

Rural and Regional Adjustment (Remote Communities Freight Assistance Scheme) Amendment Regulation 2023

Explanatory Notes for SL 2023 No. 183

made under the

Rural and Regional Adjustment Act 1994

General Outline

Short title

Rural and Regional Adjustment (Remote Communities Freight Assistance Scheme) Amendment Regulation 2023

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 objectives of the Amendment Regulation are to establish a scheme to provide retailers serving remote and regional communities with financial assistance to assist with freight related cost-of-living relief to communities by:

- providing eligible retailers with monthly rebates to enable them to discount essential goods to reduce the impact of increased freight costs to the cost of living, and
- providing eligible retailers with assistance for establishing a retail reporting system for participation in the scheme.

Cost of living pressures are being felt across Queensland, but these pressures are disproportionately felt in remote and regional areas. Supply chains in these areas can be complex, with significant distances and operational challenges impacting freight costs, which can make essential goods significantly more expensive in some areas.

This is especially true in northern areas of the State where major weather events, highly dispersed low populations, lack of significant competition (i.e., market failure), and high fuel and energy costs add to the cost-of-living burden.

On 20 March 2023 the Queensland Government approved delivery of a new initiative designed to address freight related cost-of-living pressures in the Northern Peninsula, Torres Strait, and Gulf regions (NPTSG regions).

After consultation with various groups including transport operators, local councils, Indigenous groups, and both state and federal agencies, it was noted that each community and region has distinct supply chain characteristics and challenges. Additionally, the regions examined face high barriers for transport-sector entry, with concerns that subsidies to freight services may not benefit households. This necessitated a scheme that focused on delivery at a local level.

Achievement of policy objectives

The policy objective will be achieved by implementing a new scheme for relieving freight-based cost of living pressures in the *Rural and Regional Adjustment Regulation 2011*.

This enables QRIDA to administer the Remote Communities Freight Assistance Scheme (the Scheme), as QRIDA can only provide financial assistance under an approved assistance scheme prescribed by regulation under the Act.

QRIDA will be able to provide financial assistance to successful applicants in the form of an establishment rebate and monthly payments. The payments are made to support Queenslanders in the NPTSG regions with freight-based cost of living pressures.

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.

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 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 QRIDA's established expertise, QRIDA is the most appropriate entity to administer the Scheme.

Benefits and costs of implementation

The Queensland Government has committed to investing over \$64 million over five years (from 2023-24) to target freight related cost of living pressures in the NPTSG regions. This freight funding package includes allocation of over \$52 million for a community freight scheme to deliver immediate cost-of-living relief to affected communities.

The Scheme is expected to contribute towards cost-of-living relief to individuals within the NPTSG regions by allowing retailers to pass on rebates that target the increased freight costs for essential items being transported to these communities.

The financial assistance will be administered by Queensland Rural and Industry Development Authority (QRIDA) under an approved assistance scheme. QRIDA has extensive experience in administering grant, loan, rebate, and payment schemes for the government and is well placed to administer the Scheme. While there are administrative costs incurred in QRIDA delivering the Scheme, these costs are outweighed by the benefit of QRIDA's experience in delivering similar schemes.

Consistency with fundamental legislative principles

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.

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.

Consultation

Consultation was carried out over three months, covering transport operators, local government area representatives, regional bodies, retail stores, State government departments, and federal agencies. Consultation was undertaken by online forums, virtual and face to face meetings, phone calls and visits to regional centres.

Consultation revealed a number of concerns across stakeholder groups, shaping development of the scheme to allow an effective and efficient funding delivery method that focussed on providing freight-related cost of living relief to local households in affected areas.

Consultation revealed that each community and region under consideration possesses distinct supply chain attributes and challenges. Many stakeholders noted that pronounced barriers to entry in the transport industry inhibited competition within the regions examined. Some stakeholders also expressed a perception that that subsidies granted to freight service providers may not be effective in providing relief to local households within affected areas, as it was too far up the supply chain. It was therefore determined that a more consistent method of delivering the funding was to focus further down the supply chain where funding would have the greatest impact for local communities.

Additionally, it was noted through consultation with some council staff, tourists and visitors to the areas typically purchase a majority of non-essential 'holiday' items while visiting the areas. Subsidisation of only essential goods was therefore deemed necessary to minimise funding from being unintentionally accessed by tourists or other visitors.

The Department of Agriculture and Fisheries consulted the Office of Best Practice Regulation (OBPR), on the legislative impact analysis. The Department of Agriculture and Fisheries concluded that the proposal does not increase costs or regulatory burden and does not require regulatory impact analysis.

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