

# Rural and Regional Adjustment (White Spot Disease Concessional Loan Scheme) Amendment Regulation 2017

Explanatory notes for SL 2017 No. 123

made under the

*Rural and Regional Adjustment Act 1994*

## General Outline

### Short title

*Rural and Regional Adjustment (White Spot Disease Concessional Loan Scheme) Amendment Regulation 2017*

### Authorising law

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

### Policy objectives and the reasons for them

#### White Spot Disease Concessional Loan Scheme

In 2016 and 2017, white spot disease (WSD) was confirmed in prawn farms on the Logan River. WSD is a highly contagious viral infection that affects crustaceans.

On 27 February 2017 the Queensland Government announced that \$20 million was being allocated for a new concessional loan assistance scheme for those prawn farmers impacted by WSD on the Logan River.

The scheme to be administered by the Queensland Rural and Industry Development Authority (formerly QRAA) will provide a concessional loan of up to \$3 million for eligible applicants (prawn farmers on the Logan or Albert River catchments) to conduct eligible activities. Eligible activities include activities that:

- improve the productivity and viability of the enterprise
- improve the biosecurity controls of the enterprise
- diversify the source of income of the enterprise.

Carry on finance or working capital e.g. money to pay wages, creditors and rent are not eligible activities.

To be eligible for a loan an eligible applicant must also demonstrate they can service the loan and provide security commensurate with the value of the loan.

Applications for assistance under the scheme must be made before 30 June 2018.

### Amendment to the interest rate setting provision of the Primary Industries Productivity Enhancement Scheme (PIPES)

The PIPES program provides concessional loans to primary producers looking to establish a primary production enterprise or to improve the sustainability of an existing primary production enterprise. The PIPES program currently provides that the concessional interest rate offered to applicants is decided by the authority for 'each 6 month period, in each year that is the 1, 3 or 5 year lending rate, as appropriate, of the Queensland Treasury Corporation (QTC), plus 1%'.

In order to allow the authority greater flexibility in determining the appropriate concessional rate of interest the subordinate legislation removes the 6 month period and that the margin is plus 1% of the appropriate QTC rate. The authority will now be able to change interest rates when appropriate and at a margin it decides and is approved by the Minister.

### Farm Business Concessional Loans Scheme – Business Improvement Concessional Loans

The authority currently administers the Farm Business Concessional Loans Scheme - Drought Assistance Concessional Loans on behalf of the Federal Government. The Federal Government is introducing a new sub-component to the Farm Business Concessional Loans Scheme called the Business Improvement Concessional Loans. This new loan scheme will operate alongside the Drought Assistance Concessional Loans and will be available for primary producers that have exhausted their Farm Household Allowance (an income support payment potentially available to primary producers in difficulty) and will assist with debt restructuring.

This new component to the Farm Business Concessional Loans Scheme necessitates an amendment to the *Rural and Regional Adjustment Regulation 2011* (the Regulation) which lists the names of Federal Government schemes administered by the authority.

## **Achievement of policy objectives**

The subordinate legislation will achieve its objectives by inserting a new schedule 31 into the Regulation allowing the authority to administer the White Spot Disease Concessional Loan Scheme on behalf of the Queensland Government; amend schedule 1 to improve the flexibility the authority has in setting interest rates for the PIPES program; and amend schedule 16 to include the Farm Business Concessional Loans Scheme - Business Improvement Concessional Loans as a scheme administered by the authority on behalf of the Federal Government.

## **Consistency with policy objectives of authorising law**

The Act was established to allow the authority to administer financial assistance schemes of both the Queensland and Federal Governments that assist primary producers, small

business and other sectors during periods of temporary difficulty, or to otherwise benefit the Queensland economy.

This subordinate legislation is consistent with the main policy objectives of the Act in that it provides financial assistance to prawn farmer primary producers in Queensland.

## **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**

The authority has been funded by the Queensland Government for the administration of the white spot disease concessional loans scheme.

## **Consistency with fundamental legislative principles**

The subordinate legislation is consistent with fundamental legislative principles.

## **Consultation**

The Department of Agriculture and Fisheries consulted with the authority as to the structure of the concessional loan program. This consultation influenced the structure of the program.

In accordance with the Queensland Government Guide to Better Regulation, the Office of Best Practice Regulation was not consulted in relation to the regulatory proposal. The Department of Agriculture and Fisheries applied a self-assessable exclusion from undertaking further regulatory impact analysis (Categories (c) and (g) - Regulatory proposals that are for the internal management of the public sector or statutory authority and that are of a machinery nature).