery Arrangements (NDRRA) is a cost sharing arrangement between the states, territories and the Australian Government. The NDRRA provides a suite of pre-approved measures which can potentially be activated in response to an eligible natural disaster in order to assist with community recovery. Eligible natural disasters include bushfire, earthquake, flood, storm, cyclone, storm surge, landslide, tsunami, meteorite strike, tornado or terrorist event.

The National Strategy for Disaster Resilience recognises that small businesses, including primary producers, play a fundamental role in supporting a community's resilience to disasters. Businesses are core to a community, particularly in rural and regional areas, as they provide jobs, income and underpin economic vitality.

In recognition of the crucial role that small businesses and primary producers have in local economies, governments through the NDRRA, provide support to address the direct impacts of natural disasters, both physical and financial, on the small business and primary producer sectors within affected communities.

The proposed scheme subject to this amendment regulation is a Category B measure of the NDRRA. Category B measures are intended to provide assistance to business (i.e. small business, not-for-profit organisations and primary producers) and government.

The proposed Natural Disaster Relief (Essential Working Capital) Scheme will deliver on an election commitment of the Australian Government to introduce a new NDRRA assistance measure to provide assistance to eligible small businesses, not-for-profit organisations and primary producers that have suffered significant loss of income as a result of a natural disaster where NDRRA assistance is activated. The Natural Disaster Relief (Essential Working Capital) Scheme will provide assistance in the form of a concessional loan to a maximum of \$100,000 to help with funding essential working capital.

QRAA currently administers under the *Rural and Regional Adjustment Regulation 2011* (the Regulation) three Category B NDRRA concessional loans schemes to primary producers, small business and not-for-profit organisations which provide concessional loans to assist with the recovery from direct damage from a natural disaster. The amendment Regulation will also address an unintended consequence as a result of how provisions setting out maximum loan amounts in existing category B schemes in the Regulation are drafted. The objective is to ensure general consistency in how maximum loan amounts are determined across various category B assistance schemes in the Regulation.

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.

The amendment regulation achieves the objective by prescribing the Natural Disaster Relief (Essential Working Capital) Scheme as an approved assistance scheme which enables QRAA to provide eligible applicants with assistance in the form of concessional loans.

The amendment Regulation achieves the objective of consistent determination of maximum loan amounts across other category B schemes through amendment of Schedules 3 and 21 of the Regulation. The amendments clarify the intended operation of the provisions in that the absolute limits of assistance that may be obtained under the respective schemes override any other amounts of loss caused by the disaster.

Consistency with policy objectives of authorising law

The amendment regulation is consistent with the objects as outlined in section 3 of the Act, which in part, 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

The amendment regulation is not inconsistent with the policy objectives of other legislation.

Benefits and costs of implementation

The amendment regulation is of a beneficial nature in that it will make available concessional loans to eligible small business, not-for-profit organisations and primary producers that have suffered significant loss of income as the result of an eligible natural disaster. Costs only

accrue when the assistance under this Scheme is activated by the Commonwealth and Queensland Governments.

Consistency with fundamental legislative principles

The amendment regulation is consistent with fundamental legislative principles.

Consultation

The Department of Agriculture, Fisheries and Forestry (DAFF) and QRAA, as the agency responsible for administering the scheme, consulted with the Australian Government through the Attorney-General's Department. DAFF also consulted with the Department of Communities, Child Safety and Disability Services, the Department of Tourism, Major Events, Small Business and the Commonwealth Games and the Queensland Reconstruction Authority. All agencies are supportive of the new assistance scheme.

The Office of Best Practice Regulation (OBPR) within the Queensland Competition Authority was consulted with regard to regulatory impact statement (RIS) requirements. The OBPR advised that the regulatory amendments were not likely to result in significant adverse impacts and therefore a RIS is not required.