

Rural and Regional Adjustment (Tourism and Hospitality Sector Hardship Grants Scheme) Amendment Regulation 2021

Explanatory Notes for SL 2021 No. 153

made under the

Rural and Regional Adjustment Act 1994

General Outline

Short title

*Rural and Regional Adjustment (Tourism and Hospitality Sector Hardship Grants Scheme)
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

Queensland tourism and hospitality businesses, particularly in the Gold Coast, Cairns and Whitsunday regions, have been significantly impacted by the closure of international and state borders and the restriction of intrastate movements under biosecurity declarations made by the Commonwealth Government, and public health directions made by the Queensland Government in response to the COVID-19 pandemic.

The Queensland Government is providing a range of measures targeted at providing support to the Queensland tourism and hospitality sector. This includes a \$47.75 million Tourism and Hospitality Sector COVID-19 Lockdown Support Package providing rebates, fee and payroll tax relief measures for eligible tourism and hospitality businesses impacted by lockdowns in Queensland and other states. Further, the Queensland Government and Australian Government are jointly funding the COVID-19 Business Support Grants of between \$10,000 and \$30,000 to eligible small and medium sized businesses, and large tourism and hospitality businesses, impacted by Queensland lockdowns (for businesses located state-wide) or the border closure with NSW (for businesses located near the border only).

While the Queensland economy continues to recover strongly, interstate lockdowns are continuing to significantly impact Queensland's tourism and hospitality industries. Hotel occupancy rates and revenue in Queensland show ongoing weakness. There is a risk that regionally significant tourism attractions and experiences may not be able to remain viable

and gear up and expand workforces quickly once travel restrictions ease without further immediate targeted assistance.

Building on the existing support available, and in recognition of the ongoing impact on tourism and hospitality businesses resulting from continued travel restrictions, the policy objective of the *Rural and Regional Adjustment (Tourism and Hospitality Sector Hardship Scheme) Amendment Regulation 2021* (the Amendment Regulation) is to enable the Queensland Rural and Industry Development Authority (QRIDA) to provide additional relief and support to eligible employing businesses and non-profit organisations, including to help them maintain employment for their employees in Queensland. The grants will help them with expenses involved in carry-on of the business and to retain the workforce and skills required to be positioned to ramp-up their operations as intrastate, interstate and international tourist markets re-open.

Achievement of policy objectives

The Amendment Regulation achieves its objective by establishing the Tourism and Hospitality Sector Hardship Grants Scheme (the Scheme) as an approved assistance scheme under the Act which enables QRIDA to administer the Scheme.

Under the Scheme, tourism and hospitality businesses and non-profit organisations may be eligible for this assistance if they fulfil a range of criteria. Two types of grants are available under the Scheme: 'tourism and hospitality sector hardship grants' for eligible Category A businesses and non-profit organisations and 'major tourism experiences hardship grants' for eligible Category B businesses and non-profit organisations. Eligible businesses and non-profit organisations are only entitled to receive one type of grant.

For each type of grant, there may be up to two grant payments. Applications for initial grants open on 11 October 2021 and can be made for about six weeks. Applications for subsequent grants open on 8 November 2021 and can be made for about four weeks.

Tourism and hospitality sector hardship grants

Under the Scheme, QRIDA will provide up to two of the following 'tourism and hospitality sector hardship grants' payments to each eligible applicant:

- \$15,000 for Category A tourism and hospitality businesses and non-profit organisations with annual payroll of less than \$1.3 million or those who have been operating for less than a year;
- \$25,000 for Category A tourism and hospitality businesses and non-profit organisations with annual payroll of between \$1.3 million and \$10 million inclusive;
- \$50,000 for Category A tourism and hospitality businesses and non-profit organisations with annual payroll of more than \$10 million.

Category A businesses and organisations must meet a range of eligibility criteria including that they:

- have experienced a reduction of at least 70 per cent of their turnover in relation to their Queensland operations for at least seven consecutive days between 1 July 2021 to 30 September 2021 (inclusive), in comparison to the same seven day period in 2018-19, 2019-20 or 2020-21 or, if it has been operating for less than a year, another period QRIDA considers comparable;
- have been significantly affected by COVID-19 travel restrictions; and

- employed, on 30 June 2021, and continue to employ, at least 1 employee in Queensland.

Major tourism experiences hardship grants

Under the Scheme, QRIDA will provide up to two 'major tourism experience hardship grants' payments to each eligible applicant. The payment will be the highest of the following for which the entity meets the thresholds:

- \$1,000,000 for Category B tourism businesses, non-profit organisations and business collections with annual turnover in Queensland of at least \$25 million or for those operating for less than a year and with at least 50 employees;
- \$1,500,000 for Category B tourism businesses, non-profit organisations and business collections with annual turnover in Queensland of at least \$100 million and with at least 200 employees;
- \$2,000,000 for Category B tourism businesses, non-profit organisations and business collections with annual turnover in Queensland of at least \$200 million and with at least 500 employees.

Business collections are in essence a number of associated entities, such as businesses that are owned by the same owner or have at least one owner in common. Only one major tourism experiences hardship grant can be paid for these associated entities and the application for that grant must be made by an owner of the businesses.

Category B businesses, non-profit organisations and business collections must meet a range of eligibility criteria including that they:

- have experienced a reduction of at least 50 per cent of their combined turnover in relation to their Queensland operations in the whole period 1 July 2021 to 30 September 2021 inclusive compared to the same period in 2018-19, 2019-20 or 2020-21;
- have been significantly affected by COVID-19 travel restrictions; and
- had an employee headcount in Queensland of at least 50 on 30 June 2021 and maintain the headcount they had on 30 June 2021 until 31 December 2021, except in limited circumstances such as where an employee voluntarily ends employment with the employer or is stood down under the *Fair Work Act 2009 (Cwlth)*.

The employee headcount is the number of permanent employees, plus the number of temporary, and casual employees who have been employed by the business or organisation for at least 12 months (for businesses and non-profit organisations that have been operating for less than 12 months, temporary and casual employees cannot be counted towards the employee headcount).

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 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 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.

Alternative ways of achieving policy objectives

An alternative way to achieve the policy objective would be to have an entity other than QRIDA provide the assistance. However, QRIDA was established to provide assistance and support to the State's economy and has significant experience and expertise in administering grants funding. Given the value of the Scheme, and QRIDA's expertise, QRIDA is the most appropriate entity to administer the grant funding.

Benefits and costs of implementation

The Scheme is to be jointly funded by the Commonwealth and Queensland governments as part of the \$600 million package to support Queensland's businesses impacted by COVID-19 lockdowns and restrictions, including Queensland's tourism and hospitality businesses. Under the agreed package, it is estimated that \$80 million will be available for 'tourism and hospitality sector hardship grants' and \$30 million will be available for 'major tourism experiences hardship grants'. The actual cost to the Queensland Government will depend on the level of uptake of the Scheme.

The Scheme will assist eligible businesses and non-profit organisations, including to help them maintain employment for their employees in Queensland, through the provision of up to two 'tourism and hospitality sector hardship grants' payments of up to \$50,000 each and up to two 'major tourism experience grants' payments of up to \$2 million each. This will help ensure they remain viable and are ready to scale up as visitation returns.

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*.

A potential breach of the principle that legislation should not subdelegate a legislative power conferred on a Regulation by the Act to an external document that is produced administratively and is not subjected to Parliamentary scrutiny (section 4(2)(b) and 5(e) of the *Legislative Standards Act 1992*) occurs because it relies on the document called the 'Australian and New Zealand Standard Industrial Classification (ANZSIC)' published by the Australian Bureau of Statistics to establish which businesses and organisations are eligible.

It is desirable to refer to this document because applicants already identify their activities by reference to the ANZSIC codes in their dealings with government about various matters. The classifications are well understood and their use will assist businesses and organisations to more readily determine if they are eligible.

Consultation

The Queensland Government has continued to engage and consult with the tourism and hospitality industries, including through Ministerial-level meetings with key industry stakeholders which includes major tourism operators and industry associations. Key representative groups, including the Queensland Tourism Industry Council, Association of Marine Park Tourism Operators and the Regional Tourism Organisation Network have made representations to the Queensland Government about the need for business support.

The Department of Agriculture and Fisheries consulted the Office of Best Practice Regulation (OBPR) on whether the amendments are excluded from further analysis under the Queensland Government Guide to Better Regulation. The OBPR assessed that the amendment is excluded from further analysis on the basis of category (k) – regulatory proposals designed to reduce the burden of regulation, or that clearly do not add to the burden, and it is reasonably clear there are no significant adverse impacts.