STATE DEVELOPMENT, NATURAL RESOURCES AND AGRICULTURAL INDUSTRY DEVELOPMENT COMMITTEE

Members present:

Mr CG Whiting MP (Chair)
Mr DJ Batt MP
Mr JE Madden MP
Mr BA Mickelberg MP
Ms JC Pugh MP
Mr PT Weir MP

Staff present:

Dr J Dewar (Committee Secretary)
Ms N Mitchenson (Assistant Committee Secretary)

PUBLIC BRIEFING—CONSIDERATION OF THE RURAL AND REGIONAL ADJUSTMENT (DISASTER ASSISTANCE SCHEMES) AMENDMENT REGULATION: SUBORDINATE LEGISLATION NO. 172 OF 2018

TRANSCRIPT OF PROCEEDINGS

MONDAY, 25 FEBRUARY 2019

Brisbane

MONDAY, 25 FEBRUARY 2019

The committee met at 11.15 am.

CHAIR: I declare open this public briefing for the committee's consideration of subordinate legislation No. 172 of 2018, the Rural and Regional Adjustment (Disaster Assistance Schemes) Amendment Regulation. Thank you for your attendance here today. My name is Chris Whiting. I am the chair of the committee and the member for Bancroft. The other committee members with me here today are our deputy chair, Mr Pat Weir, the member for Condamine; Mr David Batt, the member for Bundaberg; Mr Jim Madden, the member for Ipswich West; Mr Brent Mickelberg, the member for Buderim; and Ms Jess Pugh, the member for Mount Ommaney.

The committee's proceedings are proceedings of the Queensland parliament and are subject to the standing rules and orders of the parliament. Witnesses should be guided by schedules 3 and 8 of the standing orders and note that their responsibility is to provide factual and technical background to government legislation and administration.

The proceedings are being recorded by Hansard and witnesses will be provided with a copy of the transcript. To assist with clarity, can you please identify yourselves when you first speak and speak clearly and at a reasonable pace. All those present today should note that during the proceedings it is possible that you might be filmed or photographed by media and that images may also appear on the parliament's website or social media pages. The media rules endorsed by the committee are available from the committee staff, if required. I ask everyone to turn off mobile phones or put them on silent mode. If witnesses take a question on notice today, I ask them to provide the information to the committee by 10 am on Monday, 4 March 2019.

HALLAM, Mr Rod, Senior Manager, Business Development and Policy, Queensland Rural and Industry Development Authority

MACEY, Mr Andrew, Principal Policy Officer, Land Management, Department of Agriculture and Fisheries

MILLER, Mr Elton, Acting Deputy Director-General, Agriculture, Department of Agriculture and Fisheries

RUDWICK, Mr Vern, Director, Land Management, Department of Agriculture and Fisheries

CHAIR: I invite you to make an opening statement, after which committee members may have some questions for you.

Mr Miller: Thank you, Chair. We appreciate the opportunity to present here today. Section 11 of the Rural and Regional Adjustment Act 1994 provides that all schemes for financial assistance administered by the Queensland Rural and Industry Development Authority, QRIDA, are to be set out in detail in regulation, the regulation being the Rural and Regional Adjustment Regulation 2011. QRIDA administers a range of disaster assistance schemes, including concessional loans and recovery grants to primary producers, small business and not-for-profit organisations. Each of those schemes is set out as a schedule in the regulation.

In 2017, the Australian government made changes to the guidelines for natural disaster assistance contained in the joint Commonwealth-State Natural Disaster Relief and Recovery Arrangements, known as NDRRA, and now known as the Disaster Recovery Funding Arrangements, DRFA. In order for QRIDA disaster schemes to align with the Australian government policy changes, some minor regulatory amendments were required.

Amendments were made to the following schemes: schedule 2, Disaster Assistance (Primary Producers) Loans Scheme, a concessional loans scheme to disaster impacted primary producers that have suffered direct damage; schedule 3, Disaster Assistance (Small Business) Loans Scheme, a concessional loans scheme to disaster impacted small businesses that has suffered direct damage; schedule 7, Disaster Assistance (Essential Working Capital) Loans Scheme, a concessional loans scheme to disaster impacted primary producers, small businesses and not-for-profit organisations that have not suffered direct damage but loss of income; schedule 21, Disaster Assistance (Non-profit Organisations) Loans Scheme, a concessional loans scheme to non-profit organisations; and schedule 23, Special Disaster Assistance Recovery Grants Scheme. These are clean-up and recovery grants for primary producers, small businesses and non-profit organisations impacted by severe disaster, available under category C of the DRFA.

By and large, these changes were minor and of a procedural nature. Of note, these changes included that all concessional loan terms increased from seven years to 10 years. The schemes' prior operational guidelines provided for a seven-year term, with a discretion to increase the term to 10 years. As the federal guidelines appear to place a greater emphasis on terrorism as an eligible disaster event and have removed the word 'natural' from policy documents, the schemes were renamed to remove the word 'natural' and are now simply referred to as 'disaster schemes'. They also included: a requirement that non-profit organisations demonstrate that they have used available insurance before applying for concessional loan assistance; a removal of the grant component to the concessional loans for non-profit organisations; and providing the same definition of 'non-profit organisations' across all of the disaster schemes.

For the schedule 23 grants, the changes included aligning the eligible activities under a standard $10,000 grant and, in exceptional circumstances, a $25,000 grant. A standard grant became eligible to get a recovery grant for purchasing, hiring or leasing equipment or materials to clean premises or property or equipment, or that is necessary to immediately resume the activities of the primary production enterprise, small business or non-profit organisation under both grant programs. Whereas previously these measures were only eligible for the exceptional grants, they are now available for the standard grants as well. Primary producers can now use a grant under schedule 23 for getting a tradesperson to conduct a safety inspection or for essential repairs to premises, previously only available for small businesses; replacing dead livestock where evidence of loss is provided to the satisfaction of the authority—that one is quite important for the current disaster situation we are facing; replacing lost or damaged plants if the replacement is essential for immediately resuming business activities; and repairing and restoring fields.

Other changes include minor wording changes to certain provisions to ensure clarity of intent of the existing policy, including the exclusion of bodies corporate as small businesses and the definition of 'loss of income'. That is a quick summary of the changes that were made. We are happy to take questions from the panel or provide clarifications.

CHAIR: I am mindful that the deputy chair will ask about the impact of the current or recent events in Townsville. On the definition that we have, primary producers can get a grant for replacing lost or damaged plant. Do you mean equipment plant or vegetation?

Mr Macey: Actual plants.

CHAIR: For example, crops or trees?

Mr Macey: Yes.

CHAIR: On the requirement that the non-profits demonstrate they have available insurance before they get concessional loans, how do you see that happening? How will that work in practice?

Mr Miller: In practice, QRIDA would seek information from entities that were seeking assistance from them. Questions they would ask are, 'Was insurance available? Did you take it out? Have you accessed that insurance?,' before they considered providing a loan, as an example. They do that for primary producers and small businesses as well. They ask those questions.

CHAIR: When reading that I thought immediately that, with not-for-profits changing committees regularly, maybe for some their records are not up to date. The question is about working with them if they do not have all of the information, bearing in mind that they may have lost information due to these disasters. How do you envisage that working?

Mr Miller: Again, QRIDA would work with that organisation and work through those options. For example, if the flooding or the disaster impact had caused them to lose some of those documents, if they could recall what insurance company they might have had insurance through we could check with those organisations. I am sure QRIDA have a range of things that they would implement in situations like that.

Mr Hallam: In assessing applications we always contact the applicant, discuss their situation in detail and provide as much information and advice as we can to help them through the process.

Mr WEIR: I am interested in the grants, obviously considering what is happening in North-West Queensland. Is a grant of up to $25,000 for one item? At the moment we have dead cattle everywhere that need to be buried. Is that covered? Fences have gone. Livestock have disappeared. Where do you start and where do you stop? What does the grant cover?

Mr Miller: For primary producers, the grant has been increased from $25,000 to $75,000 for the current monsoonal event. It would cover a range of the impacts that the producer has incurred. They can choose a range of things to seek that grant for. It could be, for example, to replace lost livestock. It could be to undertake urgent fencing. It could be for carcass disposal purposes. It could be a range of things that the grants eligibility fits in with, but it is up to the producer to decide which items they want to use it for.

Mr WEIR: Loans have increased to 10 years. Are they eligible for that as well?

Mr Miller: Yes.

Mr WEIR: What are the criteria for that? How onerous is the process?

Mr Miller: On the grants, the application form is now very short for this current event. It is a four-page application form. As far as I understand it, the feedback from producers is that it is a relatively straightforward application form. Currently there are loans of up to $250,000. There is an application form for that as well. A reasonable amount of information is required to be known, because it is a 10-year loan that needs to be paid back over that 10-year period. The loan is for up to $250,000.

Mr WEIR: How is the interest quoted on that?

Mr Miller: At the moment, the interest is 1.37 per cent. There are various interest-only periods. Vern, can you provide a little more detail, please?

Mr Rudwick: Those are category B loans. For those, availability has to be triggered prior to making the grants available in the first place. That has all happened so far. As Elton referred to, those are 10-year loans. They have the normal security requirements that any long-term loan would have. The interest rate is 1.37 per cent. There is an ability to have a couple of years at various points that are negotiated with QRIDA by the proponent that are interest only. That is basically how they operate.

Mr MADDEN: Gentlemen, I am very pleased to hear that you have removed the word ‘natural’ from the definition, because not all disasters are natural. I am curious about the introduction of terrorism as something that can be compensated. Am I on the right track in thinking that terrorism is somebody blowing up a dam or deliberately contaminating soil? Is it broader than that?

Mr Miller: The definition of ‘terrorism’ would be described by the Commonwealth government. There would be a specific definition. Andrew, do you have the definition handy?

Mr Macey: No, I do not, but a ‘terrorist event’, long story short, has to be triggered by the Australian government. The introduction of ‘terrorist event’ happened long before this. Over time the policy guidelines and documents change. There has been a gradual shift in this regulatory amendment where they have removed the word ‘natural’ and just replaced it with ‘disaster event’. ‘Terrorism’ was introduced prior to these regulatory amendments as an eligible natural disaster. I do not know off the top of my head the mechanics of it, but it does have to be activated by the federal Minister for Home Affairs or the Attorney-General.

Mr Miller: We could get you the actual definition of ‘terrorist event’, if that would help inform the committee.

Mr MADDEN: I would appreciate that; thank you very much. Obviously with the disaster in North Queensland, where hundreds of thousands of stock have been killed because of the floods, it is up to the discretion of the department as to proof of the numbers of stock that have been killed on each property?

Mr Miller: QRIDA administers this scheme, not the Department of Agriculture and Fisheries. At the moment, in the application form it is up to producers to provide some evidence of the impact they have sustained, and that can be essentially through photos or a description. QRIDA will work with producers so that if they make claims to replace lost livestock there would potentially be some evidence of that.

Mr BATT: Are the mechanics of this that the federal government has made these changes and Queensland has to bring it in, or do we have our own flavour on some of this?

Mr Miller: Essentially, the Commonwealth government makes the decision to make the changes, but leading up to that there is discussion between the state and Commonwealth around how these things can be improved, fine-tuned and tweaked over time. The Commonwealth government makes the decision to make the changes and then we implement those changes.

Mr BATT: When we had the head of QRIDA here last time I asked about definitions that could have been added, including the definition of drought. Has that been added at this point in time?

Mr Miller: No, it has not been added at this point in time. It has been kept separate from 'natural disaster' or 'disaster'.

Mr BATT: In relation to not-for-profit organisations and removal of the grant component for concessional loans, category C talks about $10,000 and $25,000 grants and concessional loans to organisations, including not-for-profits, but then it says that there is a removal of the grant component. Can you explain that?

Mr Miller: I think it is about trying to achieve consistency. That grant component used to sit within the concessional loan. Now a not-for-profit can receive a grant through category C. The loan is category B, and small businesses and primary producers get category B loans as well, but they do not have a grant component. The decision has been made to remove the grant component from concessional loans but retain the grant component in category C. It is not that not-for-profits cannot get grants: it is just that they would need to get it through the category C process, not category B and potentially category C.

Mr BATT: That is what I was hoping for. I was hoping they were not actually losing it.

Mr Miller: I think it is very much about just achieving consistency across primary producers, small business and not-for-profits.

Mr BATT: They still need to do insurance first before they apply for any grant?

Mr Miller: Yes. My understanding is that it helps achieve consistency, because that is a question that is asked in relation to primary producers and small business as well.

Ms PUGH: With the inclusion of terrorism and expanding the definition outside of just natural disasters, to be really clear, can you give an example of a previous event that has occurred in Australia—not necessarily in Queensland—that would trigger this definition? Is it all terrorist events? Does it have to meet a certain threshold? Does there have to be a certain amount of damage, or will any event committed by a terrorist meet the definition?

Mr Miller: While Andrew is looking up some of that information, I think when we provide the definition of what a terrorist event entails it might help us better understand your question.

Mr Rudwick: Like the DRFA, it basically provides a list of prearranged assistance measures that can be provided if an event is triggered. Essentially, we have had this process where we have had natural disaster assistance with a heap of prearranged arrangements, and they have added terrorism as an eligible activity for that assistance measure. That is a way of framing it. It is more like 'these are a bunch of prearranged arrangements that you can trigger for these types of events'. Andrew, do you have the definition of terrorism there?

Mr Macey: The answer to your question and the answer to the previous question with regard to the trigger event is the policy guideline that sets out that the DRFA—then the NDRRA—is a determination that is set out by the Australian government. It sets out a whole heap of definitions. 'Terrorist act' is defined as—

An action or a series of actions committed in Australia which the Minister has determined is a terrorist act for the purposes of an eligible disaster under this determination.

Without limiting the matters to which the Minister may have regard in determining whether the action or series of actions is a terrorist act, the Minister may have regard to:

i. the definition of a terrorist act under section 100.1 of the Criminal Code Act 1995, and

ii. if available, the advice of other Commonwealth agencies.

In the event of one or more acts, the *Minister* may determine two or more related acts to be a single terrorist act.

Just to reinforce the point, this regulatory amendment did not establish that terrorism is an eligible event; it was an eligible event beforehand. In relation to the other question you asked—has terrorism been triggered previously as something that would get assistance?—no, in Australia it has not.

Mr Miller: That minister is the Commonwealth minister, not the state minister.

Mr Macey: Yes. To provide context, several years ago, when terrorism became more prevalent, the Australian government needed to find some type of policy mechanism within which to cover those sorts of terrorist events, so they decided to bolt terrorism on to the NDRRA. There has been a gradual shift to merge them into the one policy document.

Mr MICKELBERG: In relation to the requirement regarding utilisation of insurance, is lodgement of a claim sufficient or does the claim need to be finalised in order to satisfy that requirement?

Mr Miller: I am not sure.

Mr Hallam: The advice we give applicants is to lodge their application concurrently with their insurance claim and we will work on it so they are not waiting for a particular outcome on their insurance. The criteria around that is: if an applicant is eligible to receive insurance, they must use that before accessing any grant funding.

Mr MICKELBERG: Mr Hallam, in relation to the security requirement on loans—and understanding you are probably taking a first or second mortgage over real property—does QRIDA take priority over a bank? How do you administer that?

Mr Hallam: I believe the regulatory requirement is that loans have to be secured to the satisfaction of QRIDA, so what we can look at is fairly broad ranging. When we are talking about $250,000 loans we are generally talking about mortgage security, in particular for primary producers who have that asset underlying their business. There is no requirement around it having to be a first mortgage, so priority arrangements with banks are quite common. They will give us priority to the extent of our debt or loan to that business.

Mr MICKELBERG: How many staff does QRIDA currently have assessing grant and loan applications in relation to the present situation?

Mr Hallam: I am not aware of that number at the moment. We are in a position of ramping up resources. We have what we call a search register of people out in the community who have worked with us previously or who have the necessary skills that we call on when we have these events. We can ramp up very quickly and we are in that process at the moment. There are a lot of new faces and bodies around the place, but I can access that number for you.

Mr Miller: I am one of the government representatives on the QRIDA board. Certainly, QRIDA's commitment is that we will have sufficient resources available to manage the surge in requests. We know there are going to be a lot of category C grant requests coming in and also loan requests, so we will have sufficient resources to respond to that.

Mr MICKELBERG: With respect to assessments, what are the current time frames in relation to firstly grants and secondly loans?

Mr Miller: Typically, with loans it will take a while before producers consider what lending requirements they might have moving forward. Normally it is within the next few months that producers would consider what loans they might need. Regarding grants, late last week I think they were being processed within less than two days. Our commitment is to process them as quickly as possible, but as many more come in we will keep matching the resources so there is a very quick turnaround—as quickly as possible—so that people can get the money, because a key element of category C is to get money on the ground so that people can start rebuilding.

Mr MICKELBERG: Does the department or QRIDA utilise technology, for example geospatial mapping, to assess exposure to a natural disaster event? I guess I am thinking about it from the perspective of departmental proactive engagement with those who may be affected as opposed to waiting for the affected individual or business to come to the department to ask for assistance.

Mr Miller: As a department we undertake impact assessments and get as good a feel as possible for the extent of the impacts, and we work closely with QRIDA around what that means.

Mr WEIR: There will be an awareness campaign for those who have been affected in terms of what is available and time frames. How long does a disaster declaration run?

Mr Miller: For the category B loans that are currently available, people can apply up to two years from the date the event was named. For category C grants—currently category C and D grants are up to $75,000 for primary producers and still at $25,000 for small businesses and not-for-profits—the actual request lasts for six months at the moment. That is monitored and, if both the state and the Commonwealth agree, that can be extended if there is a need to extend that time line.

Ms PUGH: Noting that these are largely procedural changes, can you briefly outline how you see updates improving the ability of the government of the day to respond to disasters, natural or otherwise?

Mr Miller: As a quick summary, and as we have discussed a little bit, it has improved the consistency across what people and entities are eligible for. That is a certain improvement. The fact that producers, for example, can now restock and purchase livestock is a change and a significant improvement from previously. It will allow producers to get back into production more quickly. Those are a couple of examples of some the improvements.

Mr Rudwick: There is also consistency between various levels of category C recovery grants. In Queensland generally they tend to be very big events because of their nature, so we just about always go for the $25,000 grants rather than the smaller $10,000 ones. If that ever occurred now, the producers would be able to access the same types of grants up to $10,000 as they do under 25—or in the particular event we are currently facing, 75. There is greater consistency at that level, too.

Mr WEIR: I am thinking of businesses that are going to be affected in those towns. With the loss of livestock, a whole range of businesses will be severely impacted. Are there any options for them?

Mr Miller: At the moment, if small businesses within those towns have been directly damaged they can get category C grants of up to $25,000. If they have not been directly damaged but have a loss of income due to loss of trade due to the highway being cut for however long and for the lack of trade that might come as people rebuild, there are currently loans of up to $100,000 for essential working capital. That would be available as well. Those are the things that are available right now. At the moment, the Commonwealth and the state are still working through whether further assistance options are appropriate under category D. Those are being worked through, and we will see what is announced in the future.

Mr WEIR: That should not be too far away?

Mr Miller: No. It is essentially a negotiation between the Commonwealth and the state as to what they cost-share under category D. I do not know when announcements will be made, but they will be made as soon as possible.

Mr MICKELBERG: Is the application process for the working capital loans you just mentioned the same as for a secured loan in relation to a loan under scheme C?

Mr Hallam: Yes, the application process is very similar. It is a paper based form. As opposed to demonstrating direct damage, applicants demonstrate their loss of income as a consequence of the disaster, so it is something that has happened elsewhere that is affecting their trade. We do an analysis of their cash flow budgets going forward and try to provide a loan to cover that shortfall for at least the next 12 months.

Mr MICKELBERG: Up to a limit of $100,000.

Mr Hallam: Up to $100,000, yes.

Mr MICKELBERG: If a business has been impacted under a current event in North-West Queensland—let's call it a service station—presumably the income or the revenue impact will be over the next six months but working capital is designed to meet the short-term expenses. How does a working capital loan assist them if it has to be proven post the impact itself?

Mr Hallam: We ask applicants to prepare cash flow budgeting that incorporates their assessment of the impact on their income as a consequence of the event. We will be looking at the shortfall over that period and trying to cover that with a loan so that all their essential working capital requirements are met over the period going out.

Mr MICKELBERG: An assumption based cash flow forecast would be enough to justify the financial aspect?

Mr Hallam: It would be. We would also look at past financial statements, and they would be around the viability of the business. It is a bit of a test against their cash flow budgeting.

CHAIR: The time allocated for the session has now expired. We do not have any questions on notice. That concludes this briefing. On behalf of the committee I would like to thank the departmental officers who have participated today. Thank you to our Hansard reporters and thank you, of course, to our secretariat. A transcript of these proceedings will be available on the committee's parliamentary web page in due course. I declare the public briefing closed.

The committee adjourned at 11.48 am.