

# **Rural and Regional Adjustment (Exceptional Damage Loans Scheme) Amendment Regulation 2019**

Explanatory Notes for SL 2019 No. 128

made under the

*Rural and Regional Adjustment Act 1994*

## **General Outline**

### **Short title**

*Rural and Regional Adjustment (Exceptional Damage Loans Scheme) Amendment Regulation 2019*

### **Authorising law**

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

### **Policy objectives and the reasons for them**

A severe natural disaster impacted on northern Queensland during January to February 2019 heavily impacting on graziers in North West Queensland with hundreds of thousands of livestock deaths and extensive infrastructure damage.

In response to this damage, the joint Commonwealth-State Disaster Recovery Funding Arrangements (DRFA) Categories A, B, C and D have been activated. Of these, most notably, the value of Category C recovery grants for primary producers, which can be used for a wide range of clean up and restoration activities, was increased to \$75,000.

After consultation with primary producers, local government and agricultural industry groups, it was identified that this DRFA assistance is insufficient to support the recovery of communities impacted by this disaster.

Accordingly, on 31 March 2019, the former Minister for Emergency Management and North Queensland Recovery, Senator the Honourable Linda Reynolds CSC, and the Premier and Minister for Trade, the Honourable Anastacia Palaszczuk MP, announced a \$242 million assistance package containing a suite of additional measures under the DRFA to support the economic recovery of the regions of North West Queensland impacted by the flooding.

One of the measures in the package is a North West Queensland beef recovery package.

This package includes:

- enhanced concessional loans of up to \$1 million with flexible interest and repayment options;
- enhanced freight subsidies to support restocking and agistment of up to \$100,000 per property; and
- an industry recovery officer and financial counsellor program to provide recovery officers and financial counsellors to support producers to access available assistance and manage the financial aspects of recovery.

Of the measures in the package, the January-February 2019 Flood Disaster (Exceptional Damage) Loans Scheme which is the enhanced concessional loans scheme is to be administered by the Queensland Rural and Industry Development Authority (QRIDA). QRIDA currently administers a range of DRFA assistance measures to assist businesses, primary producers and not for profit organisations impacted by natural disasters. It has also administered enhanced concessional loans similar to that subject to this regulatory amendment in previous severe natural disasters.

The proposed scheme aims to assist primary producers and critical supply chain businesses to pay re-establishment costs resulting from direct extreme damage caused by the North West flooding of January to February 2019. It is a loan scheme for those whose impact is such that standard DRFA concessional loans and grants are insufficient to support recovery.

Eligible entities requiring assistance can take out loans up to \$1 000 000, including amounts received under DRFA Category B measures, to assist with repair, restoration and recovery activities. The principal conditions are:

- maximum term 10 years;
- first two years no repayments including no interest;
- an additional two years interest only if required; and
- the scheme will close on 30 June 2021.

The scheme will be open to eligible applicants who are in local government areas listed as eligible for this assistance scheme under the DRFA activation notice for the event released by the Honourable Craig Crawford MP, Minister for Fire and Emergency Services. This activation notice released from time to time is a public document that advises the DRFA measures available in response to an eligible natural disaster and in which areas. The eligible local government areas are:

- Burke Shire Council;
- Carpentaria Shire Council;
- Cloncurry Shire Council;
- Flinders Shire Council;
- McKinlay Shire Council;
- Richmond Shire Council; and
- Winton Shire Council.

Additional areas may become eligible for this assistance if so desired by an inclusion of that area/areas as eligible in the activation notice.

## **Achievement of policy objectives**

The amendment regulation will achieve its objectives by empowering QRIDA to administer the January-February 2019 Flood Disaster (Exceptional Damage) Loans Scheme.

## **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**

As with other DRFA assistance measures, the January-February 2019 Flood Disaster (Exceptional Damage) Loans Scheme is intended to support the economic recovery of a region that has been severely impacted by a natural disaster. By providing these concessional loans, it is considered that the economic recovery of the region will be accelerated. These loans, by supporting major repair and recovery activities of those businesses severely impacted, will sustain business viability in the region.

The Scheme will be equally cost shared between the Queensland and Australian Governments under DRFA.

## **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**

Development of this scheme and other measures in the package occurred in consultation with QRIDA, the Queensland Reconstruction Authority and agencies of the Australian Government including the (then) Australian Department of Agriculture and Water Resources and Emergency Management Australia.

The Office of Best Practice Regulation in the Queensland Productivity Commission 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

designed to reduce the burden of regulation, or clearly do not add to the burden, and it is reasonably clear there are no significant adverse impacts.

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