

# **Rural and Regional Adjustment (Horticulture Irrigation Pricing Rebate Scheme and Other Matters) Amendment Regulation 2021**

Explanatory Notes for SL 2021 No. 108

made under the

*Rural and Regional Adjustment Act 1994*

## **General Outline**

### **Short title**

*Rural and Regional Adjustment (Horticulture Irrigation Pricing Rebate Scheme and Other Matters) Amendment Regulation 2021*

### **Authorising law**

Sections 3, 10, 11 and 44 of the *Rural and Regional Adjustment Act 1994* (the Act).

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

#### Horticulture Irrigation Pricing Rebate Scheme:

The Queensland Government sets the price of irrigation water supplied by Seqwater in South-East Queensland, and Sunwater elsewhere in Queensland. In setting irrigation prices, the Government seeks to strike a balance between:

- cost recovery for the services provided
- impacts on customers
- keeping prices as simple and transparent as possible.

Ahead of the 2020 election, the Government committed to cut irrigation water costs for thousands of Queensland farms by 50 per cent. Specifically, Government committed to discounting the prices of water for Queensland irrigators supplied by Sunwater and Seqwater schemes by 15 per cent from 1 July 2021, with a further reduction for horticulture irrigators of 35 per cent.

Irrigators supplied by Sunwater and Seqwater-owned schemes will automatically receive the 15 per cent discount in the prices used to calculate their water bills. The main objective of the *Rural and Regional Adjustment (Horticulture Irrigation Pricing Rebate Scheme and Other Matters) Amendment Regulation 2021* (the Amendment Regulation) is to implement

the Government's election commitment to establish a rebate scheme to enable horticulture irrigators to receive the additional 35 per cent reduction.

#### Farm Management Grants Scheme:

A further objective of the Amendment Regulation is to amend the existing Farm Management Grants Scheme in Schedule 30 of the *Rural and Regional Adjustment Regulation 2011* so it can be used to deliver farm management grants which are a component of the Queensland Government's Drought Reform Policy and of the Farm Business Resilience Planning Program (FBRP), an initiative of the Future Drought Fund of the Australian Government and delivered in Queensland by the Queensland Government.

The purpose of the FBRP is to improve drought resilience of primary producers through risk management and planning culminating in the producer developing (with professional support) an individual farm business resilience plan for the property (the activity that is proposed to get the rebate under the Farm Management Grants Scheme). The Farm Management Grants Scheme will be used to provide a 50 per cent rebate (maximum \$2,500) on the costs of obtaining professional advice related to the development of completed individual farm business resilience plan. Minor regulatory amendments to Schedule 30 are required to allow this to occur.

## **Achievement of policy objectives**

#### Horticulture Irrigation Pricing Rebate Scheme:

The Amendment Regulation achieves its objective to implement the Government's election commitment by establishing the Horticulture Irrigation Pricing Rebate Scheme as an approved assistance scheme under the Act. This enables QRIDA to administer the scheme, as QRIDA can only provide financial assistance under an approved assistance scheme prescribed by regulation under the Act.

The Horticulture Irrigation Pricing Rebate Scheme (the Rebate Scheme) assists eligible horticulture irrigators with a rebate of 35 per cent for charges from Sunwater and Seqwater for water used to grow horticulture crops such as fruit vegetables, nuts and turf. The Rebate Scheme accommodates all forms of eligible horticultural farm businesses and water entitlement arrangements across the State, including circumstances where water may not be currently available, but has historically been used to produce horticultural crops.

To be eligible to receive a rebate under the Rebate Scheme, the applicant must satisfy QRIDA that he or she:

- has paid an eligible water bill; and
- has used a portion of the water the subject of the eligible water bill to grow horticulture crops; or
- previously irrigated horticultural crops, but did not do so with water the subject of the eligible water bill because an insufficient water allocation was announced; or
- has grown horticulture crops using water other than water the subject of the eligible water bill.

Applicants can apply to receive a rebate for water charges from Sunwater and Seqwater applicable to the period 1 July 2021 and 30 June 2024.

#### Farm Management Grants Scheme:

The Amendment Regulation achieves its objective by:

- clarifying that the professional advice costs which are eligible for a rebate may be in relation to the acquisition of an interest in a primary production enterprise or particular aspects of the management of a primary production enterprise decided by the Minister to be professional advice to which the scheme applies;
- providing that QRIDA can only pay rebates for eligible costs under the scheme if there remains a sufficient allocation of money for that aspect of the scheme; and
- making other minor changes to eligibility and processes for the scheme to better align with the FBRP.

It is proposed that the Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities will advise QRIDA that the Farm Management Grants Scheme is to be used to provide a 50 per cent rebate (maximum \$2,500) on the costs of obtaining professional advice related to the development of completed individual farm business resilience plan.

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

The Amendment Regulation is consistent with the policy objectives of the Act. The Act establishes QRIDA to administer assistance schemes that foster the development of a more productive and sustainable rural and regional sector in Queensland. QRIDA may also support the State's economy by administering approved assistance schemes to assist primary producers, small businesses and other sectors during periods of temporary difficulty, or to otherwise benefit the Queensland economy.

### **Inconsistency with policy objectives of other legislation**

The Amendment Regulation is not inconsistent with the policy objectives of any other legislation.

### **Benefits and costs of implementation**

QRIDA has extensive experience in administering grant, loan and rebate and payment schemes for government and is well placed to administer the Rebate Scheme. The 35 per cent rebate that can be applied for under the Rebate Scheme will be funded from \$81.6 million allocated in the 2020-2021 Queensland Budget for reducing the prices of irrigation water for Queenslanders.

The FBRP, of which the Farm Management Grants Scheme is a component, will be cost shared between the Queensland and Australian Governments with \$2 million available in 2021-22 cost shared by Queensland and the Australian Government.

### **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*.

Schedule 30 of the *Rural and Regional Adjustment Regulation 2011* already includes a potential breach of the principle that legislation must have sufficient regard to the institution of Parliament, because it subdelegates power without the express authority of the Act - see section 4(5)(e) of the *Legislative Standards Act 1992*.

The Act requires the details of an assistance scheme to be prescribed by regulation, but schedule 30 enables the Minister to decide the particular aspects of the management of a primary production enterprise about which professional advice may be given to which the scheme applies. The power delegated to the Minister is constrained to this one detail of eligibility. It enables the scheme to be used to provide assistance in a range of similar circumstances without a disproportionate need to seek Executive Council consideration of variations in the type of advice proposed to be eligible. The Amendment Regulation does not alter this aspect of the scheme and it is proposed to be relied on to enable the use of the scheme for Queensland's participation in the FBRP.

## **Consultation**

The Department of Agriculture and Fisheries consulted the Office of Best Practice Regulation (OBPR), within the then Queensland Productivity Commission, on whether the Horticulture Irrigation Pricing Rebate Scheme is excluded from further analysis under the *Queensland Government Guide to Better Regulation*. The OBPR advised that it considered the proposal does not add to the burden of regulation and advised there are no significant adverse impacts beyond the financial impacts on the State in providing the rebate and that no further regulatory impact analysis is required.

The Department of Agriculture and Fisheries also consulted OBPR on whether the proposed amendment to the Farm Management Grants Scheme is excluded from further analysis under the *Queensland Government Guide to Better Regulation*. The OBPR advised that it considered the proposal is unlikely to result in any significant adverse impacts and that no further regulatory impact analysis is required.

The Department of Regional Development, Manufacturing and Water consulted with Queensland Farmers Federation and Growcom on particulars of the Horticulture Irrigation Pricing Rebate Scheme, including on how the rebate would be calculated for different horticultural irrigators. The Queensland Farmers Federation and Growcom were generally supportive of the framework for the rebate scheme and the consultation did not necessitate any changes to that framework.

Major industry organisations were consulted with regard to the FBRP and the other programs to be introduced as part of Queensland drought reform process via the Drought Reform Industry Working Group which includes the Queensland Farmers Federation, AgForce, Canegrowers and the Queensland Dairyfarmers' Organisation. The Drought Reform Industry Working Group was provided with the draft guidelines that form the basis of Farm Management Grants Scheme for the FBRP. Industry as a whole is supportive of measures that improve the skill set of primary producers and assist primary producers to prepare for and plan for drought.

The Queensland Government and the Australian Government's Department of Agriculture, Water and the Environment worked collaboratively on the development of the FBRP of which the Farm Management Grants Scheme is a component.