

Rural and Regional Adjustment (Variation of Resilient Homes Assistance Scheme) Amendment Regulation 2024

Explanatory Notes for SL 2024 No. 46

made under the

Rural and Regional Adjustment Act 1994

General Outline

Short title

Rural and Regional Adjustment (Variation of Resilient Homes Assistance Scheme) Amendment Regulation 2024.

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

A strong *La Niña* event over the summer of 2021-22 brought above-average rainfall to the north and east coasts of Australia. During this season, Queensland homeowners across 39 local government areas experienced damage to their residential property as a result of four major floods:

- the Central, Southern and Western Queensland flooding (10 November – 3 December 2021)
- the ex-Tropical Cyclone Seth floods (29 December 2021 – 10 January 2022)
- the South East Queensland floods (22 February 2022- 5 April 2022)
- the Southern Queensland Flooding (6 May 2022 - 20 May 2022).

A \$741 million Resilient Homes Fund (RHF) was established under Category D of the joint Commonwealth-State Disaster Recovery Funding Arrangements in response to the events to provide assistance to address the immediate and long-term impacts of the events.

The RHF provides support of \$225 million to affected homeowners to:

- support homeowners to repair or retrofit their homes to incorporate flood resilient design and materials improving the house's resilience to future flood events through the Resilient Retrofit Program; and
- support homeowners to raise their home to reduce the impacts of future flood events through the Home Raising Program.

The Resilient Homes Assistance Scheme (Scheme) facilitates the delivery of the RHF to impacted homeowners. Through the Scheme an eligible homeowner is able to apply either for funding toward repairing or retrofitting under the Resilient Retrofit Program or funding to be used towards the cost of raising, demolishing and replacing all or part of a home, or relocating a home to higher land on a property under the Resilient Home Raising Program.

The current average cost for home raising is \$148,000. The RHF advises that approximately only 12 per cent of eligible applicants can complete the works within the existing \$100,000 funding threshold. Feedback from homeowners identified that eligible homeowners are not progressing with home raise works as they cannot afford the cost of undertaking the works above the grant amount. Coupled with the significant rise in construction costs over the past three years (Master Builders data suggest between 32 to 45 per cent) and cost-of-living pressures, the \$100,000 threshold is now considered too low to effectively support eligible homeowners.

The objective of the amendment is to increase the Scheme funding threshold for home raising, demolition and replace, or relocation works to \$150,000. This will increase the number of eligible householders able to complete the work within the funding threshold..

The primary purpose of the *Rural and Regional Adjustment (Variation of Resilient Homes Assistance Scheme) Amendment Regulation 2024* (Amendment Regulation) is to maximise the number of Queenslanders improving the resilience of their homes to future flooding.

Achievement of policy objectives

The policy objective will be achieved by amending the approved assistance scheme in Schedule 44 of the *Rural and Regional Adjustment Regulation 2011*. This enables QRIDA to continue to administer the Scheme.

QRIDA will be able to continue to provide financial assistance to successful applicants in the form of a grant. The grant is made to support Queenslanders to resiliently rebuild, relocate or raise their flood-affected houses, improve their flood resilience and enable people to return to their homes.

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 and they are currently administering the Scheme, QRIDA is the most appropriate entity to administer the Scheme.

Benefits and costs of implementation

QRIDA has extensive experience in administering grant, loan, rebate, and payment schemes for the government and is well-placed to administer the Scheme.

The initial funding threshold of \$100 000 was aligned to the Brisbane City Council's Flood Resilient Homes pilot program that costed home raising in 2017.

The current average cost for home raising under the Scheme is \$148,000. Due to the nature of the works, they cannot be scoped down to make the project cheaper to fit within the current funding threshold. The RHF advises that approximately only 12 per cent of eligible applicants can complete the works within the existing \$100,000 funding threshold.

There has also been a significant rise in construction costs over the past three years (Master Builders data suggest between 32 to 45 per cent), coupled with cost-of-living pressures, homeowners are advising they cannot progress works due to being unable to contribute the amount needed above the existing threshold.

To ensure resilient outcomes are maximised under the program, increasing the funding threshold to \$150,000 will increase the number of eligible householders able to complete the work within the funding threshold to approximately 88 per cent. This will significantly reduce eligible applicant's out-of-pocket expenses and increase the number of participants making their homes more resilient to floods aligning the Scheme with the overarching goals of the RHF, to maximise community resilience by maximising the number of habitable floor areas raised.

No additional funding is being sought as the cost is expected to be managed within the overarching \$741M RHF package.

While there are administrative costs incurred in QRIDA delivering the Scheme, these costs are already in place to administer the Scheme currently and are considered to outweigh the benefit of QRIDA's experience in delivering similar schemes.

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

Since commencement of the Scheme, the RHF has continued to work with key stakeholders to review and refine policy settings and processes to increase support to homeowners.

The RHF Program Board, comprising of senior officers from Queensland Government agencies, including Department of Premier and Cabinet (DPC), Queensland Treasury (QT), Department of State Development and Infrastructure, QRIDA, Queensland Reconstruction Authority and the Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts, as well as the Commonwealth, through the National Emergency Management Agency, has been monitoring eligible household feedback and are supportive of the proposal and for the Amendment Regulation to commence as a priority.

The Department of Housing, Local Government, Planning and Public Works (DHLGPPW) has worked with the Queensland Reconstruction Authority in developing this proposal, including program expenditure forecasts and risk mitigation strategies.

Consultation on the Amendment Regulation was undertaken with DPC, QT, DHLGPPW and QRIDA.

The National Emergency Management Agency has been briefed and support the proposal in-principle.

DAF has consulted with QRIDA as the agency responsible for administering assistance under the proposed approval assistance scheme who advised they can accommodate these changes.