

Rural and Regional Adjustment (Extension of Funding and New Scheme for 2019–2020 Extraordinary Bushfires Disaster) Amendment Regulation 2020

Explanatory Notes for SL 2020 No. 29

made under the

Rural and Regional Adjustment Act 1994

General Outline

Short title

Rural and Regional Adjustment (Extension of Funding and New Scheme for 2019–2020 Extraordinary Bushfires Disaster) Amendment Regulation 2020

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 assist eligible small businesses, non-profit organisations and primary producers directly affected by the 2019-2020 bushfire disaster events with costs associated with immediate recovery activities needed to rebuild their enterprise.

Due to ongoing drought conditions, above average temperatures, low rainfall and high winds, the bushfire risk has been elevated this bushfire season across much of eastern Australia. These conditions have led to the breakout of a significant number of bushfires across parts of southern and central Queensland during September and November 2019.

In response to this damage, the joint Commonwealth-State Disaster Recovery Funding Arrangements (DRFA) Category B assistance has been activated for small business, non-profit organisations and primary producers in eligible shires, as well as DRFA Category C assistance for eligible primary producers in eligible shires identified in the activation notice on the Queensland Reconstruction Authority website.

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After consultation with the Queensland Government, primary producers, local government, and agricultural industry groups, it was identified that the DRFA Disaster Assistance Loans and Grants were insufficient to support the recovery of communities impacted by this disaster. On 20 January 2020, the Prime Minister announced a special assistance measure to include the maximum amount of a grant for eligible small business and non-profits affected by these events to increase from \$25,000 to \$50,000. As well, a maximum loan amount for eligible small business, non-profits and primary producers affected by these events will be increased from \$100,000 to \$500,000.

Consequently, the Emergency Bushfire Response: Small Business, Primary Producer and Non-profit Organisations Concessional Loans and the Emergency Bushfire Response: Non-profit Organisation and Small Business Grants guidelines were developed by the Federal Government in consultation with the Queensland Government.

The Federal scheme provides for the provision of \$50,000 in emergency grant funding for eligible small businesses and non-profit organisations; as well as a maximum loan amount for eligible small business, non-profits and primary producers affected by these events of \$500,000. Up to \$15,000 of the grants is cost shared between the Queensland and Federal Government, and the balance of up to \$35,000 is under Category D and fully funded by the Federal Government. The \$500,000 loans are fully cost-shared.

The loans are intended to be used for the purposes of restoring and/or replacing damaged assets and/or to meet working capital expenses. These concessional loans are up to a maximum of ten years with a repayment holiday for a period of up to two years, during which repayments will not be required and interest will not accrue. After the repayment holiday, repayments of principal and interest are required. Amounts cannot be redrawn. No fees will be charged to borrowers, such as establishment fees, account maintenance fees or fees for early repayment. The interest rate on these loans will be reset on 1 July of every year at 50 per cent of the 10-year Commonwealth bond rate averaged from 1 April to 30 June of the preceding financial year. For the 2019-20 financial year, the interest rate is 0.82 per cent.

The grants and loans will 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, in previous severe natural disasters, administered enhanced grants recovery packages similar to those subject to these regulatory amendments.

Achievement of policy objectives

The amendment regulation will achieve its objectives by amending Schedule 23 - Special Disaster Assistance Recovery Grants Scheme (SPDARGS) of the *Rural and Regional Adjustment Regulation 2011* to enable the additional assistance to be administered by QRIDA consistent with the Federal guidelines. This amendment regulation will also add a new schedule (Schedule 24 Special Disaster Assistance Recovery Loans Scheme) for the Emergency Response: Small Business, Primary Producer and non-profit organisations concessional loans.

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Due to the nature of assistance exceeding what the standard grant amount would be available under the SPDARGS, an exceptional circumstances grant, of up to \$50,000, will be available for eligible small businesses and non-profit organisations. This also applies to standard Disaster Assistance Loans available under the regulation, with Extraordinary Bushfire Assistance loans of up to \$500,000 available for eligible small business, non-profit organisations and primary producers.

The assistance will be available to eligible small businesses, non-profit organisations and primary producers for the DRFA event: Southern Queensland Bushfires 6 - 12 September 2019 and Eastern Queensland Bushfires 8 November - 19 December 2019 in areas activated for this assistance and other bushfires which may occur in 2019-20.

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 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 the Australian Government, including the Australian Department of Agriculture and Emergency Management Australia.

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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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