

Rural and Regional Adjustment (Variation of COVID-19 Business Support Grants Scheme (August 2021)) Amendment Regulation 2021

Explanatory Notes for SL 2021 No. 110

made under the

Rural and Regional Adjustment Act 1994

General Outline

Short title

Rural and Regional Adjustment (Variation of COVID-19 Business Support Grants Scheme (August 2021)) 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

The Chief Health Officer made several public health directions that restricted the reasons for which people could leave their homes in August 2021 in response to COVID-19 outbreaks in Queensland. The locked down areas directions impacted many businesses in Queensland.

In response to this, the Queensland Government implemented the COVID-19 Business Supports Grants Scheme (August 2021) (the Scheme), to provide relief and support to eligible business affected by lock down areas directions. Under the Scheme, employing small and medium businesses and non-profit organisations across Queensland, and larger businesses and non-profit organisations in the hospitality and tourism sector, that were impacted by the lock down areas directions were able obtain a grant of \$5,000.

On 13 August 2021, the Commonwealth and Queensland Governments agreed to jointly (50/50) fund assistance to businesses and non-profit organisations impacted by the locked down areas directions. That agreement will see the value of the assistance package rise from an estimated \$260 million to an estimated \$600 million.

The policy objective of the subordinate legislation is to enable the Queensland Rural and Industry Development Authority (QRIDA) to provide increased assistance to eligible business under the COVID-19 Business Supports Grants Scheme (August 2021).

Achievement of policy objectives

The subordinate legislation achieves its objectives by amending the Scheme, which is established as an approved financial assistance scheme under the *Rural and Regional Adjustment Act 1994*.

Under the amended Scheme, QRIDA will provide the following payments to eligible businesses and non-profit organisations:

- \$10,000 to small businesses with a payroll of less than \$1.3 million - an increase of \$5,000 compared to the existing Scheme;
- \$15,000 to medium sized businesses with payroll between \$1.3 million and \$10 million (inclusive) - an increase of \$10,000 compared to the existing Scheme;
- \$30,000 to large sized tourism and hospitality businesses with payroll of greater than \$10 million - an increase of \$25,000 compared to the existing Scheme.

Businesses and non-profit organisations must meet the same eligibility criteria for assistance under the existing scheme, including that the business or organisation had its headquarters in Queensland and was trading in Queensland on 31 July 2021; and employs at least one (1) employee (other than the business owner).

A business or organisation must have had an annual turnover of more than \$75,000 in any of the financial years between 2018 to 2021 or, if it had been operating for less than a year, would reasonably have been expected to have had a turnover of more than \$75,000 for the 2021-2022 financial year.

For most businesses and organisations, the total wages and superannuation paid by the employer to its employees during the relevant financial year must be less than \$10,000,000. However, a larger business or organisation in the tourism and hospitality sector will also be eligible for assistance.

A business or organisation, regardless of size, must have been required to stop operating or limit its operations or have otherwise been affected by a locked down areas direction. It must also demonstrate that its turnover reduced by 30 per cent or more in a seven (7) day period when it was impacted by a locked down areas direction compared with an equivalent period in 2019 or another period QRIDA considers comparable.

Consistency with policy objectives of authorising law

The subordinate legislation is consistent with the policy objectives of the Act. The Act establishes QRIDA primarily to administer assistance schemes which 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 business and other sectors during periods of temporary difficulty, or to otherwise benefit the Queensland economy.

Inconsistency with policy objectives of other legislation

This subordinate legislation is not inconsistent with the policy objectives of any other legislation.

Alternative Ways of Achieving Policy Objectives

An alternative to way of achieving the policy objective is for the additional assistance to be provided as a separate payment or by an entity other than QRIDA. Enabling a single increased payment by QRIDA is more efficient and will minimise the application burden for businesses and organisations.

Benefits and costs of implementation

The total cost to the Queensland Government will depend on the level of uptake of the amended Scheme. Initial estimates had indicated that up to \$260 million of grants would be made under the original Scheme which was to be wholly funded by the Queensland Government. The subordinate legislation is expected to more than double the cost of payments under the amended Scheme, but all costs of the amended Scheme will be jointly funded (50/50) by the Commonwealth and the State governments. The total estimated value of assistance that will be jointly funded by the Commonwealth and the State Governments is estimated at \$600 million, but this includes grants to entities which are ineligible for the Scheme – the subordinate legislation does not deal with this aspect of the increased assistance package which is to be delivered separately.

The amended Scheme will assist eligible businesses affected by the lock down areas directions through the provision of tiered, one-off, grant payments of between \$10,000 and \$30,000 (an increase of between \$5,000 and \$25,000).

Consistency with fundamental legislative principles

The subordinate legislation 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

The Commonwealth and Queensland Governments have collaborated to reach a 50/50 cost-sharing arrangement to increase total assistance available under the Scheme to \$600 million.

The Office of Best Practice Regulation in the Queensland Treasury advised that it considered the proposal does not add to the burden of regulation and is unlikely to result in significant adverse impacts; and that no further regulatory impact analysis was required under the *Queensland Government Guide to Better Regulation*.