

This PUBLIC BILL originated in the LEGISLATIVE ASSEMBLY, and, having this day passed, is now ready for presentation to the LEGISLATIVE COUNCIL for its concurrence.

R. E. WARD,
for Clerk of the Legislative Assembly.

*Legislative Assembly Chamber,
Sydney, 22 September, 1971.*

New South Wales



ANNO VICESIMO

ELIZABETHÆ II REGINÆ

Act No. , 1971.

An Act to approve and ratify an Agreement between the Commonwealth and the State of New South Wales in relation to rural reconstruction; and for purposes connected therewith.

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows:—

5 **1.** This Act may be cited as the "States Grants (Rural Short title. Reconstruction) Agreement Ratification Act, 1971".

2.

States Grants (Rural Reconstruction) Agreement Ratification.

2. In this Act, except in so far as the context or subject-matter otherwise indicates or requires :—

5 “the Authority” means any instrumentality appointed by the Minister to be the Authority for the purposes of this Act ;

“the Agreement” means the Agreement, a copy of which is set out in the Schedule to this Act.

3. (1) The Agreement is hereby approved, ratified and confirmed and may be carried into effect notwithstanding the 10 provisions of any other Act. ^{Ratification of Agreement.}

(2) All acts, matters and things for or with respect to which provision is made in the Agreement, or which by the Agreement are agreed, directed, authorised or permitted to be made, done or executed by or on behalf of the Minister or the 15 Treasurer or the Auditor-General or the Authority are hereby sanctioned, authorised and confirmed.

SCHEDULE.

Sec. 2.

AN AGREEMENT made the _____ day of _____ One thousand nine hundred and _____ 20 seventy-one between—

25 THE COMMONWEALTH OF AUSTRALIA (in this agreement called “the Commonwealth”) of the first part,
THE STATE OF NEW SOUTH WALES of the second part,
THE STATE OF VICTORIA of the third part,
THE STATE OF QUEENSLAND of the fourth part,
THE STATE OF SOUTH AUSTRALIA of the fifth part,
THE STATE OF WESTERN AUSTRALIA of the sixth part, and
THE STATE OF TASMANIA of the seventh part.

WHEREAS—

States Grants (Rural Reconstruction) Agreement Ratification.

WHEREAS—

- 5 (a) the Commonwealth and the States recognize that there is need to provide assistance to persons engaged in rural industries throughout Australia in the interest of those industries and of Australia generally;
- 10 (b) Ministers of the Commonwealth and of the States have agreed upon the Outline of Proposals for Rural Reconstruction set out in the Schedule to this agreement as constituting a Scheme under which assistance of various kinds could be provided;
- (c) the carrying out of the said Scheme is dependent upon financial assistance being granted by the Parliament of the Commonwealth to the States for that purpose;
- 15 (d) the Parliament of the Commonwealth has authorized the execution of this agreement by and on behalf of the Commonwealth and the provision of financial assistance to the States as provided in this agreement:

NOW IT IS HEREBY AGREED as follows:

I.—INTRODUCTORY

- 20 1.—(1.) This agreement shall, as between the Commonwealth and a State, come into force when it has been entered into by the Commonwealth and that State. **Operation of Agreement.**
- 25 (2.) Notwithstanding that all the States of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania are named as parties to this agreement, this agreement shall operate as an agreement between the Commonwealth and each State in respect of which it has come into force as fully and effectually as if the State or States in respect of which it has come into force were the only State or States named as a party or as parties to the agreement.
- 30 (3.) In this agreement, each State in respect of which the agreement has come into force is referred to as a "State", and the expression "the States" means, except where the context otherwise requires, all of the States in respect of which for the time being the agreement is in force.
- 35 2. The Commonwealth will provide for or secure the performance by it and its authorities of the obligations of the Commonwealth under this agreement and each of the States will provide for or secure the performance by the State and its authorities and instrumentalities of the obligations of the State under this agreement. **Performance of Agreement.**

States Grants (Rural Reconstruction) Agreement Ratification.

3.—(1.) In this agreement, unless the contrary intention appears— Interpretation.

“financial year” means a period of twelve months ending on the thirtieth day of June;

5 “the Authority” means, in relation to a State, the authority or authorities of the State that has or have the administration of the Scheme on behalf of the State and, in a case where there are more than one authority, refers, where the context requires reference to one authority, to the relevant authority of the State;

10 “the Scheme” means the Scheme to be established and operated by a State in accordance with clause 4 of this agreement;

“the Treasurer” means the Treasurer of the Commonwealth.

(2.) References in this agreement to a Minister of the Commonwealth or of a State shall include a reference to a Minister for the time 15 being acting for or on behalf of the Minister referred to.

II.—ADMINISTRATION OF SCHEME

4.—(1.) Each State will, by using the financial assistance provided State to by the Commonwealth in accordance with this agreement, establish operate and operate a scheme of financial assistance to persons engaged in Scheme. 20 rural industries in that State.

(2.) The Scheme shall consist of the forms of assistance described in, and shall be established and operated in conformity and in accordance with the general principles and the provisions set out in, the Outline of Proposals for Rural Reconstruction contained in the 25 Schedule to this agreement, as amended at any time in pursuance of clause 10 of this agreement.

5. For the purposes of this agreement the various forms of assistance under the Scheme are referred to as follows— Components of Scheme.

30 (a) the assistance provided for in Part II of the Schedule—as debt reconstruction;

(b) the assistance provided for in Part III of the Schedule—as farm build-up; and

(c) the assistance provided for in Part IV of the Schedule—as rehabilitation.

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6. Subject to the provisions expressly made by this agreement, the financial assistance provided by the Commonwealth under this agreement shall be allocated between the forms of assistance under the Scheme as the State considers appropriate but with the general objective that one half of the financial assistance made available over the period of four years as hereinafter provided will be applied to farm build-up.
7. Where funds are available to a State from balances arising from the operation of the Commonwealth Loan (Farmers' Debt Adjustment) Act 1935, as amended, and are capable of being used for a form of assistance included in the Scheme, those funds shall be used by the State for that form of assistance before any financial assistance is provided by the Commonwealth under this agreement for that purpose.
8. The rates of interest at which moneys are lent by the Authority of a State under the Scheme shall be—
- (a) for loans for debt reconstruction—at such rates as will average not less than four per centum per annum over all loans made; and
- (b) for loans for farm build-up—at not less than six and one quarter per centum per annum.
9. Each State will provide from its own budget the administrative costs incurred in and in connexion with the establishment and operation of the Scheme.
- 10.—(1.) The provisions of the Schedule to this agreement may be amended from time to time by agreements between the Ministers of the Commonwealth and of the States for the time being responsible for the administration of the Scheme.
- (2.) Where so agreed between the Commonwealth Minister and the Minister or Ministers of the relevant State or States, the amendments to the provisions of the Schedule to this agreement may be made and take effect as between the Commonwealth and one or more of the States without affecting the operation of this agreement as between the Commonwealth and a State the Minister of which has not so agreed.

Allocation
of Financial
Assistance.Farmers'
Debt Adjust-
ment
Funds.Interest
Rates under
Scheme.Amendment
of the
Schedule.

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III.—FINANCIAL ASSISTANCE

5 11. Subject to, and to the performance by a State of, the provisions of this agreement, the Commonwealth will make available to the States for the purposes of the Scheme financial assistance amounting to One hundred million dollars (\$100,000,000), or such lesser amount as may be allocated among the States under the next succeeding clause, over a period commencing on the date of this agreement and ending on the thirtieth day of June, 1975. Provision of Financial Assistance.

10 12.—(1.) Subject to sub-clauses (2.) and (3.) of this clause the financial assistance shall be allocated to the States as follows: Allocation of Financial Assistance between States.

New South Wales	\$32,000,000
Victoria	\$22,070,000
Queensland	\$16,000,000
South Australia	\$12,000,000
15 Western Australia	\$14,630,000
Tasmania	\$ 3,300,000

20 (2.) The allocation of financial assistance provided for by sub-clause (1.) of this clause shall be varied from time to time in accordance with any agreement in respect of allocation of funds reached by the Commonwealth and the States upon a review under clause 24 of this agreement.

25 (3.) In the event that this agreement does not come into force or ceases to be in force in relation to one or more than one of all States, the amount of financial assistance that is allocated to that State or those States under the preceding sub-clauses of this clause may be allocated to the States in relation to which the agreement is in force to the extent and according to such allocation as is determined by the Commonwealth after consultation with the States.

30 13.—(1.) The Treasurer may, at such times and in such amounts as he thinks fit, make advances on account of the payments that may be made by the Commonwealth under clause 15 of this agreement. Advances.

35 (2.) An amount or part of an amount advanced by the Treasurer under this clause may be deducted by the Commonwealth from an amount that subsequently becomes payable under clause 15 of this agreement or, if no further amounts will become payable under that clause, shall be refunded by the State to the Commonwealth at the request of the Treasurer.

40 14. A State shall ensure that an amount, or any part of an amount, advanced to the State and not refunded under the last preceding clause is not used or applied except for the establishment or operation of the Scheme. Use of Advances.

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15. The Commonwealth shall, from time to time, at the request of a State and subject to the provisions of this agreement make payments to the State of the financial assistance to be provided to the State under this agreement in amounts equal to the expenditure incurred by the State (other than administrative expenses) in the establishment and operation of the Scheme.

Payments of
Financial
Assistance.

16.-(1.) A State shall furnish to the Treasurer such documents and other evidence to justify the making of an advance under clause 13 of this agreement or in support of a request by the State for a payment to it by the Commonwealth under the last preceding clause as the Treasurer may from time to time reasonably request, whether the request by the Treasurer is made before or after the Commonwealth has made the advance or a payment pursuant to the request by the State.

Supporting
Financial
Evidence.

15 (2.) Any statement of expenditure by a State furnished to the Treasurer in connexion with a request by the State for a payment under clause 15 of this agreement shall be certified by the Auditor-General of the State as to its correctness in accordance with the books and documents of the Authority.

20 17.-(1.) Interest at the rate of six per centum per annum shall accrue in respect of so much of each amount that has been advanced or paid to the State under this agreement as is repayable by the State under clause 18 of this agreement and has not for the time being been refunded or repaid to the Commonwealth, calculated from the date upon which the advance or payment was made by the Commonwealth.

Interest.

30 (2.) Interest accrued under this clause prior to the date upon which interest becomes included in the payments provided for by the next succeeding clause shall be payable on the fifteenth day of January and the fifteenth day of July in each year.

35 18.-(1.) Subject to the provisions of the next succeeding clause, each State shall repay to the Commonwealth three quarters of each of the advances made to the State and not refunded under clause 13 of this agreement and of the payments made to the State under clause 15, together with interest referred to in sub-clause (2.) of this clause, by thirty-four equal half-yearly payments, the first payment to be made on the fifteenth day of July of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth to the State and subsequent payments to be made on each fifteenth day of January and fifteenth day of July thereafter until the full amount of the repayment, including interest, has been paid.

Repayments
by the State
with
Interest.

(2.)

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(2.) The interest to be included in payments referred to in sub-clause (1.) of this clause shall be interest that will, in accordance with sub-clause (1.) of the last preceding clause, accrue in respect of the relevant advance or payment on and from the commencement
5 of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth.

19.—(1.) In addition to making payments in accordance with the last preceding clause, a State may on the fifteenth day of January or on the fifteenth day of July in any year, after having given to
10 the Treasurer notice in writing of at least one month of its intention to do so, pay to the Commonwealth an amount that has been specified in the notice of the repayments that remain to be made by the State under that clause.

(2.) Interest at the rate of six per centum per annum shall
15 accrue on amounts paid by a State in accordance with sub-clause (1.) of this clause, calculated from the date of payment and compounded with half-yearly rests on each fifteenth day of January and fifteenth day of July.

(3.) When on any fifteenth day of January or fifteenth day of
20 July the payment by the State under the last preceding clause exceeds the amount by which the unrepaid balance of the total amount repayable under that clause together with interest accrued on that total amount up to and including that date exceeds the total of the amounts paid by the State to the Commonwealth in accordance with
25 sub-clause (1.) of this clause together with interest accrued on those amounts up to and including that date under sub-clause (2.) of this clause, the State shall pay to the Commonwealth the amount of the second mentioned excess in lieu of the amount due under the last preceding clause and no further payments shall be required to be
30 made by the State to the Commonwealth under that clause.

20.—(1.) Each State agrees to operate the Scheme in such a way that, taking into account its experience with other schemes of rural assistance and the normal expectations as to factors that affect farmers' incomes that are current at the date of this agreement, the
35 amounts received by the Authority in the course of the operation of the Scheme could be reasonably expected to equal the payments of principal and interest which the State is required to make to the Commonwealth under this agreement.

(2.) Should a State certify that, without taking into account
40 its administrative costs, it has incurred losses under the Scheme from circumstances beyond its control arising after the date of this agreement and disadvantageous compared with past experience and normal expectations as to factors that affect farmers' incomes referred to in

sub-clause

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sub-clause (1.) of this clause, the Commonwealth agrees to review the position with the State with a view to adjusting amounts payable to the Commonwealth by the State under this agreement to the extent of such losses.

5 (3.) The provisions of this agreement in relation to the times at which payments are to be made by the State to the Commonwealth and the amounts of the payments that are to be made may be varied in such manner as is agreed between the Commonwealth and the State upon a review carried out in accordance with sub-clause (2.)
10 of this clause.

21. A State shall prepare and furnish to the Treasurer not later than the thirtieth day of April in each year a statement or statements showing the estimated expenditure necessary to operate the Scheme during the next financial year and estimates of the amounts that the State will request the Commonwealth to pay to the State under this agreement during that financial year.
15

22.—(1.) The accounts, books, vouchers, documents and other records of a State relating to the operation of the Scheme shall be subject to audit by the Auditor-General of the State.
Audit.

20 (2.) Until such time as the total amount of the financial assistance to a State has been provided by the Commonwealth and applied by the State in accordance with this agreement and supporting evidence to the satisfaction of the Treasurer in relation to all amounts advanced or paid by the Commonwealth has been furnished by the State, a report on the audits in respect of each financial year shall be furnished by the Auditor-General of the State to the Treasurer as soon as possible after the completion of the financial year.
25

23. Financial arrangements in connexion with the Scheme other than those provided for in this agreement shall be carried out as agreed from time to time between the Treasurer and the Treasurer of each State.
30

IV.—GENERAL

24.—(1.) The operation of the Scheme in relation to all of the States will be reviewed from time to time as appropriate by the Commonwealth and the States in the light of experience in its administration.
35

(2.)

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(2.) A review under sub-clause (1.) of this clause shall be carried out not later than the time necessary to enable to be brought into operation by the first day of July, 1972 any adjustments or amendments which it may be agreed should be made to the Scheme in respect of—

- 5 (a) the funds to be provided for the Scheme;
- (b) the allocation of funds between the States;
- (c) the provisions for losses (other than unforeseen losses) and write-offs available to the States under the Scheme;
- 10 (d) the interest rates to be charged to borrowers; and
- (e) the proportion of the financial assistance applied to farm build-up.

25. The Authorities of the States and appropriate Commonwealth Exchange of officers associated with the Scheme will meet together as appropriate Information. and at least once in each year and exchange information on any matters pertinent to the Scheme.

THE SCHEDULE

RURAL RECONSTRUCTION—OUTLINE OF PROPOSALS

PART I—GENERAL PRINCIPLES

- 20 (a) No agricultural industry is excluded from the scheme (except for farm build-up cases eligible under the Marginal Dairy Farms Reconstruction Scheme). It has, however, been framed with the circumstances of the sheep and sheep/wheat industries primarily in mind. Where the particular circumstances of an agriculturalist in another industry are such that the scheme applies to his circumstances, it is open to him to apply. It is recognized that in respect of farm build-up the particular circumstances of some industries (e.g. apples, pears, dried vine fruits) may need additional special consideration.
- 25
- 30

(b)

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- 5 (b) The general principle to be applied is to distribute the available resources as widely as practicable, but the overriding objective is to help restore to economic viability those farms and farmers with the capacity to maintain viability once achieved.
- (c) It is expected that each administering Authority will avail itself of the best available advice on agricultural technology and market prospects.
- 10 (d) Companies will not be eligible for assistance unless the Authority, having considered the shareholdings and being satisfied that the shareholders are bona fide primary producers relying primarily on the income from the company for their livelihood, considers it appropriate to provide assistance.
- 15 (e) In cases of assistance under the heading of debt reconstruction or by way of advances for carry-on expenses, plant, livestock and property development in farm build-up cases, it is an essential part of the scheme that adequate supervision of property management and the financial affairs of the
- 20 assisted farmer is maintained. If the Authority deems it necessary it may require that moneys receivable on account of the property will be received by the Authority or its agent or a body nominated by the Authority, payments within the approved budgets being made through normal channels.
- 25 (f) Repayment of advances made by the Authority and interest due thereon will be secured by the best and most appropriate security available, recognizing that this may involve ranking after existing securities.
- 30 (g) A transfer of the property before advances made by the Authority are repaid will be permitted only with the consent of the Authority, which will upon transfer, or upon succession on the death of the borrower, have the right to review its arrangements in respect of the property.
- 35 (h) The arrangements with the assisted farmer are subject to regular review by the Authority from time to time and are liable to termination in the event of the farmer ceasing to be personally in working occupation of the property, failing to observe his obligations and undertakings under the arrangements or in the event of the Authority arriving at the
- 40 conclusion that for any reason he lacks prospects of successful occupation. Otherwise the arrangements shall be terminable when the Authority arrives at the conclusion that his prospects of successful occupation are no longer dependent on the extension of concessional finance. Upon termination
- 45 of the arrangements, all debts will then become due and payable.

PART

States Grants (Rural Reconstruction) Agreement Ratification.

PART II—DEBT RECONSTRUCTION

(1) Purpose

5 To assist a farmer who, although having sound prospects of long term commercial viability, has used all his cash and credit resources and cannot meet his financial commitments.

(2) Tests of Eligibility

- (a) The applicant is unable to obtain finance to carry on from any other normal source and is thus in danger of losing property or other assets if not assisted under the scheme.
- 10 (b) There is a reasonable prospect of successful operation with the assistance possible under the scheme, the prime requirement being ability to service commitments and to reach the stage of commercial viability within a reasonable time.
- 15 (c) Assistance is merited and the applicant's difficulties are not substantially due to circumstances within his control.

(3) Nature of Assistance

The assistance to be provided may encompass where necessary:

- (a) A re-arrangement and/or a composition of debts to allow more time for payment.
- 20 (b) The negotiation of a concessional rate of interest for existing rates.
- (c) Advances of additional funds for carry-on expenses, livestock and further property development, at reasonable interest rates.
- 25 (d) Where the State legislation so provides, a protection order against any creditor who has threatened action for debt, to apply while the application is under consideration and subject to such extensions as the administering Authority may from time to time determine.

30 (4) Method of Operation

(a) A re-arrangement and/or composition may take the form of the Authority advancing money to pay off in whole or in part the creditors (whether or not the debts have been written down by the creditors under (b) below) excluding the Crown. There may be an arrangement by the secured or unsecured creditors to postpone repayments of principal and to refrain from taking action against the debtor for a specified time. Composition arrangements require the agreement in writing of creditors.

(b)

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- 5 (b) The possibility of creditors, including the Crown, local authorities and public utilities being asked to defer or write-off part of their debts—possibly at a uniform rate but with due regard to priority of security—should be considered. Creditors should not be pressed to the extent that the availability of credit to rural industries is damaged.
- 10 (c) Additional funds advanced for carry-on expenses, livestock and further property development will be strictly limited to the minimum which the Authority considers is required to enable the farmer to carry on and free himself from dependence on the Authority's assistance within the term of the advances made to him by the Authority.
- 15 (d) In exceptional cases, advances for carry-on expenses and livestock may be made to a farmer who is not yet in immediate danger of losing property or other assets but who in the opinion of the Authority is likely to reach that position without such assistance, such cases being tested strictly against the remaining eligibility criteria.
- 20 (e) The rate of interest payable on advances made by the Authority to pay off creditors and also advances made for carry-on expenses, livestock, plant and property development, will be decided by the Authority on the circumstances of the particular case. The Authority will have the right to review the interest rates on individual accounts at any time and should review the interest rates at regular intervals. The Authority will ensure that the average interest rate over all loans made will be not less than 4 per centum per annum.
- 25 (f) Where protection orders apply it is desirable to establish a relationship with creditors such that the Authority is acting in combined interests of applicant and creditors, secured and unsecured.
- 30

(5) Limits

The Authority shall have discretion to determine:

- 35 (a) The terms and conditions of any loan it may make up to a maximum repayment term of 20 years. In a number of cases an initial period of freedom from repayments of principal would be justifiable depending on the circumstances of the case and the interest rate to be charged.
- 40 (b) The proportion of debts paid off by advances in any one case.
- (c) The total of advances which may be made by the Authority in any one case.

PART

States Grants (Rural Reconstruction) Agreement Ratification.

PART III—FARM BUILD-UP

(1) Purpose

5 To supplement, without discouraging, the normal processes under which properties which are too small to be economic are amalgamated with an adjoining holding or are subdivided and the subdivided portions are added to adjoining holdings, or to assist a farmer with a property too small to be economic to purchase additional land to build up his property to at least economic size.

10 (2) Tests of Eligibility

- (a) The owner of the property to be purchased wishes to sell or accepts that he is obliged to sell.
- (b) The purchaser is unable to obtain the finance applied for from any other source.
- 15 (c) The Authority is satisfied that the built-up property will be of sufficient size to offer sound prospects of long term commercial viability.
- (d) Where an application is made by an adjoining owner for assistance under the scheme to purchase an uneconomic property, but there is a possibility of sale of the property to another adjoining owner who does not require assistance under the scheme, assistance will be provided only if the applicant's property would be built-up from an uneconomic to an economic size.
- 20
- 25 (e) The term "adjoining holding" includes a holding which is within a reasonable working distance of the holding under consideration where there is no impediment to the two holdings being worked as a single unit.

(3) Nature of Assistance

- 30 (a) The provision to the purchaser of finance at an interest rate not less than 6½ per centum per annum to assist the purchase of an adjoining holding or part of an adjoining holding.
- 35 (b) Grants at the discretion of the Authority to cover, in whole or in part, losses sustained in the disposal of assets included in the purchase price of the property, which are not useful for the built-up property.
- 40 (c) Advances, at an interest rate not less than 6½ per centum per annum, for carry-on expenses, plant, livestock, and property development in respect of the additional land where not available from other sources.

(4)

States Grants (Rural Reconstruction) Agreement Ratification.

(4) Method of Operation

- 5 (a) A property will not be purchased by the Authority at random, simply because it is uneconomic and the farmer intends to leave the industry; normally a property will be purchased only where arrangements have been made for an adjoining owner to take over the property or for the property to be subdivided and the subdivided parts added to adjoining properties.
- 10 (b) It would however be appropriate for the Authority to take the initiative to encourage an adjoining owner to purchase an uneconomic farm where the Authority is aware that the owner of the uneconomic farm wishes to leave the industry or accepts that he is obliged to leave the industry; this particularly applies where it is unlikely that the appropriate purchaser or purchasers will be able to purchase the additional land unless the Authority provides assistance for the purchase.
- 15 (c) None of the foregoing would prevent the Authority from purchasing an uneconomic property in advance of arrangements having been made for the property to be added to an adjoining property or properties, where the programme of farm adjustment could not otherwise be achieved.
- 20 (d) Since it is required that there must be reasonable prospects of successful operation of the built-up property, the Authority in considering the transfer price of land will have regard to its productivity value.
- 25 (e) If the farmer is able to satisfy the conditions of eligibility under both schemes, a farmer assisted under the debt reconstruction scheme may also be assisted to acquire land to build up his farm to economic size.
- 30 (f) Grants to cover losses on the write off of redundant assets will be kept to a minimum.
- 35 (g) Where advances are made for carry-on expenses, plant, livestock and property development, the advances will be strictly limited to the minimum which the Authority considers is required to enable the farmer to carry on and free himself from dependence on the Authority's assistance within the term of the advances made to him by the Authority.
- 40 (h) The rate of interest payable on advances made by the Authority under the farm build-up proposal will be set by the Authority, but will not be less than 6½ per centum per annum.

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- (i) While any advances by the Authority in respect of a built-up property remain unpaid, the transfer of part of the built-up property will not be permitted if this would result in a property of a size too small to be economic.

5 (5) Limits

- (a) The term of a loan by the Authority and conditions of repayment of principal will be at the discretion of the Authority up to a maximum repayment term of 20 years. In a number of cases an initial period of freedom from repayments of principal would be justifiable, depending on the circumstances of the case and the interest rate to be charged.
- (b) The total of advances which may be made up by the Authority in any one case shall also be at its discretion.

15 PART IV—REHABILITATION

(1) Purpose

To provide limited assistance to those obliged to leave the industry where in the opinion of the Authority administering the scheme this is necessary to alleviate conditions of personal hardship.

(2) Conditions of Eligibility

- (a) The applicant's property must have been purchased by an adjoining owner who has been assisted under the farm build-up provisions to make the purchase or the applicant must have been unable to secure assistance under the debt reconstruction provisions because his property is assessed not to have sound prospects of long term commercial viability; and
- (b) Taking into account the financial position of the applicant after his property has been sold, he will suffer financial hardship which will be alleviated by assistance under these provisions.

(3) Nature of Assistance

A loan on such conditions as to interest rate, if any, and repayment as are determined by the Authority up to a maximum of \$1,000 in any one case.

(4)

States Grants (Rural Reconstruction) Agreement Ratification.

(4) Method of Operation

The loans will be available at the discretion of the Authority administering the scheme.

IN WITNESS WHEREOF this agreement has been executed by
5 the Parties as at the day and year first above-mentioned.

Signed for and on behalf of THE
COMMONWEALTH OF AUS-
TRALIA by the Right Honour-
able WILLIAM McMAHON,
10 the Prime Minister of the Com-
monwealth, in the presence of—
I. GRIGG. } WILLIAM McMAHON
(L.S.)

Signed for and on behalf of THE
STATE OF NEW SOUTH
15 WALES by the Honourable
ROBIN WILLIAM ASKIN, the
Premier of the State, in the
presence of—
G. M. GRAY. } R. W. ASKIN (L.S.)

20 Signed for and on behalf of THE
STATE OF VICTORIA by
the Honourable SIR HENRY
EDWARD BOLTE, the Premier
of the State, in the presence
25 of—
L. W. CARVER. } HENRY BOLTE (L.S.)

Signed for and on behalf of THE
STATE OF QUEENSLAND by
the Honourable JOHANNES
30 BJELKE PETERSEN, the
Premier of the State, in the
presence of—
KEITH SPANN. } JOH. BJELKE PETERSEN
(L.S.)

Signed for and on behalf of THE
35 STATE OF SOUTH AUS-
TRALIA by the Honourable
DONALD ALLEN DUNSTAN,
the Premier of the State, in the
presence of—
40 J. S. WHITE. } D. A. DUNSTAN (L.S.)

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5 Signed for and on behalf of THE
STATE OF WESTERN AUS-
TRALIA by the Honourable
JOHN TRESIZE TONKIN, the
Premier of the State, in the
presence of—
W. S. LONNIE. } JOHN T. TONKIN (L.S.)

10 Signed for and on behalf of THE
STATE OF TASMANIA by the
Honourable WALTER ANGUS
BETHUNE, the Premier of the
State, in the presence of—
B. COWLING. } W. A. BETHUNE (L.S.)

No. , 1971.

A BILL

To approve and ratify an Agreement between the Commonwealth and the State of New South Wales in relation to rural reconstruction; and for purposes connected therewith.

[MR LEWIS—8 SEPTEMBER, 1971.]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows :—

5 **1.** This Act may be cited as the "States Grants (Rural Short title. Reconstruction) Agreement Ratification Act, 1971".

2.

States Grants (Rural Reconstruction) Agreement Ratification.

2. In this Act, except in so far as the context or subject-matter otherwise indicates or requires :—

5 “the Authority” means any instrumentality appointed by the Minister to be the Authority for the purposes of this Act ;

“the Agreement” means the Agreement, a copy of which is set out in the Schedule to this Act.

3. (1) The Agreement is hereby approved, ratified and confirmed and may be carried into effect notwithstanding the provisions of any other Act.

(2) All acts, matters and things for or with respect to which provision is made in the Agreement, or which by the Agreement are agreed, directed, authorised or permitted to be made, done or executed by or on behalf of the Minister or the Treasurer or the Auditor-General or the Authority are hereby sanctioned, authorised and confirmed.

SCHEDULE.

Sec. 2.

AN AGREEMENT made the _____ day of _____ One thousand nine hundred and _____

20 seventy-one between—

- THE COMMONWEALTH OF AUSTRALIA (in this agreement called “the Commonwealth”) of the first part,
- THE STATE OF NEW SOUTH WALES of the second part,
- THE STATE OF VICTORIA of the third part,
- 25 THE STATE OF QUEENSLAND of the fourth part,
- THE STATE OF SOUTH AUSTRALIA of the fifth part,
- THE STATE OF WESTERN AUSTRALIA of the sixth part, and
- THE STATE OF TASMANIA of the seventh part.

WHEREAS—

States Grants (Rural Reconstruction) Agreement Ratification.

WHEREAS—

- 5 (a) the Commonwealth and the States recognize that there is need to provide assistance to persons engaged in rural industries throughout Australia in the interest of those industries and of Australia generally;
- 10 (b) Ministers of the Commonwealth and of the States have agreed upon the Outline of Proposals for Rural Reconstruction set out in the Schedule to this agreement as constituting a Scheme under which assistance of various kinds could be provided;
- 15 (c) the carrying out of the said Scheme is dependent upon financial assistance being granted by the Parliament of the Commonwealth to the States for that purpose;
- (d) the Parliament of the Commonwealth has authorized the execution of this agreement by and on behalf of the Commonwealth and the provision of financial assistance to the States as provided in this agreement:

NOW IT IS HEREBY AGREED as follows:

I.—INTRODUCTORY

- 20 1.—(1.) This agreement shall, as between the Commonwealth and a State, come into force when it has been entered into by the Commonwealth and that State. **Operation of Agreement.**
- 25 (2.) Notwithstanding that all the States of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania are named as parties to this agreement, this agreement shall operate as an agreement between the Commonwealth and each State in respect of which it has come into force as fully and effectually as if the State or States in respect of which it has come into force were the only State or States named as a party or as parties to the agreement.
- 30 (3.) In this agreement, each State in respect of which the agreement has come into force is referred to as a "State", and the expression "the States" means, except where the context otherwise requires, all of the States in respect of which for the time being the agreement is in force.
- 35 2. The Commonwealth will provide for or secure the performance by it and its authorities of the obligations of the Commonwealth under this agreement and each of the States will provide for or secure the performance by the State and its authorities and instrumentalities of the obligations of the State under this agreement. **Performance of Agreement.**

States Grants (Rural Reconstruction) Agreement Ratification.

3.—(1.) In this agreement, unless the contrary intention appears—
 “financial year” means a period of twelve months ending on the
 thirtieth day of June; Interpretation.

5 “the Authority” means, in relation to a State, the authority or
 authorities of the State that has or have the administration
 of the Scheme on behalf of the State and, in a case where
 there are more than one authority, refers, where the context
 requires reference to one authority, to the relevant authority
 of the State;

10 “the Scheme” means the Scheme to be established and operated
 by a State in accordance with clause 4 of this agreement;

“the Treasurer” means the Treasurer of the Commonwealth.

(2.) References in this agreement to a Minister of the Common-
 wealth or of a State shall include a reference to a Minister for the time
 15 being acting for or on behalf of the Minister referred to.

II.—ADMINISTRATION OF SCHEME

4.—(1.) Each State will, by using the financial assistance provided
 by the Commonwealth in accordance with this agreement, establish
 and operate a scheme of financial assistance to persons engaged in
 20 rural industries in that State. State to operate Scheme.

(2.) The Scheme shall consist of the forms of assistance described
 in, and shall be established and operated in conformity and in
 accordance with the general principles and the provisions set out in,
 the Outline of Proposals for Rural Reconstruction contained in the
 25 Schedule to this agreement, as amended at any time in pursuance of
 clause 10 of this agreement.

5. For the purposes of this agreement the various forms of assist-
 ance under the Scheme are referred to as follows— Components of Scheme.

- 30 (a) the assistance provided for in Part II of the Schedule—as
 debt reconstruction;
- (b) the assistance provided for in Part III of the Schedule—as
 farm build-up; and
- (c) the assistance provided for in Part IV of the Schedule—as
 rehabilitation.

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6. Subject to the provisions expressly made by this agreement, the financial assistance provided by the Commonwealth under this agreement shall be allocated between the forms of assistance under the Scheme as the State considers appropriate but with the general objective that one half of the financial assistance made available over the period of four years as hereinafter provided will be applied to farm build-up. Allocation of Financial Assistance.
7. Where funds are available to a State from balances arising from the operation of the Commonwealth Loan (Farmers' Debt Adjustment) Act 1935, as amended, and are capable of being used for a form of assistance included in the Scheme, those funds shall be used by the State for that form of assistance before any financial assistance is provided by the Commonwealth under this agreement for that purpose. Farmers' Debt Adjustment Funds.
8. The rates of interest at which moneys are lent by the Authority of a State under the Scheme shall be— Interest Rates under Scheme.
- (a) for loans for debt reconstruction—at such rates as will average not less than four per centum per annum over all loans made; and
- (b) for loans for farm build-up—at not less than six and one quarter per centum per annum.
9. Each State will provide from its own budget the administrative costs incurred in and in connexion with the establishment and operation of the Scheme. Administration Costs.
- 10.—(1.) The provisions of the Schedule to this agreement may be amended from time to time by agreements between the Ministers of the Commonwealth and of the States for the time being responsible for the administration of the Scheme. Amendment of the Schedule.
- (2.) Where so agreed between the Commonwealth Minister and the Minister or Ministers of the relevant State or States, the amendments to the provisions of the Schedule to this agreement may be made and take effect as between the Commonwealth and one or more of the States without affecting the operation of this agreement as between the Commonwealth and a State the Minister of which has not so agreed.

States Grants (Rural Reconstruction) Agreement Ratification.

III.—FINANCIAL ASSISTANCE

5 11. Subject to, and to the performance by a State of, the provisions of this agreement, the Commonwealth will make available to the States for the purposes of the Scheme financial assistance amounting to One hundred million dollars (\$100,000,000), or such lesser amount as may be allocated among the States under the next succeeding clause, over a period commencing on the date of this agreement and ending on the thirtieth day of June, 1975. Provision of Financial Assistance.

10 12.—(1.) Subject to sub-clauses (2.) and (3.) of this clause the financial assistance shall be allocated to the States as follows: Allocation of Financial Assistance between States.

	New South Wales	..	..	..	..	\$32,000,000	
	Victoria	..	..	..	..	\$22,070,000	
	Queensland	..	..	..	..	\$16,000,000	
	South Australia	..	..	..	..	\$12,000,000	
15	Western Australia	..	..	..	..	\$14,630,000	
	Tasmania	..	..	..	..	\$ 3,300,000	

20 (2.) The allocation of financial assistance provided for by sub-clause (1.) of this clause shall be varied from time to time in accordance with any agreement in respect of allocation of funds reached by the Commonwealth and the States upon a review under clause 24 of this agreement.

25 (3.) In the event that this agreement does not come into force or ceases to be in force in relation to one or more than one of all States, the amount of financial assistance that is allocated to that State or those States under the preceding sub-clauses of this clause may be allocated to the States in relation to which the agreement is in force to the extent and according to such allocation as is determined by the Commonwealth after consultation with the States.

30 13.—(1.) The Treasurer may, at such times and in such amounts as he thinks fit, make advances on account of the payments that may be made by the Commonwealth under clause 15 of this agreement. Advances.

35 (2.) An amount or part of an amount advanced by the Treasurer under this clause may be deducted by the Commonwealth from an amount that subsequently becomes payable under clause 15 of this agreement or, if no further amounts will become payable under that clause, shall be refunded by the State to the Commonwealth at the request of the Treasurer.

40 14. A State shall ensure that an amount, or any part of an amount, advanced to the State and not refunded under the last preceding clause is not used or applied except for the establishment or operation of the Scheme. Use of Advances.

States Grants (Rural Reconstruction) Agreement Ratification.

15 The Commonwealth shall, from time to time, at the request of a State and subject to the provisions of this agreement make payments to the State of the financial assistance to be provided to the State under this agreement in amounts equal to the expenditure incurred by the State (other than administrative expenses) in the establishment and operation of the Scheme. **Payments of Financial Assistance.**

16.-(1.) A State shall furnish to the Treasurer such documents and other evidence to justify the making of an advance under clause 13 of this agreement or in support of a request by the State for a payment to it by the Commonwealth under the last preceding clause as the Treasurer may from time to time reasonably request, whether the request by the Treasurer is made before or after the Commonwealth has made the advance or a payment pursuant to the request by the State. **Supporting Financial Evidence.**

15 (2.) Any statement of expenditure by a State furnished to the Treasurer in connexion with a request by the State for a payment under clause 15 of this agreement shall be certified by the Auditor-General of the State as to its correctness in accordance with the books and documents of the Authority.

20 17.-(1.) Interest at the rate of six per centum per annum shall accrue in respect of so much of each amount that has been advanced or paid to the State under this agreement as is repayable by the State under clause 18 of this agreement and has not for the time being been refunded or repaid to the Commonwealth, calculated from the date upon which the advance or payment was made by the Commonwealth. **Interest.**

25 (2.) Interest accrued under this clause prior to the date upon which interest becomes included in the payments provided for by the next succeeding clause shall be payable on the fifteenth day of January and the fifteenth day of July in each year. **30**

18.-(1.) Subject to the provisions of the next succeeding clause, each State shall repay to the Commonwealth three quarters of each of the advances made to the State and not refunded under clause 13 of this agreement and of the payments made to the State under clause 15, together with interest referred to in sub-clause (2.) of this clause, by thirty-four equal half-yearly payments, the first payment to be made on the fifteenth day of July of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth to the State and subsequent payments to be made on each fifteenth day of January and fifteenth day of July thereafter until the full amount of the repayment, including interest, has been paid. **Repayments by the State with Interest.**

(2.)

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5 (2.) The interest to be included in payments referred to in sub-clause (1.) of this clause shall be interest that will, in accordance with sub-clause (1.) of the last preceding clause, accrue in respect of the relevant advance or payment on and from the commencement of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth.

10 19.-(1.) In addition to making payments in accordance with the last preceding clause, a State may on the fifteenth day of January or on the fifteenth day of July in any year, after having given to the Treasurer notice in writing of at least one month of its intention to do so, pay to the Commonwealth an amount that has been specified in the notice of the repayments that remain to be made by the State under that clause. Prepay-
ments by
the State.

15 (2.) Interest at the rate of six per centum per annum shall accrue on amounts paid by a State in accordance with sub-clause (1.) of this clause, calculated from the date of payment and compounded with half-yearly rests on each fifteenth day of January and fifteenth day of July.

20 (3.) When on any fifteenth day of January or fifteenth day of July the payment by the State under the last preceding clause exceeds the amount by which the unrepaid balance of the total amount repayable under that clause together with interest accrued on that total amount up to and including that date exceeds the total of the amounts paid by the State to the Commonwealth in accordance with sub-clause (1.) of this clause together with interest accrued on those amounts up to and including that date under sub-clause (2.) of this clause, the State shall pay to the Commonwealth the amount of the second mentioned excess in lieu of the amount due under the last preceding clause and no further payments shall be required to be made by the State to the Commonwealth under that clause.

35 20.-(1.) Each State agrees to operate the Scheme in such a way that, taking into account its experience with other schemes of rural assistance and the normal expectations as to factors that affect farmers' incomes that are current at the date of this agreement, the amounts received by the Authority in the course of the operation of the Scheme could be reasonably expected to equal the payments of principal and interest which the State is required to make to the Commonwealth under this agreement. Financial
Administra-
tion and
Adjustments.

40 (2.) Should a State certify that, without taking into account its administrative costs, it has incurred losses under the Scheme from circumstances beyond its control arising after the date of this agreement and disadvantageous compared with past experience and normal expectations as to factors that affect farmers' incomes referred to in

sub-clause

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sub-clause (1.) of this clause, the Commonwealth agrees to review the position with the State with a view to adjusting amounts payable to the Commonwealth by the State under this agreement to the extent of such losses.

5 (3.) The provisions of this agreement in relation to the times at which payments are to be made by the State to the Commonwealth and the amounts of the payments that are to be made may be varied in such manner as is agreed between the Commonwealth and the State upon a review carried out in accordance with sub-clause (2.)
10 of this clause.

21. A State shall prepare and furnish to the Treasurer not later than the thirtieth day of April in each year a statement or statements showing the estimated expenditure necessary to operate the Scheme during the next financial year and estimates of the amounts that the State will request the Commonwealth to pay to the State under this agreement during that financial year. Financial Estimates.

22.—(1.) The accounts, books, vouchers, documents and other records of a State relating to the operation of the Scheme shall be subject to audit by the Auditor-General of the State. Audit.

20 (2.) Until such time as the total amount of the financial assistance to a State has been provided by the Commonwealth and applied by the State in accordance with this agreement and supporting evidence to the satisfaction of the Treasurer in relation to all amounts advanced or paid by the Commonwealth has been furnished by the State, a report on the audits in respect of each financial year shall be furnished by the Auditor-General of the State to the Treasurer as soon as possible after the completion of the financial year.

23. Financial arrangements in connexion with the Scheme other than those provided for in this agreement shall be carried out as agreed from time to time between the Treasurer and the Treasurer of each State. Other Financial Arrangements.

IV.—GENERAL

24.—(1.) The operation of the Scheme in relation to all of the States will be reviewed from time to time as appropriate by the Commonwealth and the States in the light of experience in its administration. Review.

(2.)

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(2.) A review under sub-clause (1.) of this clause shall be carried out not later than the time necessary to enable to be brought into operation by the first day of July, 1972 any adjustments or amendments which it may be agreed should be made to the Scheme in respect of—

- (a) the funds to be provided for the Scheme;
- (b) the allocation of funds between the States;
- (c) the provisions for losses (other than unforeseen losses) and write-offs available to the States under the Scheme;
- 10 (d) the interest rates to be charged to borrowers; and
- (e) the proportion of the financial assistance applied to farm build-up.

25 25. The Authorities of the States and appropriate Commonwealth Exchange of officers associated with the Scheme will meet together as appropriate Inform- and at least once in each year and exchange information on any matters pertinent to the Scheme.

THE SCHEDULE

RURAL RECONSTRUCTION—OUTLINE OF PROPOSALS

PART I—GENERAL PRINCIPLES

- 20 (a) No agricultural industry is excluded from the scheme (except for farm build-up cases eligible under the Marginal Dairy Farms Reconstruction Scheme). It has, however, been framed with the circumstances of the sheep and sheep/wheat industries primarily in mind. Where the particular circum-
- 25 stances of an agriculturalist in another industry are such that the scheme applies to his circumstances, it is open to him to apply. It is recognized that in respect of farm build-up the particular circumstances of some industries (e.g. apples, pears, dried vine fruits) may need additional special
- 30 consideration.

(b)

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- 5 (b) The general principle to be applied is to distribute the available resources as widely as practicable, but the overriding objective is to help restore to economic viability those farms and farmers with the capacity to maintain viability once achieved.
- (c) It is expected that each administering Authority will avail itself of the best available advice on agricultural technology and market prospects.
- 10 (d) Companies will not be eligible for assistance unless the Authority, having considered the shareholdings and being satisfied that the shareholders are bona fide primary producers relying primarily on the income from the company for their livelihood, considers it appropriate to provide assistance.
- 15 (e) In cases of assistance under the heading of debt reconstruction or by way of advances for carry-on expenses, plant, livestock and property development in farm build-up cases, it is an essential part of the scheme that adequate supervision of property management and the financial affairs of the assisted farmer is maintained. If the Authority deems it necessary it may require that moneys receivable on account of the property will be received by the Authority or its agent or a body nominated by the Authority, payments within the approved budgets being made through normal channels.
- 20 (f) Repayment of advances made by the Authority and interest due thereon will be secured by the best and most appropriate security available, recognizing that this may involve ranking after existing securities.
- 25 (g) A transfer of the property before advances made by the Authority are repaid will be permitted only with the consent of the Authority, which will upon transfer, or upon succession on the death of the borrower, have the right to review its arrangements in respect of the property.
- 30 (h) The arrangements with the assisted farmer are subject to regular review by the Authority from time to time and are liable to termination in the event of the farmer ceasing to be personally in working occupation of the property, failing to observe his obligations and undertakings under the arrangements or in the event of the Authority arriving at the conclusion that for any reason he lacks prospects of successful occupation. Otherwise the arrangements shall be terminable when the Authority arrives at the conclusion that his prospects of successful occupation are no longer dependent on the extension of concessional finance. Upon termination of the arrangements, all debts will then become due and payable.
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40
45

PART

States Grants (Rural Reconstruction) Agreement Ratification.

PART II—DEBT RECONSTRUCTION

(1) Purpose

5 To assist a farmer who, although having sound prospects of long term commercial viability, has used all his cash and credit resources and cannot meet his financial commitments.

(2) Tests of Eligibility

- (a) The applicant is unable to obtain finance to carry on from any other normal source and is thus in danger of losing property or other assets if not assisted under the scheme.
- 10 (b) There is a reasonable prospect of successful operation with the assistance possible under the scheme, the prime requirement being ability to service commitments and to reach the stage of commercial viability within a reasonable time.
- 15 (c) Assistance is merited and the applicant's difficulties are not substantially due to circumstances within his control.

(3) Nature of Assistance

The assistance to be provided may encompass where necessary:

- (a) A re-arrangement and/or a composition of debts to allow more time for payment.
- 20 (b) The negotiation of a concessional rate of interest for existing rates.
- (c) Advances of additional funds for carry-on expenses, livestock and further property development, at reasonable interest rates.
- 25 (d) Where the State legislation so provides, a protection order against any creditor who has threatened action for debt, to apply while the application is under consideration and subject to such extensions as the administering Authority may from time to time determine.

30 (4) Method of Operation

- (a) A re-arrangement and/or composition may take the form of the Authority advancing money to pay off in whole or in part the creditors (whether or not the debts have been written down by the creditors under (b) below) excluding the Crown. There may be an arrangement by the secured or unsecured creditors to postpone repayments of principal and to refrain from taking action against the debtor for a specified time. Composition arrangements require the agreement in writing of creditors.
- 35

(b)

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- 5 (b) The possibility of creditors, including the Crown, local authorities and public utilities being asked to defer or write-off part of their debts—possibly at a uniform rate but with due regard to priority of security—should be considered. Creditors should not be pressed to the extent that the availability of credit to rural industries is damaged.
- 10 (c) Additional funds advanced for carry-on expenses, livestock and further property development will be strictly limited to the minimum which the Authority considers is required to enable the farmer to carry on and free himself from dependence on the Authority's assistance within the term of the advances made to him by the Authority.
- 15 (d) In exceptional cases, advances for carry-on expenses and livestock may be made to a farmer who is not yet in immediate danger of losing property or other assets but who in the opinion of the Authority is likely to reach that position without such assistance, such cases being tested strictly against the remaining eligibility criteria.
- 20 (e) The rate of interest payable on advances made by the Authority to pay off creditors and also advances made for carry-on expenses, livestock, plant and property development, will be decided by the Authority on the circumstances of the particular case. The Authority will have the right to review the interest rates on individual accounts at any time and should review the interest rates at regular intervals.
- 25 The Authority will ensure that the average interest rate over all loans made will be not less than 4 per centum per annum.
- 30 (f) Where protection orders apply it is desirable to establish a relationship with creditors such that the Authority is acting in combined interests of applicant and creditors, secured and unsecured.

(5) Limits

The Authority shall have discretion to determine:

- 35 (a) The terms and conditions of any loan it may make up to a maximum repayment term of 20 years. In a number of cases an initial period of freedom from repayments of principal would be justifiable depending on the circumstances of the case and the interest rate to be charged.
- 40 (b) The proportion of debts paid off by advances in any one case.
- (c) The total of advances which may be made by the Authority in any one case.

PART

States Grants (Rural Reconstruction) Agreement Ratification.

PART III—FARM BUILD-UP

(1) Purpose

5 To supplement, without discouraging, the normal processes under which properties which are too small to be economic are amalgamated with an adjoining holding or are subdivided and the subdivided portions are added to adjoining holdings, or to assist a farmer with a property too small to be economic to purchase additional land to build up his property to at least economic size.

10 (2) Tests of Eligibility

- (a) The owner of the property to be purchased wishes to sell or accepts that he is obliged to sell.
- (b) The purchaser is unable to obtain the finance applied for from any other source.
- 15 (c) The Authority is satisfied that the built-up property will be of sufficient size to offer sound prospects of long term commercial viability.
- (d) Where an application is made by an adjoining owner for assistance under the scheme to purchase an uneconomic property, but there is a possibility of sale of the property to another adjoining owner who does not require assistance under the scheme, assistance will be provided only if the applicant's property would be built-up from an uneconomic to an economic size.
- 20 (e) The term "adjoining holding" includes a holding which is within a reasonable working distance of the holding under consideration where there is no impediment to the two holdings being worked as a single unit.
- 25

(3) Nature of Assistance

- 30 (a) The provision to the purchaser of finance at an interest rate not less than 6½ per centum per annum to assist the purchase of an adjoining holding or part of an adjoining holding.
- (b) Grants at the discretion of the Authority to cover, in whole or in part, losses sustained in the disposal of assets included in the purchase price of the property, which are not useful for the built-up property.
- 35 (c) Advances, at an interest rate not less than 6½ per centum per annum, for carry-on expenses, plant, livestock, and property development in respect of the additional land where not available from other sources.
- 40

(4)

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(4) Method of Operation

- 5 (a) A property will not be purchased by the Authority at random, simply because it is uneconomic and the farmer intends to leave the industry; normally a property will be purchased only where arrangements have been made for an adjoining owner to take over the property or for the property to be subdivided and the subdivided parts added to adjoining properties.
- 10 (b) It would however be appropriate for the Authority to take the initiative to encourage an adjoining owner to purchase an uneconomic farm where the Authority is aware that the owner of the uneconomic farm wishes to leave the industry or accepts that he is obliged to leave the industry; this particularly applies where it is unlikely that the appropriate purchaser or purchasers will be able to purchase the additional land unless the Authority provides assistance for the purchase.
- 15 (c) None of the foregoing would prevent the Authority from purchasing an uneconomic property in advance of arrangements having been made for the property to be added to an adjoining property or properties, where the programme of farm adjustment could not otherwise be achieved.
- 20 (d) Since it is required that there must be reasonable prospects of successful operation of the built-up property, the Authority in considering the transfer price of land will have regard to its productivity value.
- 25 (e) If the farmer is able to satisfy the conditions of eligibility under both schemes, a farmer assisted under the debt reconstruction scheme may also be assisted to acquire land to build up his farm to economic size.
- 30 (f) Grants to cover losses on the write off of redundant assets will be kept to a minimum.
- 35 (g) Where advances are made for carry-on expenses, plant, livestock and property development, the advances will be strictly limited to the minimum which the Authority considers is required to enable the farmer to carry on and free himself from dependence on the Authority's assistance within the term of the advances made to him by the Authority.
- 40 (h) The rate of interest payable on advances made by the Authority under the farm build-up proposal will be set by the Authority, but will not be less than 6½ per centum per annum.

(i)

States Grants (Rural Reconstruction) Agreement Ratification.

- (i) While any advances by the Authority in respect of a built-up property remain unpaid, the transfer of part of the built-up property will not be permitted if this would result in a property of a size too small to be economic.

5 (5) Limits

- (a) The term of a loan by the Authority and conditions of repayment of principal will be at the discretion of the Authority up to a maximum repayment term of 20 years. In a number of cases an initial period of freedom from repayments of principal would be justifiable, depending on the circumstances of the case and the interest rate to be charged.
- (b) The total of advances which may be made up by the Authority in any one case shall also be at its discretion.

15 PART IV—REHABILITATION

(1) Purpose

To provide limited assistance to those obliged to leave the industry where in the opinion of the Authority administering the scheme this is necessary to alleviate conditions of personal hardship.

(2) Conditions of Eligibility

- (a) The applicant's property must have been purchased by an adjoining owner who has been assisted under the farm build-up provisions to make the purchase or the applicant must have been unable to secure assistance under the debt reconstruction provisions because his property is assessed not to have sound prospects of long term commercial viability; and
- (b) Taking into account the financial position of the applicant after his property has been sold, he will suffer financial hardship which will be alleviated by assistance under these provisions.

(3) Nature of Assistance

A loan on such conditions as to interest rate, if any, and repayment as are determined by the Authority up to a maximum of \$1,000 in any one case.

(4)

States Grants (Rural Reconstruction) Agreement Ratification.

(4) Method of Operation

The loans will be available at the discretion of the Authority administering the scheme.

IN WITNESS WHEREOF this agreement has been executed by the Parties as at the day and year first above-mentioned.

10 Signed for and on behalf of THE COMMONWEALTH OF AUSTRALIA by the Right Honourable WILLIAM McMAHON, the Prime Minister of the Commonwealth, in the presence of—
I. GRIGG.

WILLIAM McMAHON
(L.S.)

15 Signed for and on behalf of THE STATE OF NEW SOUTH WALES by the Honourable ROBIN WILLIAM ASKIN, the Premier of the State, in the presence of—
G. M. GRAY.

R. W. ASKIN (L.S.)

20 Signed for and on behalf of THE STATE OF VICTORIA by the Honourable SIR HENRY EDWARD BOLTE, the Premier of the State, in the presence of—
L. W. CARVER.

HENRY BOLTE (L.S.)

30 Signed for and on behalf of THE STATE OF QUEENSLAND by the Honourable JOHANNES BJELKE PETERSEN, the Premier of the State, in the presence of—
KEITH SPANN.

JOH. BJELKE PETERSEN
(L.S.)

35 Signed for and on behalf of THE STATE OF SOUTH AUSTRALIA by the Honourable DONALD ALLEN DUNSTAN, the Premier of the State, in the presence of—
J. S. WHITE.

D. A. DUNSTAN (L.S.)

States Grants (Rural Reconstruction) Agreement Ratification.

5 Signed for and on behalf of THE STATE OF WESTERN AUSTRALIA by the Honourable JOHN TRESIZE TONKIN, the Premier of the State, in the presence of—
 W. S. LONNIE. } JOHN T. TONKIN (L.S.)

10 Signed for and on behalf of THE STATE OF TASMANIA by the Honourable WALTER ANGUS BETHUNE, the Premier of the State, in the presence of—
 B. COWLING. } W. A. BETHUNE (L.S.)

BY AUTHORITY

V. C. N. BLIGHT, GOVERNMENT PRINTER, NEW SOUTH WALES—1971
[15c]

30 Signed for and on behalf of THE STATE OF QUEENSLAND by the Honourable JOHN BULLOCK, the Premier of the State, in the presence of—
 KEITH SPAIN.

40 Signed for and on behalf of THE STATE OF SOUTH AUSTRALIA by the Honourable DONALD ALLEN DUNSTAN, the Premier of the State, in the presence of—
 A. S. WHITE.

PROOF

**STATES GRANTS (RURAL RECONSTRUCTION) AGREEMENT
RATIFICATION BILL, 1971**

EXPLANATORY NOTE

THE objects of this Bill are—

- (a) to ratify an Agreement between the Commonwealth and the State of New South Wales in relation to Rural Reconstruction;
- (b) to sanction, authorise and confirm all acts, matters and things executed which are by the Agreement agreed, directed or authorised;
- (c) to make provision consequential upon or ancillary to the foregoing.

PROOF

STATES GRANTS (RURAL RECONSTRUCTION) AGREEMENT
BATCH/CAUTION BILL 1911

EXPIRES 1911

The States of the United States of America, hereinafter referred to as the States, do hereby certify that the States have entered into an agreement with the Federal Government of the United States of America, hereinafter referred to as the Federal Government, for the purpose of providing for the reconstruction of rural areas in the States. The States have agreed to contribute to the cost of such reconstruction in the amount of \$10,000,000.00 per annum for the period of five years beginning on the first day of July, 1911, and ending on the first day of July, 1916. The Federal Government has agreed to contribute to the cost of such reconstruction in the amount of \$10,000,000.00 per annum for the period of five years beginning on the first day of July, 1911, and ending on the first day of July, 1916. The States have agreed to contribute to the cost of such reconstruction in the amount of \$10,000,000.00 per annum for the period of five years beginning on the first day of July, 1911, and ending on the first day of July, 1916. The Federal Government has agreed to contribute to the cost of such reconstruction in the amount of \$10,000,000.00 per annum for the period of five years beginning on the first day of July, 1911, and ending on the first day of July, 1916.

PROOF

No. , 1971.

A BILL

To approve and ratify an Agreement between the Commonwealth and the State of New South Wales in relation to rural reconstruction; and for purposes connected therewith.

[MR LEWIS—8 SEPTEMBER, 1971.]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows:—

5 **1.** This Act may be cited as the "States Grants (Rural Short title. Reconstruction) Agreement Ratification Act, 1971".

2.

States Grants (Rural Reconstruction) Agreement Ratification.

2. In this Act, except in so far as the context or subject-matter otherwise indicates or requires :—

5 “the Authority” means any instrumentality appointed by the Minister to be the Authority for the purposes of this Act;

“the Agreement” means the Agreement, a copy of which is set out in the Schedule to this Act.

3. (1) The Agreement is hereby approved, ratified and confirmed and may be carried into effect notwithstanding the provisions of any other Act.

15 (2) All acts, matters and things for or with respect to which provision is made in the Agreement, or which by the Agreement are agreed, directed, authorised or permitted to be made, done or executed by or on behalf of the Minister or the Treasurer or the Auditor-General or the Authority are hereby sanctioned, authorised and confirmed.

SCHEDULE.

Sec. 2.

20 AN AGREEMENT made the _____ day of _____ One thousand nine hundred and seventy-one between—

- 25 THE COMMONWEALTH OF AUSTRALIA (in this agreement called “the Commonwealth”) of the first part,
- THE STATE OF NEW SOUTH WALES of the second part,
- THE STATE OF VICTORIA of the third part,
- THE STATE OF QUEENSLAND of the fourth part,
- THE STATE OF SOUTH AUSTRALIA of the fifth part,
- THE STATE OF WESTERN AUSTRALIA of the sixth part, and
- THE STATE OF TASMANIA of the seventh part.

WHEREAS—

States Grants (Rural Reconstruction) Agreement Ratification.

WHEREAS—

- 5 (a) the Commonwealth and the States recognize that there is need to provide assistance to persons engaged in rural industries throughout Australia in the interest of those industries and of Australia generally;
- 10 (b) Ministers of the Commonwealth and of the States have agreed upon the Outline of Proposals for Rural Reconstruction set out in the Schedule to this agreement as constituting a Scheme under which assistance of various kinds could be provided;
- 15 (c) the carrying out of the said Scheme is dependent upon financial assistance being granted by the Parliament of the Commonwealth to the States for that purpose;
- (d) the Parliament of the Commonwealth has authorized the execution of this agreement by and on behalf of the Commonwealth and the provision of financial assistance to the States as provided in this agreement:

NOW IT IS HEREBY AGREED as follows:

I.—INTRODUCTORY

- 20 1.—(1.) This agreement shall, as between the Commonwealth and a State, come into force when it has been entered into by the Commonwealth and that State. **Operation of Agreement.**
- 25 (2.) Notwithstanding that all the States of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania are named as parties to this agreement, this agreement shall operate as an agreement between the Commonwealth and each State in respect of which it has come into force as fully and effectually as if the State or States in respect of which it has come into force were the only State or States named as a party or as parties to the agreement.
- 30 (3.) In this agreement, each State in respect of which the agreement has come into force is referred to as a "State", and the expression "the States" means, except where the context otherwise requires, all of the States in respect of which for the time being the agreement is in force.
- 35 2. The Commonwealth will provide for or secure the performance by it and its authorities of the obligations of the Commonwealth under this agreement and each of the States will provide for or secure the performance by the State and its authorities and instrumentalities of the obligations of the State under this agreement. **Performance of Agreement.**

States Grants (Rural Reconstruction) Agreement Ratification.

3.—(1.) In this agreement, unless the contrary intention appears— Interpretation.

“financial year” means a period of twelve months ending on the thirtieth day of June;

5 “the Authority” means, in relation to a State, the authority or authorities of the State that has or have the administration of the Scheme on behalf of the State and, in a case where there are more than one authority, refers, where the context requires reference to one authority, to the relevant authority of the State;

10 “the Scheme” means the Scheme to be established and operated by a State in accordance with clause 4 of this agreement;

“the Treasurer” means the Treasurer of the Commonwealth.

(2.) References in this agreement to a Minister of the Commonwealth or of a State shall include a reference to a Minister for the time
15 being acting for or on behalf of the Minister referred to.

II.—ADMINISTRATION OF SCHEME

4.—(1.) Each State will, by using the financial assistance provided State to
by the Commonwealth in accordance with this agreement, establish operate
and operate a scheme of financial assistance to persons engaged in Scheme.
20 rural industries in that State.

(2.) The Scheme shall consist of the forms of assistance described in, and shall be established and operated in conformity and in accordance with the general principles and the provisions set out in, the Outline of Proposals for Rural Reconstruction contained in the
25 Schedule to this agreement, as amended at any time in pursuance of clause 10 of this agreement.

5. For the purposes of this agreement the various forms of assistance under the Scheme are referred to as follows— Components of Scheme.

30 (a) the assistance provided for in Part II of the Schedule—as debt reconstruction;

(b) the assistance provided for in Part III of the Schedule—as farm build-up; and

(c) the assistance provided for in Part IV of the Schedule—as rehabilitation.

States Grants (Rural Reconstruction) Agreement Ratification.

6. Subject to the provisions expressly made by this agreement, the financial assistance provided by the Commonwealth under this agreement shall be allocated between the forms of assistance under the Scheme as the State considers appropriate but with the general objective that one half of the financial assistance made available over the period of four years as hereinafter provided will be applied to farm build-up.

Allocation
of Financial
Assistance.

7. Where funds are available to a State from balances arising from the operation of the Commonwealth Loan (Farmers' Debt Adjustment) Act 1935, as amended, and are capable of being used for a form of assistance included in the Scheme, those funds shall be used by the State for that form of assistance before any financial assistance is provided by the Commonwealth under this agreement for that purpose.

Farmers'
Debt
Adjustment
Funds.

8. The rates of interest at which moneys are lent by the Authority of a State under the Scheme shall be—

Interest
Rates under
Scheme.

(a) for loans for debt reconstruction—at such rates as will average not less than four per centum per annum over all loans made; and

(b) for loans for farm build-up—at not less than six and one quarter per centum per annum.

9. Each State will provide from its own budget the administrative costs incurred in and in connexion with the establishment and operation of the Scheme.

Administra-
tion Costs.

10.—(1.) The provisions of the Schedule to this agreement may be amended from time to time by agreements between the Ministers of the Commonwealth and of the States for the time being responsible for the administration of the Scheme.

Amendment
of the
Schedule.

(2.) Where so agreed between the Commonwealth Minister and the Minister or Ministers of the relevant State or States, the amendments to the provisions of the Schedule to this agreement may be made and take effect as between the Commonwealth and one or more of the States without affecting the operation of this agreement as between the Commonwealth and a State the Minister of which has not so agreed.

States Grants (Rural Reconstruction) Agreement Ratification.

III.—FINANCIAL ASSISTANCE

11. Subject to, and to the performance by a State of, the provisions of this agreement, the Commonwealth will make available to the States for the purposes of the Scheme financial assistance amounting to One hundred million dollars (\$100,000,000), or such lesser amount as may be allocated among the States under the next succeeding clause, over a period commencing on the date of this agreement and ending on the thirtieth day of June, 1975.

12.—(1.) Subject to sub-clauses (2.) and (3.) of this clause the financial assistance shall be allocated to the States as follows:

	New South Wales	\$32,000,000	Allocation of Financial Assistance between States.
	Victoria	\$22,070,000	
	Queensland	\$16,000,000	
	South Australia	\$12,000,000	
15	Western Australia	\$14,630,000	
	Tasmania	\$ 3,300,000	

(2.) The allocation of financial assistance provided for by sub-clause (1.) of this clause shall be varied from time to time in accordance with any agreement in respect of allocation of funds reached by the Commonwealth and the States upon a review under clause 24 of this agreement.

(3.) In the event that this agreement does not come into force or ceases to be in force in relation to one or more than one of all States, the amount of financial assistance that is allocated to that State or those States under the preceding sub-clauses of this clause may be allocated to the States in relation to which the agreement is in force to the extent and according to such allocation as is determined by the Commonwealth after consultation with the States.

13.—(1.) The Treasurer may, at such times and in such amounts as he thinks fit, make advances on account of the payments that may be made by the Commonwealth under clause 15 of this agreement.

(2.) An amount or part of an amount advanced by the Treasurer under this clause may be deducted by the Commonwealth from an amount that subsequently becomes payable under clause 15 of this agreement or, if no further amounts will become payable under that clause, shall be refunded by the State to the Commonwealth at the request of the Treasurer.

14. A State shall ensure that an amount, or any part of an amount, advanced to the State and not refunded under the last preceding clause is not used or applied except for the establishment or operation of the Scheme.

States Grants (Rural Reconstruction) Agreement Ratification.

15. The Commonwealth shall, from time to time, at the request of a State and subject to the provisions of this agreement make payments to the State of the financial assistance to be provided to the State under this agreement in amounts equal to the expenditure incurred by the State (other than administrative expenses) in the establishment and operation of the Scheme.

Payments of
Financial
Assistance.

16.—(1.) A State shall furnish to the Treasurer such documents and other evidence to justify the making of an advance under clause 13 of this agreement or in support of a request by the State for a payment to it by the Commonwealth under the last preceding clause as the Treasurer may from time to time reasonably request, whether the request by the Treasurer is made before or after the Commonwealth has made the advance or a payment pursuant to the request by the State.

Supporting
Financial
Evidence.

(2.) Any statement of expenditure by a State furnished to the Treasurer in connexion with a request by the State for a payment under clause 15 of this agreement shall be certified by the Auditor-General of the State as to its correctness in accordance with the books and documents of the Authority.

17.—(1.) Interest at the rate of six per centum per annum shall accrue in respect of so much of each amount that has been advanced or paid to the State under this agreement as is repayable by the State under clause 18 of this agreement and has not for the time being been refunded or repaid to the Commonwealth, calculated from the date upon which the advance or payment was made by the Commonwealth.

Interest.

(2.) Interest accrued under this clause prior to the date upon which interest becomes included in the payments provided for by the next succeeding clause shall be payable on the fifteenth day of January and the fifteenth day of July in each year.

18.—(1.) Subject to the provisions of the next succeeding clause, each State shall repay to the Commonwealth three quarters of each of the advances made to the State and not refunded under clause 13 of this agreement and of the payments made to the State under clause 15, together with interest referred to in sub-clause (2.) of this clause, by thirty-four equal half-yearly payments, the first payment to be made on the fifteenth day of July of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth to the State and subsequent payments to be made on each fifteenth day of January and fifteenth day of July thereafter until the full amount of the repayment, including interest, has been paid.

Repayments
by the State
with
Interest.

(2.)

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(2.) The interest to be included in payments referred to in sub-clause (1.) of this clause shall be interest that will, in accordance with sub-clause (1.) of the last preceding clause, accrue in respect of the relevant advance or payment on and from the commencement of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth.

19.-(1.) In addition to making payments in accordance with the last preceding clause, a State may on the fifteenth day of January or on the fifteenth day of July in any year, after having given to the Treasurer notice in writing of at least one month of its intention to do so, pay to the Commonwealth an amount that has been specified in the notice of the repayments that remain to be made by the State under that clause.

(2.) Interest at the rate of six per centum per annum shall accrue on amounts paid by a State in accordance with sub-clause (1.) of this clause, calculated from the date of payment and compounded with half-yearly rests on each fifteenth day of January and fifteenth day of July.

(3.) When on any fifteenth day of January or fifteenth day of July the payment by the State under the last preceding clause exceeds the amount by which the unrepaid balance of the total amount repayable under that clause together with interest accrued on that total amount up to and including that date exceeds the total of the amounts paid by the State to the Commonwealth in accordance with sub-clause (1.) of this clause together with interest accrued on those amounts up to and including that date under sub-clause (2.) of this clause, the State shall pay to the Commonwealth the amount of the second mentioned excess in lieu of the amount due under the last preceding clause and no further payments shall be required to be made by the State to the Commonwealth under that clause.

20.-(1.) Each State agrees to operate the Scheme in such a way that, taking into account its experience with other schemes of rural assistance and the normal expectations as to factors that affect farmers' incomes that are current at the date of this agreement, the amounts received by the Authority in the course of the operation of the Scheme could be reasonably expected to equal the payments of principal and interest which the State is required to make to the Commonwealth under this agreement.

(2.) Should a State certify that, without taking into account its administrative costs, it has incurred losses under the Scheme from circumstances beyond its control arising after the date of this agreement and disadvantageous compared with past experience and normal expectations as to factors that affect farmers' incomes referred to in

sub-clause

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sub-clause (1.) of this clause, the Commonwealth agrees to review the position with the State with a view to adjusting amounts payable to the Commonwealth by the State under this agreement to the extent of such losses.

- 5 (3.) The provisions of this agreement in relation to the times at which payments are to be made by the State to the Commonwealth and the amounts of the payments that are to be made may be varied in such manner as is agreed between the Commonwealth and the State upon a review carried out in accordance with sub-clause (2.)
10 of this clause.

21. A State shall prepare and furnish to the Treasurer not later than the thirtieth day of April in each year a statement or statements showing the estimated expenditure necessary to operate the Scheme during the next financial year and estimates of the amounts that the State will request the Commonwealth to pay to the State under this agreement during that financial year. Financial Estimates.
- 15

22.—(1.) The accounts, books, vouchers, documents and other records of a State relating to the operation of the Scheme shall be subject to audit by the Auditor-General of the State. Audit.

- 20 (2.) Until such time as the total amount of the financial assistance to a State has been provided by the Commonwealth and applied by the State in accordance with this agreement and supporting evidence to the satisfaction of the Treasurer in relation to all amounts advanced or paid by the Commonwealth has been furnished by the State, a report on the audits in respect of each financial year shall be furnished by the Auditor-General of the State to the Treasurer as soon as possible after the completion of the financial year.
- 25

23. Financial arrangements in connexion with the Scheme other than those provided for in this agreement shall be carried out as agreed from time to time between the Treasurer and the Treasurer of each State. Other Financial Arrangements.
- 30

IV.—GENERAL

- 24.—(1.) The operation of the Scheme in relation to all of the States will be reviewed from time to time as appropriate by the Commonwealth and the States in the light of experience in its administration. Review.
- 35

(2.)

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(2.) A review under sub-clause (1.) of this clause shall be carried out not later than the time necessary to enable to be brought into operation by the first day of July, 1972 any adjustments or amendments which it may be agreed should be made to the Scheme in respect of—

- 5 (a) the funds to be provided for the Scheme;
- (b) the allocation of funds between the States;
- (c) the provisions for losses (other than unforeseen losses) and write-offs available to the States under the Scheme;
- 10 (d) the interest rates to be charged to borrowers; and
- (e) the proportion of the financial assistance applied to farm build-up.

25. The Authorities of the States and appropriate Commonwealth officers associated with the Scheme will meet together as appropriate and at least once in each year and exchange information on any matters pertinent to the Scheme.

THE SCHEDULE

RURAL RECONSTRUCTION—OUTLINE OF PROPOSALS

PART I—GENERAL PRINCIPLES

- 20 (a) No agricultural industry is excluded from the scheme (except for farm build-up cases eligible under the Marginal Dairy Farms Reconstruction Scheme). It has, however, been framed with the circumstances of the sheep and sheep/wheat industries primarily in mind. Where the particular circumstances of an agriculturalist in another industry are such that the scheme applies to his circumstances, it is open to him to apply. It is recognized that in respect of farm build-up the particular circumstances of some industries (e.g. apples, pears, dried vine fruits) may need additional special consideration.
- 25
- 30

(b)

States Grants (Rural Reconstruction) Agreement Ratification.

- 5 (b) The general principle to be applied is to distribute the available resources as widely as practicable, but the overriding objective is to help restore to economic viability those farms and farmers with the capacity to maintain viability once achieved.
- (c) It is expected that each administering Authority will avail itself of the best available advice on agricultural technology and market prospects.
- 10 (d) Companies will not be eligible for assistance unless the Authority, having considered the shareholdings and being satisfied that the shareholders are bona fide primary producers relying primarily on the income from the company for their livelihood, considers it appropriate to provide assistance.
- 15 (e) In cases of assistance under the heading of debt reconstruction or by way of advances for carry-on expenses, plant, livestock and property development in farm build-up cases, it is an essential part of the scheme that adequate supervision of property management and the financial affairs of the assisted farmer is maintained. If the Authority deems it necessary it may require that moneys receivable on account of the property will be received by the Authority or its agent or a body nominated by the Authority, payments within the approved budgets being made through normal channels.
- 20 (f) Repayment of advances made by the Authority and interest due thereon will be secured by the best and most appropriate security available, recognizing that this may involve ranking after existing securities.
- 25 (g) A transfer of the property before advances made by the Authority are repaid will be permitted only with the consent of the Authority, which will upon transfer, or upon succession on the death of the borrower, have the right to review its arrangements in respect of the property.
- 30 (h) The arrangements with the assisted farmer are subject to regular review by the Authority from time to time and are liable to termination in the event of the farmer ceasing to be personally in working occupation of the property, failing to observe his obligations and undertakings under the arrangements or in the event of the Authority arriving at the conclusion that for any reason he lacks prospects of successful occupation. Otherwise the arrangements shall be terminable when the Authority arrives at the conclusion that his prospects of successful occupation are no longer dependent on the extension of concessional finance. Upon termination of the arrangements, all debts will then become due and payable.
- 40
- 45

PART

States Grants (Rural Reconstruction) Agreement Ratification.

PART II—DEBT RECONSTRUCTION

(1) Purpose

5 To assist a farmer who, although having sound prospects of long term commercial viability, has used all his cash and credit resources and cannot meet his financial commitments.

(2) Tests of Eligibility

- 10 (a) The applicant is unable to obtain finance to carry on from any other normal source and is thus in danger of losing property or other assets if not assisted under the scheme.
- 15 (b) There is a reasonable prospect of successful operation with the assistance possible under the scheme, the prime requirement being ability to service commitments and to reach the stage of commercial viability within a reasonable time.
- (c) Assistance is merited and the applicant's difficulties are not substantially due to circumstances within his control.

(3) Nature of Assistance

The assistance to be provided may encompass where necessary:

- 20 (a) A re-arrangement and/or a composition of debts to allow more time for payment.
- (b) The negotiation of a concessional rate of interest for existing rates.
- (c) Advances of additional funds for carry-on expenses, livestock and further property development, at reasonable interest rates.
- 25 (d) Where the State legislation so provides, a protection order against any creditor who has threatened action for debt, to apply while the application is under consideration and subject to such extensions as the administering Authority may from time to time determine.

30 (4) Method of Operation

- 35 (a) A re-arrangement and/or composition may take the form of the Authority advancing money to pay off in whole or in part the creditors (whether or not the debts have been written down by the creditors under (b) below) excluding the Crown. There may be an arrangement by the secured or unsecured creditors to postpone repayments of principal and to refrain from taking action against the debtor for a specified time. Composition arrangements require the agreement in writing of creditors.

(b)

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- 5 (b) The possibility of creditors, including the Crown, local authorities and public utilities being asked to defer or write-off part of their debts—possibly at a uniform rate but with due regard to priority of security—should be considered. Creditors should not be pressed to the extent that the availability of credit to rural industries is damaged.
- 10 (c) Additional funds advanced for carry-on expenses, livestock and further property development will be strictly limited to the minimum which the Authority considers is required to enable the farmer to carry on and free himself from dependence on the Authority's assistance within the term of the advances made to him by the Authority.
- 15 (d) In exceptional cases, advances for carry-on expenses and livestock may be made to a farmer who is not yet in immediate danger of losing property or other assets but who in the opinion of the Authority is likely to reach that position without such assistance, such cases being tested strictly against the remaining eligibility criteria.
- 20 (e) The rate of interest payable on advances made by the Authority to pay off creditors and also advances made for carry-on expenses, livestock, plant and property development, will be decided by the Authority on the circumstances of the particular case. The Authority will have the right to review the interest rates on individual accounts at any time and should review the interest rates at regular intervals. The Authority will ensure that the average interest rate over all loans made will be not less than 4 per centum per annum.
- 25 (f) Where protection orders apply it is desirable to establish a relationship with creditors such that the Authority is acting in combined interests of applicant and creditors, secured and unsecured.
- 30

(5) Limits

The Authority shall have discretion to determine:

- 35 (a) The terms and conditions of any loan it may make up to a maximum repayment term of 20 years. In a number of cases an initial period of freedom from repayments of principal would be justifiable depending on the circumstances of the case and the interest rate to be charged.
- 40 (b) The proportion of debts paid off by advances in any one case.
- (c) The total of advances which may be made by the Authority in any one case.

PART

States Grants (Rural Reconstruction) Agreement Ratification.

PART III—FARM BUILD-UP

(1) Purpose

5 To supplement, without discouraging, the normal processes under which properties which are too small to be economic are amalgamated with an adjoining holding or are subdivided and the subdivided portions are added to adjoining holdings, or to assist a farmer with a property too small to be economic to purchase additional land to build up his property to at least economic size.

10 (2) Tests of Eligibility

- (a) The owner of the property to be purchased wishes to sell or accepts that he is obliged to sell.
- (b) The purchaser is unable to obtain the finance applied for from any other source.
- 15 (c) The Authority is satisfied that the built-up property will be of sufficient size to offer sound prospects of long term commercial viability.
- (d) Where an application is made by an adjoining owner for assistance under the scheme to purchase an uneconomic property, but there is a possibility of sale of the property to another adjoining owner who does not require assistance under the scheme, assistance will be provided only if the applicant's property would be built-up from an uneconomic to an economic size.
- 20
- 25 (e) The term "adjoining holding" includes a holding which is within a reasonable working distance of the holding under consideration where there is no impediment to the two holdings being worked as a single unit.

(3) Nature of Assistance

- 30 (a) The provision to the purchaser of finance at an interest rate not less than 6½ per centum per annum to assist the purchase of an adjoining holding or part of an adjoining holding.
- 35 (b) Grants at the discretion of the Authority to cover, in whole or in part, losses sustained in the disposal of assets included in the purchase price of the property, which are not useful for the built-up property.
- 40 (c) Advances, at an interest rate not less than 6½ per centum per annum, for carry-on expenses, plant, livestock, and property development in respect of the additional land where not available from other sources.

(4)

States Grants (Rural Reconstruction) Agreement Ratification.

(4) Method of Operation

- 5 (a) A property will not be purchased by the Authority at random, simply because it is uneconomic and the farmer intends to leave the industry; normally a property will be purchased only where arrangements have been made for an adjoining owner to take over the property or for the property to be subdivided and the subdivided parts added to adjoining properties.
- 10 (b) It would however be appropriate for the Authority to take the initiative to encourage an adjoining owner to purchase an uneconomic farm where the Authority is aware that the owner of the uneconomic farm wishes to leave the industry or accepts that he is obliged to leave the industry; this particularly applies where it is unlikely that the appropriate purchaser or purchasers will be able to purchase the additional land unless the Authority provides assistance for the purchase.
- 15 (c) None of the foregoing would prevent the Authority from purchasing an uneconomic property in advance of arrangements having been made for the property to be added to an adjoining property or properties, where the programme of farm adjustment could not otherwise be achieved.
- 20 (d) Since it is required that there must be reasonable prospects of successful operation of the built-up property, the Authority in considering the transfer price of land will have regard to its productivity value.
- 25 (e) If the farmer is able to satisfy the conditions of eligibility under both schemes, a farmer assisted under the debt reconstruction scheme may also be assisted to acquire land to build up his farm to economic size.
- 30 (f) Grants to cover losses on the write off of redundant assets will be kept to a minimum.
- 35 (g) Where advances are made for carry-on expenses, plant, livestock and property development, the advances will be strictly limited to the minimum which the Authority considers is required to enable the farmer to carry on and free himself from dependence on the Authority's assistance within the term of the advances made to him by the Authority.
- 40 (h) The rate of interest payable on advances made by the Authority under the farm build-up proposal will be set by the Authority, but will not be less than 6½ per centum per annum.

(i)

States Grants (Rural Reconstruction) Agreement Ratification.

- (i) While any advances by the Authority in respect of a built-up property remain unpaid, the transfer of part of the built-up property will not be permitted if this would result in a property of a size too small to be economic.

5 (5) Limits

- (a) The term of a loan by the Authority and conditions of repayment of principal will be at the discretion of the Authority up to a maximum repayment term of 20 years. In a number of cases an initial period of freedom from repayments of principal would be justifiable, depending on the circumstances of the case and the interest rate to be charged.
- (b) The total of advances which may be made up by the Authority in any one case shall also be at its discretion.

15

PART IV—REHABILITATION

(1) Purpose

To provide limited assistance to those obliged to leave the industry where in the opinion of the Authority administering the scheme this is necessary to alleviate conditions of personal hardship.

(2) Conditions of Eligibility

- (a) The applicant's property must have been purchased by an adjoining owner who has been assisted under the farm build-up provisions to make the purchase or the applicant must have been unable to secure assistance under the debt reconstruction provisions because his property is assessed not to have sound prospects of long term commercial viability; and
- (b) Taking into account the financial position of the applicant after his property has been sold, he will suffer financial hardship which will be alleviated by assistance under these provisions.

(3) Nature of Assistance

A loan on such conditions as to interest rate, if any, and repayment as are determined by the Authority up to a maximum of \$1,000 in any one case.

(4)

States Grants (Rural Reconstruction) Agreement Ratification.

(4) Method of Operation

The loans will be available at the discretion of the Authority administering the scheme.

5 IN WITNESS WHEREOF this agreement has been executed by the Parties as at the day and year first above-mentioned.

10	Signed for and on behalf of THE COMMONWEALTH OF AUSTRALIA by the Right Honourable WILLIAM McMAHON, the Prime Minister of the Commonwealth, in the presence of— I. GRIGG.	}	WILLIAM McMAHON (L.S.)
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15	Signed for and on behalf of THE STATE OF NEW SOUTH WALES by the Honourable ROBIN WILLIAM ASKIN, the Premier of the State, in the presence of— G. M. GRAY.	}	R. W. ASKIN (L.S.)
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20 25	Signed for and on behalf of THE STATE OF VICTORIA by the Honourable SIR HENRY EDWARD BOLTE, the Premier of the State, in the presence of— L. W. CARVER.	}	HENRY BOLTE (L.S.)
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30	Signed for and on behalf of THE STATE OF QUEENSLAND by the Honourable JOHANNES BJELKE PETERSEN, the Premier of the State, in the presence of— KEITH SPANN.	}	JOH. BJELKE PETERSEN (L.S.)
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35 40	Signed for and on behalf of THE STATE OF SOUTH AUSTRALIA by the Honourable DONALD ALLEN DUNSTAN, the Premier of the State, in the presence of— J. S. WHITE.	}	D. A. DUNSTAN (L.S.)
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States Grants (Rural Reconstruction) Agreement Ratification.

5 Signed for and on behalf of THE
STATE OF WESTERN AUS-
TRALIA by the Honourable
JOHN TRESIZE TONKIN, the
Premier of the State, in the
presence of—
W. S. LONNIE. } JOHN T. TONKIN (L.S.)

10 Signed for and on behalf of THE
STATE OF TASMANIA by the
Honourable WALTER ANGUS
BETHUNE, the Premier of the
State, in the presence of—
B. COWLING. } W. A. BETHUNE (L.S.)

New South Wales



ANNO VICESIMO

ELIZABETHÆ II REGINÆ

Act No. 37, 1971.

An Act to approve and ratify an Agreement between the Commonwealth and the State of New South Wales in relation to rural reconstruction; and for purposes connected therewith. [Assented to, 18th October, 1971.]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows :—

1. This Act may be cited as the "States Grants (Rural Short title. Reconstruction) Agreement Ratification Act, 1971".

2.

States Grants (Rural Reconstruction) Agreement Ratification.

Definitions. **2.** In this Act, except in so far as the context or subject-matter otherwise indicates or requires :—

“the Authority” means any instrumentality appointed by the Minister to be the Authority for the purposes of this Act ;

“the Agreement” means the Agreement, a copy of which is set out in the Schedule to this Act.

Ratification
of Agree-
ment.

3. (1) The Agreement is hereby approved, ratified and confirmed and may be carried into effect notwithstanding the provisions of any other Act.

(2) All acts, matters and things for or with respect to which provision is made in the Agreement, or which by the Agreement are agreed, directed, authorised or permitted to be made, done or executed by or on behalf of the Minister or the Treasurer or the Auditor-General or the Authority are hereby sanctioned, authorised and confirmed.

Sec. 2.

SCHEDULE.

AN AGREEMENT made the _____ day of
One thousand nine hundred and
seventy-one between—

THE COMMONWEALTH OF AUSTRALIA (in this agreement called “the Commonwealth”) of the first part,
THE STATE OF NEW SOUTH WALES of the second part,
THE STATE OF VICTORIA of the third part,
THE STATE OF QUEENSLAND of the fourth part,
THE STATE OF SOUTH AUSTRALIA of the fifth part,
THE STATE OF WESTERN AUSTRALIA of the sixth part, and
THE STATE OF TASMANIA of the seventh part.

WHEREAS—

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WHEREAS—

- (a) the Commonwealth and the States recognize that there is need to provide assistance to persons engaged in rural industries throughout Australia in the interest of those industries and of Australia generally;
- (b) Ministers of the Commonwealth and of the States have agreed upon the Outline of Proposals for Rural Reconstruction set out in the Schedule to this agreement as constituting a Scheme under which assistance of various kinds could be provided;
- (c) the carrying out of the said Scheme is dependent upon financial assistance being granted by the Parliament of the Commonwealth to the States for that purpose;
- (d) the Parliament of the Commonwealth has authorized the execution of this agreement by and on behalf of the Commonwealth and the provision of financial assistance to the States as provided in this agreement:

NOW IT IS HEREBY AGREED as follows:

I.—INTRODUCTORY

1.—(1.) This agreement shall, as between the Commonwealth and a State, come into force when it has been entered into by the Commonwealth and that State. Operation of Agreement.

(2.) Notwithstanding that all the States of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania are named as parties to this agreement, this agreement shall operate as an agreement between the Commonwealth and each State in respect of which it has come into force as fully and effectually as if the State or States in respect of which it has come into force were the only State or States named as a party or as parties to the agreement.

(3.) In this agreement, each State in respect of which the agreement has come into force is referred to as a "State", and the expression "the States" means, except where the context otherwise requires, all of the States in respect of which for the time being the agreement is in force.

2. The Commonwealth will provide for or secure the performance by it and its authorities of the obligations of the Commonwealth under this agreement and each of the States will provide for or secure the performance by the State and its authorities and instrumentalities of the obligations of the State under this agreement. Performance of Agreement.

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Interpreta-
tion.

3.—(1.) In this agreement, unless the contrary intention appears—

“financial year” means a period of twelve months ending on the thirtieth day of June;

“the Authority” means, in relation to a State, the authority or authorities of the State that has or have the administration of the Scheme on behalf of the State and, in a case where there are more than one authority, refers, where the context requires reference to one authority, to the relevant authority of the State;

“the Scheme” means the Scheme to be established and operated by a State in accordance with clause 4 of this agreement;

“the Treasurer” means the Treasurer of the Commonwealth.

(2.) References in this agreement to a Minister of the Commonwealth or of a State shall include a reference to a Minister for the time being acting for or on behalf of the Minister referred to.

II.—ADMINISTRATION OF SCHEME

State to
operate
Scheme.

4.—(1.) Each State will, by using the financial assistance provided by the Commonwealth in accordance with this agreement, establish and operate a scheme of financial assistance to persons engaged in rural industries in that State.

(2.) The Scheme shall consist of the forms of assistance described in, and shall be established and operated in conformity and in accordance with the general principles and the provisions set out in, the Outline of Proposals for Rural Reconstruction contained in the Schedule to this agreement, as amended at any time in pursuance of clause 10 of this agreement.

Compon-
ents of
Scheme.

5. For the purposes of this agreement the various forms of assistance under the Scheme are referred to as follows—

- (a) the assistance provided for in Part II of the Schedule—as debt reconstruction;
- (b) the assistance provided for in Part III of the Schedule—as farm build-up; and
- (c) the assistance provided for in Part IV of the Schedule—as rehabilitation.

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6. Subject to the provisions expressly made by this agreement, the financial assistance provided by the Commonwealth under this agreement shall be allocated between the forms of assistance under the Scheme as the State considers appropriate but with the general objective that one half of the financial assistance made available over the period of four years as hereinafter provided will be applied to farm build-up. Allocation of Financial Assistance.

7. Where funds are available to a State from balances arising from the operation of the Commonwealth Loan (Farmers' Debt Adjustment) Act 1935, as amended, and are capable of being used for a form of assistance included in the Scheme, those funds shall be used by the State for that form of assistance before any financial assistance is provided by the Commonwealth under this agreement for that purpose. Farmers' Debt Adjustment Funds.

8. The rates of interest at which moneys are lent by the Authority of a State under the Scheme shall be— Interest Rates under Scheme.

- (a) for loans for debt reconstruction—at such rates as will average not less than four per centum per annum over all loans made; and
- (b) for loans for farm build-up—at not less than six and one quarter per centum per annum.

9. Each State will provide from its own budget the administrative costs incurred in and in connexion with the establishment and operation of the Scheme. Administration Costs.

10.—(1.) The provisions of the Schedule to this agreement may be amended from time to time by agreements between the Ministers of the Commonwealth and of the States for the time being responsible for the administration of the Scheme. Amendment of the Schedule.

(2.) Where so agreed between the Commonwealth Minister and the Minister or Ministers of the relevant State or States, the amendments to the provisions of the Schedule to this agreement may be made and take effect as between the Commonwealth and one or more of the States without affecting the operation of this agreement as between the Commonwealth and a State the Minister of which has not so agreed.

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III.—FINANCIAL ASSISTANCE

Provision
of Finan-
cial Assist-
ance.

11. Subject to, and to the performance by a State of, the provisions of this agreement, the Commonwealth will make available to the States for the purposes of the Scheme financial assistance amounting to One hundred million dollars (\$100,000,000), or such lesser amount as may be allocated among the States under the next succeeding clause, over a period commencing on the date of this agreement and ending on the thirtieth day of June, 1975.

Allocation
of
Financial
Assistance
between
States.

12.—(1.) Subject to sub-clauses (2.) and (3.) of this clause the financial assistance shall be allocated to the States as follows:

New South Wales	\$32,000,000
Victoria	\$22,070,000
Queensland	\$16,000,000
South Australia	\$12,000,000
Western Australia	\$14,630,000
Tasmania	\$ 3,300,000

(2.) The allocation of financial assistance provided for by sub-clause (1.) of this clause shall be varied from time to time in accordance with any agreement in respect of allocation of funds reached by the Commonwealth and the States upon a review under clause 24 of this agreement.

(3.) In the event that this agreement does not come into force or ceases to be in force in relation to one or more than one of all States, the amount of financial assistance that is allocated to that State or those States under the preceding sub-clauses of this clause may be allocated to the States in relation to which the agreement is in force to the extent and according to such allocation as is determined by the Commonwealth after consultation with the States.

Advances.

13.—(1.) The Treasurer may, at such times and in such amounts as he thinks fit, make advances on account of the payments that may be made by the Commonwealth under clause 15 of this agreement.

(2.) An amount or part of an amount advanced by the Treasurer under this clause may be deducted by the Commonwealth from an amount that subsequently becomes payable under clause 15 of this agreement or, if no further amounts will become payable under that clause, shall be refunded by the State to the Commonwealth at the request of the Treasurer.

Use of
Advances.

14. A State shall ensure that an amount, or any part of an amount, advanced to the State and not refunded under the last preceding clause is not used or applied except for the establishment or operation of the Scheme.

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15. The Commonwealth shall, from time to time, at the request of a State and subject to the provisions of this agreement make payments to the State of the financial assistance to be provided to the State under this agreement in amounts equal to the expenditure incurred by the State (other than administrative expenses) in the establishment and operation of the Scheme. Payments of
Financial
Assistance.

16.—(1.) A State shall furnish to the Treasurer such documents and other evidence to justify the making of an advance under clause 13 of this agreement or in support of a request by the State for a payment to it by the Commonwealth under the last preceding clause as the Treasurer may from time to time reasonably request, whether the request by the Treasurer is made before or after the Commonwealth has made the advance or a payment pursuant to the request by the State. Supporting
Financial
Evidence.

(2.) Any statement of expenditure by a State furnished to the Treasurer in connexion with a request by the State for a payment under clause 15 of this agreement shall be certified by the Auditor-General of the State as to its correctness in accordance with the books and documents of the Authority.

17.—(1.) Interest at the rate of six per centum per annum shall accrue in respect of so much of each amount that has been advanced or paid to the State under this agreement as is repayable by the State under clause 18 of this agreement and has not for the time being been refunded or repaid to the Commonwealth, calculated from the date upon which the advance or payment was made by the Commonwealth. Interest.

(2.) Interest accrued under this clause prior to the date upon which interest becomes included in the payments provided for by the next succeeding clause shall be payable on the fifteenth day of January and the fifteenth day of July in each year.

18.—(1.) Subject to the provisions of the next succeeding clause, each State shall repay to the Commonwealth three quarters of each of the advances made to the State and not refunded under clause 13 of this agreement and of the payments made to the State under clause 15, together with interest referred to in sub-clause (2.) of this clause, by thirty-four equal half-yearly payments, the first payment to be made on the fifteenth day of July of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth to the State and subsequent payments to be made on each fifteenth day of January and fifteenth day of July thereafter until the full amount of the repayment, including interest, has been paid. Repayments
by the State
with
Interest.

(2.)

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(2.) The interest to be included in payments referred to in sub-clause (1.) of this clause shall be interest that will, in accordance with sub-clause (1.) of the last preceding clause, accrue in respect of the relevant advance or payment on and from the commencement of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth.

Prepay-
ments by
the State.

19.—(1.) In addition to making payments in accordance with the last preceding clause, a State may on the fifteenth day of January or on the fifteenth day of July in any year, after having given to the Treasurer notice in writing of at least one month of its intention to do so, pay to the Commonwealth an amount that has been specified in the notice of the repayments that remain to be made by the State under that clause.

(2.) Interest at the rate of six per centum per annum shall accrue on amounts paid by a State in accordance with sub-clause (1.) of this clause, calculated from the date of payment and compounded with half-yearly rests on each fifteenth day of January and fifteenth day of July.

(3.) When on any fifteenth day of January or fifteenth day of July the payment by the State under the last preceding clause exceeds the amount by which the unrepaid balance of the total amount repayable under that clause together with interest accrued on that total amount up to and including that date exceeds the total of the amounts paid by the State to the Commonwealth in accordance with sub-clause (1.) of this clause together with interest accrued on those amounts up to and including that date under sub-clause (2.) of this clause, the State shall pay to the Commonwealth the amount of the second mentioned excess in lieu of the amount due under the last preceding clause and no further payments shall be required to be made by the State to the Commonwealth under that clause.

Financial
Administra-
tion and
Adjustments.

20.—(1.) Each State agrees to operate the Scheme in such a way that, taking into account its experience with other schemes of rural assistance and the normal expectations as to factors that affect farmers' incomes that are current at the date of this agreement, the amounts received by the Authority in the course of the operation of the Scheme could be reasonably expected to equal the payments of principal and interest which the State is required to make to the Commonwealth under this agreement.

(2.) Should a State certify that, without taking into account its administrative costs, it has incurred losses under the Scheme from circumstances beyond its control arising after the date of this agreement and disadvantageous compared with past experience and normal expectations as to factors that affect farmers' incomes referred to in

sub-clause

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sub-clause (1.) of this clause, the Commonwealth agrees to review the position with the State with a view to adjusting amounts payable to the Commonwealth by the State under this agreement to the extent of such losses.

(3.) The provisions of this agreement in relation to the times at which payments are to be made by the State to the Commonwealth and the amounts of the payments that are to be made may be varied in such manner as is agreed between the Commonwealth and the State upon a review carried out in accordance with sub-clause (2.) of this clause.

21. A State shall prepare and furnish to the Treasurer not later than the thirtieth day of April in each year a statement or statements showing the estimated expenditure necessary to operate the Scheme during the next financial year and estimates of the amounts that the State will request the Commonwealth to pay to the State under this agreement during that financial year. Financial Estimates.

22.—(1.) The accounts, books, vouchers, documents and other records of a State relating to the operation of the Scheme shall be subject to audit by the Auditor-General of the State. Audit.

(2.) Until such time as the total amount of the financial assistance to a State has been provided by the Commonwealth and applied by the State in accordance with this agreement and supporting evidence to the satisfaction of the Treasurer in relation to all amounts advanced or paid by the Commonwealth has been furnished by the State, a report on the audits in respect of each financial year shall be furnished by the Auditor-General of the State to the Treasurer as soon as possible after the completion of the financial year.

23. Financial arrangements in connexion with the Scheme other than those provided for in this agreement shall be carried out as agreed from time to time between the Treasurer and the Treasurer of each State. Other Financial Arrangements.

IV.—GENERAL

24.—(1.) The operation of the Scheme in relation to all of the States will be reviewed from time to time as appropriate by the Commonwealth and the States in the light of experience in its administration. Review.

(2.)

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(2.) A review under sub-clause (1.) of this clause shall be carried out not later than the time necessary to enable to be brought into operation by the first day of July, 1972 any adjustments or amendments which it may be agreed should be made to the Scheme in respect of—

- (a) the funds to be provided for the Scheme;
- (b) the allocation of funds between the States;
- (c) the provisions for losses (other than unforeseen losses) and write-offs available to the States under the Scheme;
- (d) the interest rates to be charged to borrowers; and
- (e) the proportion of the financial assistance applied to farm build-up.

Exchange of
Information.

25. The Authorities of the States and appropriate Commonwealth officers associated with the Scheme will meet together as appropriate and at least once in each year and exchange information on any matters pertinent to the Scheme.

THE SCHEDULE

RURAL RECONSTRUCTION—OUTLINE OF PROPOSALS

PART I—GENERAL PRINCIPLES

- (a) No agricultural industry is excluded from the scheme (except for farm build-up cases eligible under the Marginal Dairy Farms Reconstruction Scheme). It has, however, been framed with the circumstances of the sheep and sheep/wheat industries primarily in mind. Where the particular circumstances of an agriculturalist in another industry are such that the scheme applies to his circumstances, it is open to him to apply. It is recognized that in respect of farm build-up the particular circumstances of some industries (e.g. apples, pears, dried vine fruits) may need additional special consideration.

(b)

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- (b) The general principle to be applied is to distribute the available resources as widely as practicable, but the overriding objective is to help restore to economic viability those farms and farmers with the capacity to maintain viability once achieved.
- (c) It is expected that each administering Authority will avail itself of the best available advice on agricultural technology and market prospects.
- (d) Companies will not be eligible for assistance unless the Authority, having considered the shareholdings and being satisfied that the shareholders are bona fide primary producers relying primarily on the income from the company for their livelihood, considers it appropriate to provide assistance.
- (e) In cases of assistance under the heading of debt reconstruction or by way of advances for carry-on expenses, plant, livestock and property development in farm build-up cases, it is an essential part of the scheme that adequate supervision of property management and the financial affairs of the assisted farmer is maintained. If the Authority deems it necessary it may require that moneys receivable on account of the property will be received by the Authority or its agent or a body nominated by the Authority, payments within the approved budgets being made through normal channels.
- (f) Repayment of advances made by the Authority and interest due thereon will be secured by the best and most appropriate security available, recognizing that this may involve ranking after existing securities.
- (g) A transfer of the property before advances made by the Authority are repaid will be permitted only with the consent of the Authority, which will upon transfer, or upon succession on the death of the borrower, have the right to review its arrangements in respect of the property.
- (h) The arrangements with the assisted farmer are subject to regular review by the Authority from time to time and are liable to termination in the event of the farmer ceasing to be personally in working occupation of the property, failing to observe his obligations and undertakings under the arrangements or in the event of the Authority arriving at the conclusion that for any reason he lacks prospects of successful occupation. Otherwise the arrangements shall be terminable when the Authority arrives at the conclusion that his prospects of successful occupation are no longer dependent on the extension of concessional finance. Upon termination of the arrangements, all debts will then become due and payable.

PART

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PART II—DEBT RECONSTRUCTION

(1) Purpose

To assist a farmer who, although having sound prospects of long term commercial viability, has used all his cash and credit resources and cannot meet his financial commitments.

(2) Tests of Eligibility

- (a) The applicant is unable to obtain finance to carry on from any other normal source and is thus in danger of losing property or other assets if not assisted under the scheme.
- (b) There is a reasonable prospect of successful operation with the assistance possible under the scheme, the prime requirement being ability to service commitments and to reach the stage of commercial viability within a reasonable time.
- (c) Assistance is merited and the applicant's difficulties are not substantially due to circumstances within his control.

(3) Nature of Assistance

The assistance to be provided may encompass where necessary:

- (a) A re-arrangement and/or a composition of debts to allow more time for payment.
- (b) The negotiation of a concessional rate of interest for existing rates.
- (c) Advances of additional funds for carry-on expenses, livestock and further property development, at reasonable interest rates.
- (d) Where the State legislation so provides, a protection order against any creditor who has threatened action for debt, to apply while the application is under consideration and subject to such extensions as the administering Authority may from time to time determine.

(4) Method of Operation

- (a) A re-arrangement and/or composition may take the form of the Authority advancing money to pay off in whole or in part the creditors (whether or not the debts have been written down by the creditors under (b) below) excluding the Crown. There may be an arrangement by the secured or unsecured creditors to postpone repayments of principal and to refrain from taking action against the debtor for a specified time. Composition arrangements require the agreement in writing of creditors.

(b)

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- (b) The possibility of creditors, including the Crown, local authorities and public utilities being asked to defer or write-off part of their debts—possibly at a uniform rate but with due regard to priority of security—should be considered. Creditors should not be pressed to the extent that the availability of credit to rural industries is damaged.
- (c) Additional funds advanced for carry-on expenses, livestock and further property development will be strictly limited to the minimum which the Authority considers is required to enable the farmer to carry on and free himself from dependence on the Authority's assistance within the term of the advances made to him by the Authority.
- (d) In exceptional cases, advances for carry-on expenses and livestock may be made to a farmer who is not yet in immediate danger of losing property or other assets but who in the opinion of the Authority is likely to reach that position without such assistance, such cases being tested strictly against the remaining eligibility criteria.
- (e) The rate of interest payable on advances made by the Authority to pay off creditors and also advances made for carry-on expenses, livestock, plant and property development, will be decided by the Authority on the circumstances of the particular case. The Authority will have the right to review the interest rates on individual accounts at any time and should review the interest rates at regular intervals. The Authority will ensure that the average interest rate over all loans made will be not less than 4 per centum per annum.
- (f) Where protection orders apply it is desirable to establish a relationship with creditors such that the Authority is acting in combined interests of applicant and creditors, secured and unsecured.

(5) Limits

The Authority shall have discretion to determine:

- (a) The terms and conditions of any loan it may make up to a maximum repayment term of 20 years. In a number of cases an initial period of freedom from repayments of principal would be justifiable depending on the circumstances of the case and the interest rate to be charged.
- (b) The proportion of debts paid off by advances in any one case.
- (c) The total of advances which may be made by the Authority in any one case.

PART

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PART III—FARM BUILD-UP

(1) Purpose

To supplement, without discouraging, the normal processes under which properties which are too small to be economic are amalgamated with an adjoining holding or are subdivided and the subdivided portions are added to adjoining holdings, or to assist a farmer with a property too small to be economic to purchase additional land to build up his property to at least economic size.

(2) Tests of Eligibility

- (a) The owner of the property to be purchased wishes to sell or accepts that he is obliged to sell.
- (b) The purchaser is unable to obtain the finance applied for from any other source.
- (c) The Authority is satisfied that the built-up property will be of sufficient size to offer sound prospects of long term commercial viability.
- (d) Where an application is made by an adjoining owner for assistance under the scheme to purchase an uneconomic property, but there is a possibility of sale of the property to another adjoining owner who does not require assistance under the scheme, assistance will be provided only if the applicant's property would be built-up from an uneconomic to an economic size.
- (e) The term "adjoining holding" includes a holding which is within a reasonable working distance of the holding under consideration where there is no impediment to the two holdings being worked as a single unit.

(3) Nature of Assistance

- (a) The provision to the purchaser of finance at an interest rate not less than 6½ per centum per annum to assist the purchase of an adjoining holding or part of an adjoining holding.
- (b) Grants at the discretion of the Authority to cover, in whole or in part, losses sustained in the disposal of assets included in the purchase price of the property, which are not useful for the built-up property.
- (c) Advances, at an interest rate not less than 6½ per centum per annum, for carry-on expenses, plant, livestock, and property development in respect of the additional land where not available from other sources.

(4)

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(4) Method of Operation

- (a) A property will not be purchased by the Authority at random, simply because it is uneconomic and the farmer intends to leave the industry; normally a property will be purchased only where arrangements have been made for an adjoining owner to take over the property or for the property to be subdivided and the subdivided parts added to adjoining properties.
- (b) It would however be appropriate for the Authority to take the initiative to encourage an adjoining owner to purchase an uneconomic farm where the Authority is aware that the owner of the uneconomic farm wishes to leave the industry or accepts that he is obliged to leave the industry; this particularly applies where it is unlikely that the appropriate purchaser or purchasers will be able to purchase the additional land unless the Authority provides assistance for the purchase.
- (c) None of the foregoing would prevent the Authority from purchasing an uneconomic property in advance of arrangements having been made for the property to be added to an adjoining property or properties, where the programme of farm adjustment could not otherwise be achieved.
- (d) Since it is required that there must be reasonable prospects of successful operation of the built-up property, the Authority in considering the transfer price of land will have regard to its productivity value.
- (e) If the farmer is able to satisfy the conditions of eligibility under both schemes, a farmer assisted under the debt reconstruction scheme may also be assisted to acquire land to build up his farm to economic size.
- (f) Grants to cover losses on the write off of redundant assets will be kept to a minimum.
- (g) Where advances are made for carry-on expenses, plant, livestock and property development, the advances will be strictly limited to the minimum which the Authority considers is required to enable the farmer to carry on and free himself from dependence on the Authority's assistance within the term of the advances made to him by the Authority.
- (h) The rate of interest payable on advances made by the Authority under the farm build-up proposal will be set by the Authority, but will not be less than 6½ per centum per annum.

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- (i) While any advances by the Authority in respect of a built-up property remain unpaid, the transfer of part of the built-up property will not be permitted if this would result in a property of a size too small to be economic.

(5) Limits

- (a) The term of a loan by the Authority and conditions of repayment of principal will be at the discretion of the Authority up to a maximum repayment term of 20 years. In a number of cases an initial period of freedom from repayments of principal would be justifiable, depending on the circumstances of the case and the interest rate to be charged.
- (b) The total of advances which may be made up by the Authority in any one case shall also be at its discretion.

PART IV—REHABILITATION

(1) Purpose

To provide limited assistance to those obliged to leave the industry where in the opinion of the Authority administering the scheme this is necessary to alleviate conditions of personal hardship.

(2) Conditions of Eligibility

- (a) The applicant's property must have been purchased by an adjoining owner who has been assisted under the farm build-up provisions to make the purchase or the applicant must have been unable to secure assistance under the debt reconstruction provisions because his property is assessed not to have sound prospects of long term commercial viability; and
- (b) Taking into account the financial position of the applicant after his property has been sold, he will suffer financial hardship which will be alleviated by assistance under these provisions.

(3) Nature of Assistance

A loan on such conditions as to interest rate, if any, and repayment as are determined by the Authority up to a maximum of \$1,000 in any one case.

(4)

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(4) Method of Operation

The loans will be available at the discretion of the Authority administering the scheme.

IN WITNESS WHEREOF this agreement has been executed by the Parties as at the day and year first above-mentioned.

Signed for and on behalf of THE COMMONWEALTH OF AUSTRALIA by the Right Honourable WILLIAM McMAHON, the Prime Minister of the Commonwealth, in the presence of—
I. GRIGG.

WILLIAM McMAHON
(L.S.)

Signed for and on behalf of THE STATE OF NEW SOUTH WALES by the Honourable ROBIN WILLIAM ASKIN, the Premier of the State, in the presence of—
G. M. GRAY.

R. W. ASKIN (L.S.)

Signed for and on behalf of THE STATE OF VICTORIA by the Honourable SIR HENRY EDWARD BOLTE, the Premier of the State, in the presence of—
L. W. CARVER.

HENRY BOLTE (L.S.)

Signed for and on behalf of THE STATE OF QUEENSLAND by the Honourable JOHANNES BJELKE PETERSEN, the Premier of the State, in the presence of—
KEITH SPANN.

JOH. BJELKE PETERSEN
(L.S.)

Signed for and on behalf of THE STATE OF SOUTH AUSTRALIA by the Honourable DONALD ALLEN DUNSTAN, the Premier of the State, in the presence of—
J. S. WHITE.

D. A. DUNSTAN (L.S.)

States Grants (Rural Reconstruction) Agreement Ratification.

Signed for and on behalf of THE STATE OF WESTERN AUSTRALIA by the Honourable JOHN TRESIZE TONKIN, the Premier of the State, in the presence of—

JOHN T. TONKIN (L.S.)

W. S. LONNIE.

Signed for and on behalf of THE STATE OF TASMANIA by the Honourable WALTER ANGUS BETHUNE, the Premier of the State, in the presence of—

W. A. BETHUNE (L.S.)

B. COWLING.

BY AUTHORITY

V. C. N. BLIGHT, GOVERNMENT PRINTER, NEW SOUTH WALES—1971

Signed for and on behalf of THE STATE OF QUEENSLAND by the Honourable JOHANNES BRICK PATRICK, the Premier of the State, in the presence of—

KEITH SPAIN

Signed for and on behalf of THE STATE OF SOUTH AUSTRALIA by the Honourable DONALD ALAN DUNSTAN, the Premier of the State, in the presence of—

J. S. WHITE

JOHANNES BRICK PATRICK (L.S.)

D. A. DUNSTAN (L.S.)

Signed

P. 60503—2

I certify that this PUBLIC BILL, which originated in the LEGISLATIVE ASSEMBLY, has finally passed the LEGISLATIVE COUNCIL and the LEGISLATIVE ASSEMBLY of NEW SOUTH WALES.

I. P. K. VIDLER,
Clerk of the Legislative Assembly.

*Legislative Assembly Chamber,
Sydney, 12 October, 1971.*

New South Wales



ANNO VICESIMO

ELIZABETHÆ II REGINÆ

Act No. 37, 1971.

An Act to approve and ratify an Agreement between the Commonwealth and the State of New South Wales in relation to rural reconstruction; and for purposes connected therewith. [Assented to, 18th October, 1971.]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the "States Grants (Rural Reconstruction) Agreement Ratification Act, 1971".

2.

I have examined this Bill, and find it to correspond in all respects with the Bill as finally passed by both Houses.

L. A. PUNCH,
Chairman of Committees of the Legislative Assembly.

States Grants (Rural Reconstruction) Agreement Ratification.

Definitions. **2.** In this Act, except in so far as the context or subject-matter otherwise indicates or requires :—

“the Authority” means any instrumentality appointed by the Minister to be the Authority for the purposes of this Act;

“the Agreement” means the Agreement, a copy of which is set out in the Schedule to this Act.

Ratification of Agreement. **3.** (1) The Agreement is hereby approved, ratified and confirmed and may be carried into effect notwithstanding the provisions of any other Act.

(2) All acts, matters and things for or with respect to which provision is made in the Agreement, or which by the Agreement are agreed, directed, authorised or permitted to be made, done or executed by or on behalf of the Minister or the Treasurer or the Auditor-General or the Authority are hereby sanctioned, authorised and confirmed.

Sec. 2.

SCHEDULE.

AN AGREEMENT made the _____ day of _____ One thousand nine hundred and seventy-one between—

THE COMMONWEALTH OF AUSTRALIA (in this agreement called “the Commonwealth”) of the first part,
 THE STATE OF NEW SOUTH WALES of the second part,
 THE STATE OF VICTORIA of the third part,
 THE STATE OF QUEENSLAND of the fourth part,
 THE STATE OF SOUTH AUSTRALIA of the fifth part,
 THE STATE OF WESTERN AUSTRALIA of the sixth part, and
 THE STATE OF TASMANIA of the seventh part.

WHEREAS—

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WHEREAS—

- (a) the Commonwealth and the States recognize that there is need to provide assistance to persons engaged in rural industries throughout Australia in the interest of those industries and of Australia generally;
- (b) Ministers of the Commonwealth and of the States have agreed upon the Outline of Proposals for Rural Reconstruction set out in the Schedule to this agreement as constituting a Scheme under which assistance of various kinds could be provided;
- (c) the carrying out of the said Scheme is dependent upon financial assistance being granted by the Parliament of the Commonwealth to the States for that purpose;
- (d) the Parliament of the Commonwealth has authorized the execution of this agreement by and on behalf of the Commonwealth and the provision of financial assistance to the States as provided in this agreement:

NOW IT IS HEREBY AGREED as follows:

I.—INTRODUCTORY

1.—(1.) This agreement shall, as between the Commonwealth and a State, come into force when it has been entered into by the Commonwealth and that State. Operation of Agreement.

(2.) Notwithstanding that all the States of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania are named as parties to this agreement, this agreement shall operate as an agreement between the Commonwealth and each State in respect of which it has come into force as fully and effectually as if the State or States in respect of which it has come into force were the only State or States named as a party or as parties to the agreement.

(3.) In this agreement, each State in respect of which the agreement has come into force is referred to as a "State", and the expression "the States" means, except where the context otherwise requires, all of the States in respect of which for the time being the agreement is in force.

2. The Commonwealth will provide for or secure the performance by it and its authorities of the obligations of the Commonwealth under this agreement and each of the States will provide for or secure the performance by the State and its authorities and instrumentalities of the obligations of the State under this agreement. Performance of Agreement.

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Interpreta-
tion.

3.—(1.) In this agreement, unless the contrary intention appears—

“financial year” means a period of twelve months ending on the thirtieth day of June;

“the Authority” means, in relation to a State, the authority or authorities of the State that has or have the administration of the Scheme on behalf of the State and, in a case where there are more than one authority, refers, where the context requires reference to one authority, to the relevant authority of the State;

“the Scheme” means the Scheme to be established and operated by a State in accordance with clause 4 of this agreement;

“the Treasurer” means the Treasurer of the Commonwealth.

(2.) References in this agreement to a Minister of the Commonwealth or of a State shall include a reference to a Minister for the time being acting for or on behalf of the Minister referred to.

II.—ADMINISTRATION OF SCHEME

State to
operate
Scheme.

4.—(1.) Each State will, by using the financial assistance provided by the Commonwealth in accordance with this agreement, establish and operate a scheme of financial assistance to persons engaged in rural industries in that State.

(2.) The Scheme shall consist of the forms of assistance described in, and shall be established and operated in conformity and in accordance with the general principles and the provisions set out in, the Outline of Proposals for Rural Reconstruction contained in the Schedule to this agreement, as amended at any time in pursuance of clause 10 of this agreement.

Compon-
ents of
Scheme.

5. For the purposes of this agreement the various forms of assistance under the Scheme are referred to as follows—

- (a) the assistance provided for in Part II of the Schedule—as debt reconstruction;
- (b) the assistance provided for in Part III of the Schedule—as farm build-up; and
- (c) the assistance provided for in Part IV of the Schedule—as rehabilitation.

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6. Subject to the provisions expressly made by this agreement, the financial assistance provided by the Commonwealth under this agreement shall be allocated between the forms of assistance under the Scheme as the State considers appropriate but with the general objective that one half of the financial assistance made available over the period of four years as hereinafter provided will be applied to farm build-up.

Allocation
of Financial
Assistance.

7. Where funds are available to a State from balances arising from the operation of the Commonwealth Loan (Farmers' Debt Adjustment) Act 1935, as amended, and are capable of being used for a form of assistance included in the Scheme, those funds shall be used by the State for that form of assistance before any financial assistance is provided by the Commonwealth under this agreement for that purpose.

Farmers'
Debt
Adjustment
Funds.

8. The rates of interest at which moneys are lent by the Authority of a State under the Scheme shall be—

Interest
Rates under
Scheme.

(a) for loans for debt reconstruction—at such rates as will average not less than four per centum per annum over all loans made; and

(b) for loans for farm build-up—at not less than six and one quarter per centum per annum.

9. Each State will provide from its own budget the administrative costs incurred in and in connexion with the establishment and operation of the Scheme.

Administra-
tion Costs.

10.—(1.) The provisions of the Schedule to this agreement may be amended from time to time by agreements between the Ministers of the Commonwealth and of the States for the time being responsible for the administration of the Scheme.

Amendment
of the
Schedule.

(2.) Where so agreed between the Commonwealth Minister and the Minister or Ministers of the relevant State or States, the amendments to the provisions of the Schedule to this agreement may be made and take effect as between the Commonwealth and one or more of the States without affecting the operation of this agreement as between the Commonwealth and a State the Minister of which has not so agreed.

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III.—FINANCIAL ASSISTANCE

Provision
of Finan-
cial Assist-
ance.

11. Subject to, and to the performance by a State of, the provisions of this agreement, the Commonwealth will make available to the States for the purposes of the Scheme financial assistance amounting to One hundred million dollars (\$100,000,000), or such lesser amount as may be allocated among the States under the next succeeding clause, over a period commencing on the date of this agreement and ending on the thirtieth day of June, 1975.

Allocation
of
Financial
Assistance
between
States.

12.—(1.) Subject to sub-clauses (2.) and (3.) of this clause the financial assistance shall be allocated to the States as follows:

New South Wales	..	..	..	..	\$32,000,000
Victoria	..	..	..	..	\$22,070,000
Queensland	..	..	..	..	\$16,000,000
South Australia	..	..	..	..	\$12,000,000
Western Australia	..	..	..	..	\$14,630,000
Tasmania	..	..	..	..	\$ 3,300,000

(2.) The allocation of financial assistance provided for by sub-clause (1.) of this clause shall be varied from time to time in accordance with any agreement in respect of allocation of funds reached by the Commonwealth and the States upon a review under clause 24 of this agreement.

(3.) In the event that this agreement does not come into force or ceases to be in force in relation to one or more than one of all States, the amount of financial assistance that is allocated to that State or those States under the preceding sub-clauses of this clause may be allocated to the States in relation to which the agreement is in force to the extent and according to such allocation as is determined by the Commonwealth after consultation with the States.

Advances.

13.—(1.) The Treasurer may, at such times and in such amounts as he thinks fit, make advances on account of the payments that may be made by the Commonwealth under clause 15 of this agreement.

(2.) An amount or part of an amount advanced by the Treasurer under this clause may be deducted by the Commonwealth from an amount that subsequently becomes payable under clause 15 of this agreement or, if no further amounts will become payable under that clause, shall be refunded by the State to the Commonwealth at the request of the Treasurer.

Use of
Advances.

14. A State shall ensure that an amount, or any part of an amount, advanced to the State and not refunded under the last preceding clause is not used or applied except for the establishment or operation of the Scheme.

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15. The Commonwealth shall, from time to time, at the request of a State and subject to the provisions of this agreement make payments to the State of the financial assistance to be provided to the State under this agreement in amounts equal to the expenditure incurred by the State (other than administrative expenses) in the establishment and operation of the Scheme. Payments of
Financial
Assistance.

16.-(1.) A State shall furnish to the Treasurer such documents and other evidence to justify the making of an advance under clause 13 of this agreement or in support of a request by the State for a payment to it by the Commonwealth under the last preceding clause as the Treasurer may from time to time reasonably request, whether the request by the Treasurer is made before or after the Commonwealth has made the advance or a payment pursuant to the request by the State. Supporting
Financial
Evidence.

(2.) Any statement of expenditure by a State furnished to the Treasurer in connexion with a request by the State for a payment under clause 15 of this agreement shall be certified by the Auditor-General of the State as to its correctness in accordance with the books and documents of the Authority.

17.-(1.) Interest at the rate of six per centum per annum shall accrue in respect of so much of each amount that has been advanced or paid to the State under this agreement as is repayable by the State under clause 18 of this agreement and has not for the time being been refunded or repaid to the Commonwealth, calculated from the date upon which the advance or payment was made by the Commonwealth. Interest.

(2.) Interest accrued under this clause prior to the date upon which interest becomes included in the payments provided for by the next succeeding clause shall be payable on the fifteenth day of January and the fifteenth day of July in each year.

18.-(1.) Subject to the provisions of the next succeeding clause, each State shall repay to the Commonwealth three quarters of each of the advances made to the State and not refunded under clause 13 of this agreement and of the payments made to the State under clause 15, together with interest referred to in sub-clause (2.) of this clause, by thirty-four equal half-yearly payments, the first payment to be made on the fifteenth day of July of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth to the State and subsequent payments to be made on each fifteenth day of January and fifteenth day of July thereafter until the full amount of the repayment, including interest, has been paid. Repayments
by the State
with
Interest.

(2.)

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(2.) The interest to be included in payments referred to in sub-clause (1.) of this clause shall be interest that will, in accordance with sub-clause (1.) of the last preceding clause, accrue in respect of the relevant advance or payment on and from the commencement of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth.

Prepay-
ments by
the State.

19.—(1.) In addition to making payments in accordance with the last preceding clause, a State may on the fifteenth day of January or on the fifteenth day of July in any year, after having given to the Treasurer notice in writing of at least one month of its intention to do so, pay to the Commonwealth an amount that has been specified in the notice of the repayments that remain to be made by the State under that clause.

(2.) Interest at the rate of six per centum per annum shall accrue on amounts paid by a State in accordance with sub-clause (1.) of this clause, calculated from the date of payment and compounded with half-yearly rests on each fifteenth day of January and fifteenth day of July.

(3.) When on any fifteenth day of January or fifteenth day of July the payment by the State under the last preceding clause exceeds the amount by which the unrepaid balance of the total amount repayable under that clause together with interest accrued on that total amount up to and including that date exceeds the total of the amounts paid by the State to the Commonwealth in accordance with sub-clause (1.) of this clause together with interest accrued on those amounts up to and including that date under sub-clause (2.) of this clause, the State shall pay to the Commonwealth the amount of the second mentioned excess in lieu of the amount due under the last preceding clause and no further payments shall be required to be made by the State to the Commonwealth under that clause.

Financial
Administra-
tion and
Adjustments.

20.—(1.) Each State agrees to operate the Scheme in such a way that, taking into account its experience with other schemes of rural assistance and the normal expectations as to factors that affect farmers' incomes that are current at the date of this agreement, the amounts received by the Authority in the course of the operation of the Scheme could be reasonably expected to equal the payments of principal and interest which the State is required to make to the Commonwealth under this agreement.

(2.) Should a State certify that, without taking into account its administrative costs, it has incurred losses under the Scheme from circumstances beyond its control arising after the date of this agreement and disadvantageous compared with past experience and normal expectations as to factors that affect farmers' incomes referred to in

sub-clause

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sub-clause (1.) of this clause, the Commonwealth agrees to review the position with the State with a view to adjusting amounts payable to the Commonwealth by the State under this agreement to the extent of such losses.

(3.) The provisions of this agreement in relation to the times at which payments are to be made by the State to the Commonwealth and the amounts of the payments that are to be made may be varied in such manner as is agreed between the Commonwealth and the State upon a review carried out in accordance with sub-clause (2.) of this clause.

21. A State shall prepare and furnish to the Treasurer not later than the thirtieth day of April in each year a statement or statements showing the estimated expenditure necessary to operate the Scheme during the next financial year and estimates of the amounts that the State will request the Commonwealth to pay to the State under this agreement during that financial year. Financial
Estimates.

22.—(1.) The accounts, books, vouchers, documents and other records of a State relating to the operation of the Scheme shall be subject to audit by the Auditor-General of the State. Audit.

(2.) Until such time as the total amount of the financial assistance to a State has been provided by the Commonwealth and applied by the State in accordance with this agreement and supporting evidence to the satisfaction of the Treasurer in relation to all amounts advanced or paid by the Commonwealth has been furnished by the State, a report on the audits in respect of each financial year shall be furnished by the Auditor-General of the State to the Treasurer as soon as possible after the completion of the financial year.

23. Financial arrangements in connexion with the Scheme other than those provided for in this agreement shall be carried out as agreed from time to time between the Treasurer and the Treasurer of each State. Other
Financial
Arrange-
ments.

IV.—GENERAL

24.—(1.) The operation of the Scheme in relation to all of the States will be reviewed from time to time as appropriate by the Commonwealth and the States in the light of experience in its administration. Review.

(2.)

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(2.) A review under sub-clause (1.) of this clause shall be carried out not later than the time necessary to enable to be brought into operation by the first day of July, 1972 any adjustments or amendments which it may be agreed should be made to the Scheme in respect of—

- (a) the funds to be provided for the Scheme;
- (b) the allocation of funds between the States;
- (c) the provisions for losses (other than unforeseen losses) and write-offs available to the States under the Scheme;
- (d) the interest rates to be charged to borrowers; and
- (e) the proportion of the financial assistance applied to farm build-up.

Exchange of Information.

25. The Authorities of the States and appropriate Commonwealth officers associated with the Scheme will meet together as appropriate and at least once in each year and exchange information on any matters pertinent to the Scheme.

THE SCHEDULE

RURAL RECONSTRUCTION—OUTLINE OF PROPOSALS

PART I—GENERAL PRINCIPLES

- (a) No agricultural industry is excluded from the scheme (except for farm build-up cases eligible under the Marginal Dairy Farms Reconstruction Scheme). It has, however, been framed with the circumstances of the sheep and sheep/wheat industries primarily in mind. Where the particular circumstances of an agriculturalist in another industry are such that the scheme applies to his circumstances, it is open to him to apply. It is recognized that in respect of farm build-up the particular circumstances of some industries (e.g. apples, pears, dried vine fruits) may need additional special consideration.

(b)

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- (b) The general principle to be applied is to distribute the available resources as widely as practicable, but the overriding objective is to help restore to economic viability those farms and farmers with the capacity to maintain viability once achieved.
- (c) It is expected that each administering Authority will avail itself of the best available advice on agricultural technology and market prospects.
- (d) Companies will not be eligible for assistance unless the Authority, having considered the shareholdings and being satisfied that the shareholders are bona fide primary producers relying primarily on the income from the company for their livelihood, considers it appropriate to provide assistance.
- (e) In cases of assistance under the heading of debt reconstruction or by way of advances for carry-on expenses, plant, livestock and property development in farm build-up cases, it is an essential part of the scheme that adequate supervision of property management and the financial affairs of the assisted farmer is maintained. If the Authority deems it necessary it may require that moneys receivable on account of the property will be received by the Authority or its agent or a body nominated by the Authority, payments within the approved budgets being made through normal channels.
- (f) Repayment of advances made by the Authority and interest due thereon will be secured by the best and most appropriate security available, recognizing that this may involve ranking after existing securities.
- (g) A transfer of the property before advances made by the Authority are repaid will be permitted only with the consent of the Authority, which will upon transfer, or upon succession on the death of the borrower, have the right to review its arrangements in respect of the property.
- (h) The arrangements with the assisted farmer are subject to regular review by the Authority from time to time and are liable to termination in the event of the farmer ceasing to be personally in working occupation of the property, failing to observe his obligations and undertakings under the arrangements or in the event of the Authority arriving at the conclusion that for any reason he lacks prospects of successful occupation. Otherwise the arrangements shall be terminable when the Authority arrives at the conclusion that his prospects of successful occupation are no longer dependent on the extension of concessional finance. Upon termination of the arrangements, all debts will then become due and payable.

PART

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PART II—DEBT RECONSTRUCTION

(1) Purpose

To assist a farmer who, although having sound prospects of long term commercial viability, has used all his cash and credit resources and cannot meet his financial commitments.

(2) Tests of Eligibility

- (a) The applicant is unable to obtain finance to carry on from any other normal source and is thus in danger of losing property or other assets if not assisted under the scheme.
- (b) There is a reasonable prospect of successful operation with the assistance possible under the scheme, the prime requirement being ability to service commitments and to reach the stage of commercial viability within a reasonable time.
- (c) Assistance is merited and the applicant's difficulties are not substantially due to circumstances within his control.

(3) Nature of Assistance

The assistance to be provided may encompass where necessary:

- (a) A re-arrangement and/or a composition of debts to allow more time for payment.
- (b) The negotiation of a concessional rate of interest for existing rates.
- (c) Advances of additional funds for carry-on expenses, livestock and further property development, at reasonable interest rates.
- (d) Where the State legislation so provides, a protection order against any creditor who has threatened action for debt, to apply while the application is under consideration and subject to such extensions as the administering Authority may from time to time determine.

(4) Method of Operation

- (a) A re-arrangement and/or composition may take the form of the Authority advancing money to pay off in whole or in part the creditors (whether or not the debts have been written down by the creditors under (b) below) excluding the Crown. There may be an arrangement by the secured or unsecured creditors to postpone repayments of principal and to refrain from taking action against the debtor for a specified time. Composition arrangements require the agreement in writing of creditors.

(b)

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- (b) The possibility of creditors, including the Crown, local authorities and public utilities being asked to defer or write-off part of their debts—possibly at a uniform rate but with due regard to priority of security—should be considered. Creditors should not be pressed to the extent that the availability of credit to rural industries is damaged.
- (c) Additional funds advanced for carry-on expenses, livestock and further property development will be strictly limited to the minimum which the Authority considers is required to enable the farmer to carry on and free himself from dependence on the Authority's assistance within the term of the advances made to him by the Authority.
- (d) In exceptional cases, advances for carry-on expenses and livestock may be made to a farmer who is not yet in immediate danger of losing property or other assets but who in the opinion of the Authority is likely to reach that position without such assistance, such cases being tested strictly against the remaining eligibility criteria.
- (e) The rate of interest payable on advances made by the Authority to pay off creditors and also advances made for carry-on expenses, livestock, plant and property development, will be decided by the Authority on the circumstances of the particular case. The Authority will have the right to review the interest rates on individual accounts at any time and should review the interest rates at regular intervals. The Authority will ensure that the average interest rate over all loans made will be not less than 4 per centum per annum.
- (f) Where protection orders apply it is desirable to establish a relationship with creditors such that the Authority is acting in combined interests of applicant and creditors, secured and unsecured.

(5) Limits

The Authority shall have discretion to determine:

- (a) The terms and conditions of any loan it may make up to a maximum repayment term of 20 years. In a number of cases an initial period of freedom from repayments of principal would be justifiable depending on the circumstances of the case and the interest rate to be charged.
- (b) The proportion of debts paid off by advances in any one case.
- (c) The total of advances which may be made by the Authority in any one case.

PART

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PART III—FARM BUILD-UP

(1) Purpose

To supplement, without discouraging, the normal processes under which properties which are too small to be economic are amalgamated with an adjoining holding or are subdivided and the subdivided portions are added to adjoining holdings, or to assist a farmer with a property too small to be economic to purchase additional land to build up his property to at least economic size.

(2) Tests of Eligibility

- (a) The owner of the property to be purchased wishes to sell or accepts that he is obliged to sell.
- (b) The purchaser is unable to obtain the finance applied for from any other source.
- (c) The Authority is satisfied that the built-up property will be of sufficient size to offer sound prospects of long term commercial viability.
- (d) Where an application is made by an adjoining owner for assistance under the scheme to purchase an uneconomic property, but there is a possibility of sale of the property to another adjoining owner who does not require assistance under the scheme, assistance will be provided only if the applicant's property would be built-up from an uneconomic to an economic size.
- (e) The term "adjoining holding" includes a holding which is within a reasonable working distance of the holding under consideration where there is no impediment to the two holdings being worked as a single unit.

(3) Nature of Assistance

- (a) The provision to the purchaser of finance at an interest rate not less than 6½ per centum per annum to assist the purchase of an adjoining holding or part of an adjoining holding.
- (b) Grants at the discretion of the Authority to cover, in whole or in part, losses sustained in the disposal of assets included in the purchase price of the property, which are not useful for the built-up property.
- (c) Advances, at an interest rate not less than 6½ per centum per annum, for carry-on expenses, plant, livestock, and property development in respect of the additional land where not available from other sources.

(4)

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(4) Method of Operation

- (a) A property will not be purchased by the Authority at random, simply because it is uneconomic and the farmer intends to leave the industry; normally a property will be purchased only where arrangements have been made for an adjoining owner to take over the property or for the property to be subdivided and the subdivided parts added to adjoining properties.
- (b) It would however be appropriate for the Authority to take the initiative to encourage an adjoining owner to purchase an uneconomic farm where the Authority is aware that the owner of the uneconomic farm wishes to leave the industry or accepts that he is obliged to leave the industry; this particularly applies where it is unlikely that the appropriate purchaser or purchasers will be able to purchase the additional land unless the Authority provides assistance for the purchase.
- (c) None of the foregoing would prevent the Authority from purchasing an uneconomic property in advance of arrangements having been made for the property to be added to an adjoining property or properties, where the programme of farm adjustment could not otherwise be achieved.
- (d) Since it is required that there must be reasonable prospects of successful operation of the built-up property, the Authority in considering the transfer price of land will have regard to its productivity value.
- (e) If the farmer is able to satisfy the conditions of eligibility under both schemes, a farmer assisted under the debt reconstruction scheme may also be assisted to acquire land to build up his farm to economic size.
- (f) Grants to cover losses on the write off of redundant assets will be kept to a minimum.
- (g) Where advances are made for carry-on expenses, plant, livestock and property development, the advances will be strictly limited to the minimum which the Authority considers is required to enable the farmer to carry on and free himself from dependence on the Authority's assistance within the term of the advances made to him by the Authority.
- (h) The rate of interest payable on advances made by the Authority under the farm build-up proposal will be set by the Authority, but will not be less than 6½ per centum per annum.

(i)

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- (i) While any advances by the Authority in respect of a built-up property remain unpaid, the transfer of part of the built-up property will not be permitted if this would result in a property of a size too small to be economic.

(5) Limits

- (a) The term of a loan by the Authority and conditions of repayment of principal will be at the discretion of the Authority up to a maximum repayment term of 20 years. In a number of cases an initial period of freedom from repayments of principal would be justifiable, depending on the circumstances of the case and the interest rate to be charged.
- (b) The total of advances which may be made up by the Authority in any one case shall also be at its discretion.

PART IV—REHABILITATION

(1) Purpose

To provide limited assistance to those obliged to leave the industry where in the opinion of the Authority administering the scheme this is necessary to alleviate conditions of personal hardship.

(2) Conditions of Eligibility

- (a) The applicant's property must have been purchased by an adjoining owner who has been assisted under the farm build-up provisions to make the purchase or the applicant must have been unable to secure assistance under the debt reconstruction provisions because his property is assessed not to have sound prospects of long term commercial viability; and
- (b) Taking into account the financial position of the applicant after his property has been sold, he will suffer financial hardship which will be alleviated by assistance under these provisions.

(3) Nature of Assistance

A loan on such conditions as to interest rate, if any, and repayment as are determined by the Authority up to a maximum of \$1,000 in any one case.

(4)

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(4) Method of Operation

The loans will be available at the discretion of the Authority administering the scheme.

IN WITNESS WHEREOF this agreement has been executed by the Parties as at the day and year first above-mentioned.

Signed for and on behalf of THE COMMONWEALTH OF AUSTRALIA by the Right Honourable WILLIAM McMAHON, the Prime Minister of the Commonwealth, in the presence of—
I. GRIGG.

WILLIAM McMAHON
(L.S.)

Signed for and on behalf of THE STATE OF NEW SOUTH WALES by the Honourable ROBIN WILLIAM ASKIN, the Premier of the State, in the presence of—
G. M. GRAY.

R. W. ASKIN (L.S.)

Signed for and on behalf of THE STATE OF VICTORIA by the Honourable SIR HENRY EDWARD BOLTE, the Premier of the State, in the presence of—
L. W. CARVER.

HENRY BOLTE (L.S.)

Signed for and on behalf of THE STATE OF QUEENSLAND by the Honourable JOHANNES BJELKE PETERSEN, the Premier of the State, in the presence of—
KEITH SPANN.

JOH. BJELKE PETERSEN
(L.S.)

Signed for and on behalf of THE STATE OF SOUTH AUSTRALIA by the Honourable DONALD ALLEN DUNSTAN, the Premier of the State, in the presence of—
J. S. WHITE.

D. A. DUNSTAN (L.S.)

Signed

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Signed for and on behalf of THE
STATE OF WESTERN AUS-
TRALIA by the Honourable
JOHN TRESIZE TONKIN, the
Premier of the State, in the
presence of—

W. S. LONNIE.

} JOHN T. TONKIN (L.S.)

Signed for and on behalf of THE
STATE OF TASMANIA by the
Honourable WALTER ANGUS
BETHUNE, the Premier of the
State, in the presence of—

B. COWLING.

} W. A. BETHUNE (L.S.)

*In the name and on behalf of Her Majesty I assent to this
Act.*

A. R. CUTLER,
Governor.

*Government House,
Sydney, 18th October, 1971.*