

Rural and Regional Adjustment (Primary Industry Productivity Enhancement Scheme) Amendment Regulation 2016

Explanatory Notes for SL 2016 No. 183

made under the

Rural and Regional Adjustment Act 1994

General Outline

Short title

Rural and Regional Adjustment (Primary Industry Productivity Enhancement Scheme) Amendment Regulation 2016

Authorising law

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

Policy objectives and the reasons for them

As part of the Queensland Budget 2016-17, the Queensland Government announced a Rural Assistance Package. The Rural Assistance Package has been informed by the Report *Addressing Debt and Drought Problems in Rural Queensland* of the Rural Debt and Drought Taskforce which was established on 19 October 2015 to consider the impact of drought and debt on Queensland's agricultural sector.

The Rural Assistance Package contains a range of measures intended to support primary producers impacted by drought and high levels of debt. One component of the Package was to conduct a review of the Primary Industry Productivity Enhancement Scheme (PIPES). PIPES was last reviewed in 2010.

PIPES is a QRAA administered program which provides concessional loans to assist the development of the agricultural sector and has two components: a Sustainability component that supports farm investments which improve productivity and sustainability; and a First Start component which assists those looking to establish themselves as primary producers.

The PIPES review conducted by the Department of Agriculture and Fisheries recommended a number of changes to PIPES including:

1. doubling the Sustainability loan limit from \$650,000 to \$1.3 million
2. increasing the First Start loans from \$650,000 to \$2 million
3. removing the maximum loan limit for livestock, plant and machinery of \$200,000
4. allowing for the ability to fix interest rates at any time during the loan
5. allowing for greater flexibility in the setting of interest only periods
6. allowing for the ability to consolidate loans within the one stream i.e. more than one First Start loan could be consolidated and more than one Sustainability Loan could be consolidated into the one loan of that stream
7. minor changes to general eligibility requirements to improve accessibility of the scheme.

These changes will bring the PIPES program up to date and consistent with current lending conditions for the agricultural sector.

Achievement of policy objectives

The subordinate legislation will achieve its objectives by amending schedule 1 of the *Rural and Regional Adjustment Regulation 2011* to align the Regulation with the recommendations of the PIPES Review.

Consistency with policy objectives of authorising law

The Act was established to allow QRAA to administer financial assistance schemes of both the Queensland and Australian Governments. The subordinate legislation is consistent with the main policy objectives of the Act in that it provides financial assistance to rural and regional sector in Queensland.

The PIPES program is being amended to support primary producers and regional Queensland at a time it is being impacted by high debt and drought which is consistent with the objects of the Act.

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

QRAA has been allocated additional funding to allow it to administer the increased level of assistance that will result from these regulatory changes. No additional costs are being imposed on potential applicants for assistance as a result of the changes being made.

Consistency with fundamental legislative principles

The subordinate legislation is consistent with fundamental legislative principles.

Consultation

AgForce and the Queensland Farmers' Federation (QFF) were consulted as part of the review process. AgForce and QFF supported the changes to PIPES noting that they would bring the scheme into line with current agricultural lending conditions.

The Australian Bankers Association (ABA) was informed of the recommendations of the PIPES review. The ABA supported the changes noting that they were only minor changes to the scheme to update it to current conditions.

The Queensland Productivity Commission noted that a Regulatory Impact Statement (RIS) is not required as the regulatory changes arising from this amendment are unlikely to result in significant adverse impacts.