

## **EXPLANATORY STATEMENT**

**Issued by Authority of the Minister for Agriculture and Water Resources and  
the Minister for Finance and the Public Service**

*Regional Investment Corporation Act 2018*

*Regional Investment Corporation Operating Mandate (Amendment) Direction 2018*

### **Legislative Authority**

The *Regional Investment Corporation Act 2018* (the Act) establishes the Regional Investment Corporation (the Corporation). The Corporation's functions are set out in section 8 of the Act and include administering farm business loans.

Subsection 11(1) of the Act requires the responsible Ministers to give directions, by legislative instrument, to the Corporation about the performance of the Corporation's functions.

On 6 June 2018, the responsible Ministers for the Corporation made the *Regional Investment Corporation Operating Mandate Direction 2018* (the Operating Mandate Direction). The Operating Mandate Direction directs the Corporation in relation to the performance of the Corporation's functions, including matters relating to the:

- objectives the Corporation is to pursue in administering its programs,
- expectations relating to the strategies and policies to be followed for the effective performance of the Corporation's functions,
- eligibility criteria for farm business loans and financial assistance to the States and Territories for water infrastructure projects, and
- financial arrangements for the Corporation.

Subsection 33(3) of the *Acts Interpretation Act 1901* provides that where an Act confers a power to make an instrument of a legislative character, it includes a power to amend such an instrument.

### **Purpose**

The purpose of the *Regional Investment Corporation Operating Mandate (Amendment) Direction 2018* (Amendment Direction) is to amend the Operating Mandate Direction to provide for an increase in part of the loan specifications for farm business concessional loans from \$1 million in total to \$2 million in total.

The Amendment Direction also corrects typographical errors in the Operating Mandate Direction.

## **Background**

On 19 August 2018, the government announced it was doubling the amount a farmer may borrow in concessional loans from \$1 million to \$2 million. This was one of a number of measures announced by the government to assist drought affected farmers.

## **Impact and Effect**

The Amendment Direction allows the Corporation to offer loans up to a maximum of \$2 million in total to farm businesses.

It also corrects typographical errors in Schedule 2, which sets out the policy objectives, eligibility requirements and mandatory assessment criteria of the water infrastructure loan facility.

## **Consultation**

The Department of Agriculture and Water Resources consulted with the Australian Government Solicitor and the Department of Finance in drafting the Amendment Direction.

## **Details/Operation**

Details of the Amendment Direction are set out in [Attachment A](#).

The Amendment Direction is a legislative instrument for the purposes of the *Legislation Act 2003*.

The Amendment Direction is compatible with the human rights and freedoms recognised or declared under section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*. A statement of compatibility is set out in [Attachment B](#).

**Details of the *Regional Investment Corporation Operating Mandate (Amendment) Direction 2018***

**PART 1 - PRELIMINARY**

**Section 1 – Name of Instrument**

This section provides that the name of the instrument is the *Regional Investment Corporation Operating Mandate (Amendment) Direction 2018*.

**Section 2 – Authority**

This section provides that this instrument is made under subsection 11(1) of the *Regional Investment Corporation Act 2018*.

**Section 3 – Commencement**

This section provides for the Amendment Direction to commence on the day after registration. The section includes a note that provides that section 42 of the *Legislation Act 2003* (which deals with the disallowance of legislative instruments) applies to the instrument. The note refers the reader to section 11(4) of the *Regional Investment Corporation Act 2018*.

**Section 4 – Schedule**

This section provides that the Schedule amends the *Regional Investment Corporation Operating Mandate Direction 2018*.

**SCHEDULE – AMENDMENTS**

***Regional Investment Corporation Operating Mandate Direction 2018***

**Item 1 – Schedule 1**

This item omits the words “\$1 million in total”, and substitutes the words “\$2 million in total” under the heading “Loan specifications”, in Schedule 1 to the Operating Mandate Direction. to provide that the maximum amount of an applicant’s farm business concessional loan or loans is the lesser of \$2 million in total, or an amount that would result in the farm business having 50 per cent of its total funded debt in Commonwealth funded concessional loans. Previously, the provision specified that the maximum amount of an applicant’s farm business concessional loan or loans was \$1 million in total, or an amount that would result in the farm business having 50 per cent of its total debt in Commonwealth funded concessional loans.

**Item 2 – Schedule 2**

This item corrects typographical errors in Schedule 2 to the Operating Mandate Direction. Under the heading “Mandatory assessment criteria”, this item omits all the paragraphs underneath the words “The Board must not recommend approving an application for a water infrastructure loan unless the following criteria are satisfied”, and substitutes these with the

identical paragraphs that were contained underneath the heading “Mandatory assessment criteria” in Schedule 2 to the Operating Mandate Direction, except with the following typographical errors corrected.

The first typographical error was that in the list of paragraphs under the heading “Mandatory assessment criteria” there were two items listed as paragraph (a). The item corrects the list so that there are no duplications. The second error was under paragraph (g), which was missing the word ‘a’ in the first sentence before the words ‘clear and credible plan’. The item corrects this by inserting the missing word ‘a’ in paragraph (g).

## **Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

*Regional Investment Corporation Operating Mandate (Amendment) Direction 2018*

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

### **Overview of the Legislative Instrument**

The purpose of this Legislative Instrument is to amend the *Regional Investment Corporation Operating Mandate Direction 2018* to provide for an increase in part of the loan specifications for farm business concessional loans from \$1 million in total to \$2 million in total.

### **Human rights implications**

This Legislative Instrument does not engage any of the applicable rights or freedoms.

### **Conclusion**

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

**The Hon. David Littleproud MP**  
**Minister for Agriculture and Water Resources**

**Senator the Hon. Mathias Cormann**  
**Minister for Finance and the Public Service**