

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,
Clerk of the Legislative Assembly.

*Legislative Assembly Chamber,
Sydney, 21 September, 1977.*

New South Wales



ANNO VICESIMO SEXTO

ELIZABETHÆ II REGINÆ

Act No. , 1977.

An Act to approve, ratify and confirm an Agreement between the Commonwealth and the State of New South Wales in relation to rural adjustment; to validate certain matters; and for other purposes.

BE

States Grants (Rural Adjustment) Agreement Ratification.

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 Adjustment) Agreement Ratification Act, 1977". Short title.

10 **2.** (1) In this Act, except in so far as the context or subject-matter otherwise indicates or requires, "the Agreement" means the Agreement, a copy of which is set out in Schedule 1. Interpre-
tation.

(2) For the purposes of this Act and the Agreement, the Authority is the State of New South Wales or an instrumentality designated by the Minister to be the Authority for those purposes.

15 **3.** The Agreement is hereby approved, ratified and confirmed. Ratification.

20 **4.** (1) The Agreement may be carried into effect notwithstanding the provisions of any other Act. Imple-
mentation.

(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, the Treasurer, the Auditor-General or the Authority are hereby sanctioned, authorised and confirmed.

25 **5.** Any act, matter or thing— Validation.

(a) which by the Agreement is agreed, directed, authorised or permitted to be made, done or executed;

(b)

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- (b) which was made, done or executed before the commencement of this Act; and
- (c) which would have been lawful if this Act had been in force at the time the act, matter or thing was made, done or executed,
- 5
- is hereby validated.

6. (1) Any land to be acquired for the purposes of the Agreement by the Authority may be so acquired, notwithstanding—

Acquisition
of certain
land.

- 10 (a) that any consent or permission required under the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, or the Returned Soldiers Settlement Act, 1916, has not been obtained or granted; or
- 15 (b) that the Authority may not be qualified under the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, or the Returned Soldiers Settlement Act, 1916, to hold land of the tenure to be so acquired by the Authority.

(2) For the purposes only of this section—

- 20 (a) the provisions of the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, and the Returned Soldiers Settlement Act, 1916, and any regulations under any of those Acts; and
- 25 (b) any condition attaching to any land in pursuance of any of those provisions,

shall be deemed to be amended or varied so as to give full force and effect to any of the provisions of this section.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1.

Sec. 2.

AN AGREEMENT made the First day of January one thousand nine hundred and seventy-seven between—

5 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;

10 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.

15 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;

20 (B) Ministers of the Commonwealth and of the States have agreed upon the Outline of Scheme for Rural Adjustment set out in the Schedule to this agreement as constituting a Scheme under which assistance of various kinds could be provided;

25 (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;

30 (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—INTRODUCTION

Operation of Agreement

35 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.

SCHEDULE

*States Grants (Rural Adjustment) Agreement Ratification.*SCHEDULE 1—*continued.*

(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
 5 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
 10 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.

Performance of Agreement

15 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.

20 *Interpretation*

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;

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

30 "the Scheme" means the scheme to be established and operated by a State in accordance with clause 4;

"the Treasurer" means the Treasurer of the Commonwealth.

(2) Reference 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(3) In this agreement, except where the context otherwise requires—

- 5 (a) a reference to a clause refers to the relevant clause of this agreement;
- (b) a reference to a sub-clause refers to the relevant sub-clause of the clause in which the reference appears; and
- (c) the Schedule to this agreement shall be deemed to be an integral part of this agreement.

10 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 operated in conformity and in accordance with the general principles and the provisions set out in, the Outline of Scheme for Rural Adjustment contained in the Schedule to this agreement, as amended at any time in pursuance of sub-clause 9 (1).

(3) The Scheme shall commence operation on the first day of January 1977.

Forms of Assistance

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

PART A

- 30 (a) the assistance provided for in Part 2 of the Schedule—as debt reconstruction.
- (b) the assistance provided for in Part 3 of the Schedule—as farm build-up.
- (c) the assistance provided for in Part 4 of the Schedule—as farm improvement.
- (d) the assistance provided for in Part 5 of the Schedule—as rehabilitation.

SCHEDULE

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SCHEDULE 1—*continued.*

PART B

- (e) the assistance provided for in Part 6 of the Schedule—as carry-on finance.

5 PART C

- (f) the assistance provided for in Part 7 of the Schedule—as household support.

Allocation of Financial Assistance

6. (1) Subject to the provisions expressly made by this agreement, 10 the financial assistance that is to be made available by the Commonwealth to a State under this agreement for the forms of assistance referred to in paragraphs (a), (b) and (c) of Part A of clause 5 shall be allocated between those forms of assistance in such proportions as the Commonwealth determines after consultation with the State.

- 15 (2) A determination by the Commonwealth for the purposes of subclause (1) shall specify a target percentage for commitments on farm build-up and on farm improvement which the State shall endeavour to achieve and a maximum percentage for commitments on debt reconstruction which the State may not exceed without the 20 prior approval of the Commonwealth.

- (3) The consultations referred to in sub-clause (1) shall extend to establishing by agreement between the Commonwealth and the State a firm program of commitments of financial assistance for each four-monthly period during the year.

- 25 (4) If during a financial year either the Commonwealth or a State informs the other that it considers the allocation of the financial assistance by the State or the program of commitments in respect of the year should be varied, further consultations will be held between the Commonwealth and the State with a view to varying the determination by the Commonwealth for the purposes of this clause should 30 the Commonwealth see fit to do so or varying the program of commitments for the purposes of this clause as the case may be.

Interest rates for Parts A and C Assistance

7. (1) The rates of interest at which money is lent by the Authority 35 under the Scheme in providing the forms of assistance referred to in Part A and Part C of clause 5 shall be as determined by the Authority in the circumstances of the particular case.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

5 (2) The Authority shall have the right to review the terms of repayment, including interest rates, of individual accounts at any time and shall exercise this right at regular intervals with the objective of the borrower being encouraged to transfer to commercial credit as soon as circumstances permit.

Administration Expenses

10 8. (1) The Commonwealth and each State shall bear the administration expenses of the provisions by the State, of assistance referred to in Parts A and C of clause 5 as follows—

- (a) up to the amount in each year which is equivalent to 2 per centum in value of the approvals for those forms of assistance in that year—by the Commonwealth and the State equally; and
- 15 (b) in excess of the amount in each year which is equivalent to 2 per centum in value of the approvals for those forms of assistance in that year—by the State.

20 (2) The Commonwealth and each State shall bear the administration expenses of the provision by the State of assistance referred to in Part B of clause 5 in the respective proportions that assistance is for the time being provided by the Commonwealth and the State in respect of the relevant industry in accordance with the agreement which establishes the relevant proportion of the assistance in respect of that industry referred to in sub-clause 14 (2).

25 *Amendment of Schedule*

- 9. (1) The provisions of the Schedule to this agreement may be amended from time to time by agreement between the Ministers of the Commonwealth and of the States for the time being responsible for the administration of the Scheme.
- 30 (2) Where so agreed between the Commonwealth Minister and the Minister or Ministers of the relevant State or States, any 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
- 35 as between the Commonwealth and a State the Minister of which has not so agreed.

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SCHEDULE 1—continued.

III—FINANCIAL ASSISTANCE

Provision of Financial Assistance

- 5 10. Subject to, and to the performance by a State of, the provisions of the Agreement, the Commonwealth will make financial assistance available to the States for the purposes of the Scheme.

Amount of Financial Assistance

- 10 11. (1) The amount of financial assistance to be made available by the Commonwealth to each State for the forms of assistance referred to in Parts A and C of clause 5 during a financial year shall be determined by the Commonwealth before the commencement of the financial year following a meeting of Commonwealth and State Ministers which will review the circumstances relating to the financial year and which will give due consideration to submissions made by 15 the States not later than the end of February last preceding the financial year and will have regard to such other criteria as the Commonwealth considers appropriate.

- 20 (2) The amount of financial assistance to be made available by the Commonwealth to a State for the form of assistance referred to in Part B of clause 5 shall be determined at the time the Commonwealth and the State agree that the provision of such assistance is warranted.

Advances

- 25 12. (1) The Treasurer may, at such time and in such amounts as he thinks fit, make advances on account of the payment that may be made by the Commonwealth under clause 14.

- 30 (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 14 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

- 35 13. 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 operation of the Scheme.

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SCHEDULE 1—*continued.**Payments of Financial Assistance*

14. (1) 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:

(a) in respect of the forms of assistance referred to in Parts A and C of clause 5 in amounts equal to the expenditure by the State (other than administration expenses) in the provision of those forms of assistance; and

(b) in respect of the forms of assistance referred to in Part B of clause 5 in amounts equal to the relevant proportion of the expenditure by the State (other than administration expenses) in the provision of that form of assistance.

(2) For the purposes of paragraph (b) of sub-clause (1) "the relevant proportion" means the proportion of the total cost of operation of the form of assistance referred to in Part B of clause 5 as is from time to time agreed between the Commonwealth and the State as being the proportion to be provided by the Commonwealth.

Supporting Financial Evidence

15. (1) A State shall furnish to the Treasurer such documents and other evidence to justify the making of an advance under clause 12 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.

(2) Any statement of expenditure by a State furnished to the Treasurer in connection with a request by the State for a payment under clause 14 shall be certified by the Auditor-General of the State or an officer authorized by the Treasurer of the State as to its correctness in accordance with the books and documents of the Authority.

Interest on Part A Assistance

16. (1) Interest at the rate for the time being applicable under this clause shall accrue in respect of so much of each amount that has been advanced or paid to the State in respect of the forms of assistance referred to in Part A of clause 5 as is repayable by the State under clause 17 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.

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SCHEDULE 1—*continued.*

(2) The rate of interest referred to in sub-clause (1) shall be 7 per centum per annum but shall be subject to renegotiation and redetermination at an annual review of the scheme to the intent that, in the event that as at the 1st day of January preceding the review there has been a variation of the long term bond rate of 20 per centum or more of the long term bond rate as at the 1st day of January 1977 or the 1st day of January when the rate of interest was last redetermined, as the case may be, the rate applicable under this clause shall be redetermined having regard to the extent of that variation.

(3) A redetermination of the rate of interest under sub-clause (2) shall take effect on a date to be specified by the determination.

(4) A reference in sub-clause (2) to the long term bond rate is a reference to the rate that is equivalent to the rate of yield to maturity of the long term loan of the loan raising by the Commonwealth in Australia for public subscription last preceding the date to which the reference relates.

(5) Interest that accrues under this clause prior to the date upon which interest becomes included in payments provided for in clause 17 shall be payable on the 15th day of January and the 15th day of July each year.

Repayments with Interest of Part A Assistance

17. (1) Subject to the provisions of clause 20, each State shall repay to the Commonwealth 85 per centum of each of the advances made to the State in respect of the forms of assistance referred to in Part A of clause 5 and not refunded or repaid under clause 12 and each of the payments made to the State under clause 14 and not for the time being repaid, together with interest referred to in sub-clause (3) of this clause by 34 half-yearly payments, that, subject to any variation resulting from a redetermination of the rate of interest under clause 16, are equal in amount.

(2) The first payment under sub-clause (1) shall be made on the 15th 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 shall be made on each 15th day of January and 15th day of July thereafter until the full amount of the repayment, including interest, has been paid.

SCHEDULE

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SCHEDULE 1—*continued.*

(3) The interest to be included in payments referred to in sub-clause (1) shall be the interest that, in accordance with sub-clauses (1) and (2) of clause 16, accrues in respect of the relevant advance or payment on and from the 15th day of January preceding the commencement of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth.

Repayments of Part B Assistance

18. (1) Each State shall, by way of repayment of the form of assistance referred to in Part B of clause 5 pay to the Commonwealth by payments in accordance with sub-clause (3) the amount that is calculated by subtracting (b) from (a) where—

(a) is the amount which is the relevant proportion of the principal and interest repaid to the Authority by the recipients of that assistance; and

(b) is the amount which is the relevant proportion of the administration expenses of the Authority in providing that assistance.

(2) For the purposes of sub-clause (1) "the relevant proportion" means the proportion of the total cost of the provision of the form of assistance referred to in Part B of clause 5 as is from time to time agreed between the Commonwealth and the State as being the proportion to be provided by the Commonwealth.

(3) The State shall pay to the Commonwealth so much as is first referred to in sub-clause (1) by consecutive half-yearly payment, the first payment to be made on the 15th day of July or January that occurs after the first repayment of principal and interest made by a recipient of the assistance to the Authority and subsequent payments to be made on each succeeding 15th day of January and July thereafter until no further amount is payable by the State in pursuance of its obligation under sub-clause (1).

Repayments of Part C Assistance

19. Each State shall, by way of repayment of the form of assistance referred to in Part C of clause 5, pay to the Commonwealth so much of that assistance and interest thereon as is recouped by the State in any year from the recipients of that assistance, such payments to be made on each 15th day of January and 15th day of July next succeeding the receipt of those moneys by the State.

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SCHEDULE 1—*continued.**Prepayments by State*

20. (1) In addition to making payments in accordance with clause 17, a State may on the 15th day of January or on the 15th day of
5 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 shall accrue on amounts paid by a State in
10 accordance with sub-clause (1) at the rate that is for the time being the rate of interest applicable under clause 16 calculated from the date of payment and compounded with half yearly rests on each 15th day of January and 15th day of July.

(3) When on any 15th day of January or 15th day of July
15 the payment by the State under clause 17, 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)
20 together with interest accrued on those amounts up to and including that date under sub-clause (2), the State shall pay to the Commonwealth the amount of the second-mentioned excess in lieu of the amount due under clause 17 and no further payments shall be
25 required to be made by the State to the Commonwealth under that clause.

Financial Administration and Adjustments

21. (1) Each State agrees that in respect of the forms of assistance referred to in Part A of clause 5 the Scheme shall be operated by the State in such a way that the amounts received by the Authority
30 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
35 its administration expenses, it has incurred losses under the Scheme in respect of the form of assistance specified in Part A of clause 5 from circumstances beyond its control arising after the date of this agreement, the Commonwealth agrees to review the position with the State with a view to adjusting amounts payable to the Commonwealth
40 by the State under this agreement to the extent of such losses.

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SCHEDULE 1—*continued.*

- (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
5 in such manner as is agreed between the Commonwealth and the State upon a review carried out in accordance with sub-clause (2).

Audit

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

(2) 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.

Other Financial Arrangements

- 15 23. Financial arrangements in connection 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 Treasurer of each State.

IV—GENERAL

20 *Review*

24. 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.

25 *Exchange of Information*

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

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.**Provision of Information and Review*

26. The Authority will supply to the Commonwealth from time to time such information regarding the operation of the Scheme by the State as may be requested by the Commonwealth and which is reasonably able to be supplied by the Authority and will participate in periodic reviews of the effectiveness of the Scheme.

THE SCHEDULE**RURAL ADJUSTMENT—OUTLINE OF SCHEME****10 Part 1—General Principles**

- (a) All agricultural, horticultural and pastoral industries are included in the Scheme. It is recognised that in particular circumstances some industries may need additional special consideration.
- (b) The general principle to be applied is to distribute the available resources as widely as practicable, but the over-riding 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 of 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, 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.

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SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

5 (f) Repayment of advances made by the Authority and interest due thereon will be secured by the best and most appropriate security available, recognising that this may involve ranking after existing securities.

10 (g) A transfer of the property or any interest therein 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.

15 (h) The arrangements with the assisted farmer will be subject to regular review by the Authority from time to time. They may be terminated if the farmer ceases to work the property personally, fails to observe his obligations and undertakings under the arrangements or if the Authority decides that for any reason he lacks reasonable prospects of successful economic operation. Otherwise the arrangements shall be terminable when the Authority decides that his prospects of successful economic operation are no longer dependent
20 on the extension of concessional finance. Upon termination of the arrangements, all debts will then become due and payable.

(i) The eligibility of a farmer for one form of assistance under this Scheme will not necessarily be affected by his having applied for or received another form of assistance under the Scheme.

25 (j) The rate of interest payable will be decided by the Authority in the circumstances of the particular case. The Authority will have the right to review the interest rates on individual accounts at any time and shall review the terms of repayment, including interest rates, at regular intervals with the objective of the borrower being
30 encouraged to transfer to commercial credit as soon as circumstances permit.

Part 2—Debt Reconstruction

(1) Purpose

35 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.

States Grants (Rural Adjustment) Agreement Ratification.SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

- (2) Tests of Eligibility
- 5 (a) The applicant is unable to obtain finance on reasonable terms 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 requirements 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
- 15 The assistance to be provided may include 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.
- 20 (c) Advances of additional funds for carry-on expenses, live-stock and further property development.
- (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
- 25 may from time to time determine.
- (4) Method of Operation
- (a) A re-arrangement and/or composition may take the form
- 30 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
- 35 specified time. Composition arrangements require the agreement in writing of creditors.

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SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

- 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 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) 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
- 25 The Authority shall have discretion to determine:
- 30 (a) The terms and conditions of any loan it may make up to a maximum repayment term of 30 years. An initial period of freedom from repayments of principal may be allowed 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.

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SCHEDULE 1—*continued.*

THE SCHEDULE—*continued.*

Part 3—Farm Build-up

(1) Purpose

- 5 To supplement, without discouraging, the normal processes under which properties which do not have reasonable prospects of long term viability under existing and prospective circumstances are amalgamated with an adjoining holding or are subdivided and the subdivided portions are added to adjoining holdings, or to assist a farmer
10 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.
- 15 (b) The purchaser is unable to obtain the finance applied for on reasonable terms from any other normal 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.
- 20 (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
25 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
30 holdings being worked as a single unit.

(3) Nature of Assistance

- (a) The provision to the purchaser of finance 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 from the reduction in value of assets which are either not useful or less useful for the built up property.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

5 (c) Advances for carry-on expenses, plant, livestock and property development in respect of the additional land where not available from other normal sources.

(4) Method of Operation

10 (a) 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. The Authority may purchase 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. The Authority may dispose of such a property on commercial terms where the purchaser does not require or is not eligible for assistance under this Part.

20 (b) Where appropriate, the Authority could 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 wished to leave the industry or accepts that he is obliged to leave the industry; this applies particularly 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.

25 (c) 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.

30 (d) Grants to cover losses on the write off of redundant assets will be kept to a minimum.

35 (e) 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 (f) While any advances by the Authority in respect of 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.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

(5) Limits

- 5 (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 30 years. An initial period of freedom from repayments of principal may be allowed depending on the circumstances of the case and the interest rate to be charged.
- 10 (b) The total of advances which may be made by the Authority in any one case shall also be at its discretion.

Part 4—Farm Improvement

(1) Purpose

- 15 To assist the restoration of an uneconomic property to economic viability by improving the effective use of an existing farm without adding to its area.

(2) Tests of Eligibility

- 20 (a) The existing farm has been, but is not now, viable and is of sufficient area and the proposed improvements are of such a kind as to offer sound prospects of restoration to long term commercial viability if assistance under the Scheme were provided.
- (b) The applicant is unable to obtain finance on reasonable terms from any other normal source.

25 (3) Nature of Assistance

- 30 (a) Advances for plant, livestock, carry-on expenses and further property development intended to restore the economic viability of the farm either in the existing form of production or in another form of production which may be undertaken in combination with, or completely replace, the existing form of production.
- 35 (b) Grants at the discretion of the Authority to cover, in whole or in part, losses sustained from the reduction in value of assets which are either not useful or are less useful because of the changed pattern of farm operations.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

(4) Method of Operation

- 5 (a) Advances made for the purposes of this Part will be limited to the minimum which the Authority considers is required to enable the farmer to achieve the objective of the improvement program.
- 10 (b) Grants to cover the write off of redundant assets will be kept to a minimum and will be made only where the changed pattern of farm operations is, in the opinion of the Authority, essential to the restoration of long term commercial viability.
- 15 (c) While any advances by the Authority in respect of improvement for which finance is provided under this Part remain unpaid, the transfer of part of the improved property will not be permitted if this would result in a property of a size too small to be economic.

(5) Limits

- 20 (a) The term of a loan by the Authority and the conditions of repayment of principal will be at the discretion of the Authority up to a maximum repayment term of 30 years. An initial period of freedom from repayments of principal may be allowed where circumstances warrant this concession.
- 25 (b) The total of advances which may be made by the Authority in any one case shall be at its discretion.

Part 5—Rehabilitation

(1) Purpose

30 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

- 35 (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

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

5 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.

10 (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 \$5,000 in any one case. The loan may be converted to a grant at the discretion of the Authority.

15 (4) Method of Operation

The assistance will be available at the discretion of the Authority administering the Scheme.

Part 6—Carry-on Finance

(1) Purpose

- 20 To provide advances for essential carry-on purposes in rural industries which it is agreed from time to time between the Commonwealth and a State or States are suffering a severe market downturn or similar situation (but excluding circumstances covered by natural disaster arrangements).

25 (2) Tests of Eligibility

- (a) The applicant has reasonable prospects of long term commercial viability having regard to his asset structure, on the assumption of a market recovery to the long term trend.
- (b) The applicant is unable to obtain carry-on finance on reasonable terms from any other normal source.
- 30 (c) Assistance is merited and the applicant's difficulties are not substantially due to circumstances within his control.

States Grants (Rural Adjustment) Agreement Ratification.SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

(3) Nature of Assistance

Advances for essential carry-on expenses.

5 (4) Method of Operation

(a) In relation to the rural industries referred to in clause 1 of this Part, the Commonwealth and the State will agree upon the terms and conditions upon which assistance is to be given to farmers within those rural industries and the Commonwealth will thereupon publish a notice to that effect in the Australian Government Gazette.

(b) Farmers within those rural industries who fulfil the eligibility requirements set out above will then apply to the Authority in their own State for carry-on assistance.

15 (c) Assistance will be made available at the discretion of the Authority and will be 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.

20 Part 7—Household Support

(1) Purpose

To provide assistance for up to one year to non-viable farmers having insufficient resources to meet living expenses and who are in need of assistance to alleviate conditions of personal and family 25 hardship while the farmer considers whether to adjust out of farming.

(2) Tests of Eligibility

The applicant is assessed as non-viable in the long term, is unable to obtain financial assistance from any other normal source and will suffer personal and family hardship which will be alleviated by assist- 30 ance under these provisions.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

(3) Nature of Assistance

- 5 (a) An advance provided for one year sufficient to raise the applicant's estimated future income from all sources to the level of payment which would be applicable to him if he were eligible for unemployment benefits. An extension to two years may be allowed at the discretion of the Authority in those cases where a demonstrable effort has been made to move out of farming.
- 10 (b) Where it would take some time to assess an applicant's entitlement, interim assistance may be granted by the Authority as a loan at a level of payment which would be applicable to him if he were eligible for unemployment benefits provided there is prima facie evidence of urgent need and unavailability of alternative sources of finance.
- 15 (c) If the Authority subsequently determines that the applicant has a viable enterprise, the interim assistance will be regarded as carry-on finance.
- 20 (d) The carry-on finance would represent part or all of the finance to be provided under a Scheme operative at the time and would be repaid under the conditions pertaining to that Scheme.
- 25 (e) If the Authority determines that an applicant does not have a viable enterprise he will be eligible for household support assistance, and any interim assistance he may have received will be regarded as household support assistance.
- 30 (f) Advances of household support assistance are to be paid to the farmer at intervals decided by the Authority, but not exceeding three months. Prospective income for each period will be assessed by the Authority on the basis of declarations made by the applicant. Each applicant's income situation is to be reviewed by the Authority, on the basis of declarations made by the applicant, when further advances are to be made to him.
- 35 (g) Where a farmer obtains employment or his income is higher than allowed for by the Authority when making an advance, the farmer is required to notify the Authority and repay any excess household support assistance he may have received.
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SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

- 5 (h) In the event of the Authority becoming aware that an applicant has received more than he was entitled to it may exercise its discretion in seeking repayment of the excess.
- (i) at the end of the first period of six months for which a farmer receives household support assistance the advances made to him may be converted by the Authority to a grant.
- 10 (j) If the farmer adjusts out of farming within three years of the time he first received household support, any advances made to him and not already converted to a grant may be so converted by the Authority.
- 15 (k) If an applicant does not adjust out of farming within three years after first receiving household support assistance any advances made to him and not converted to a grant will be repayable to the Authority, together with interest accruing from the commencement of the advance, within a further period of seven years.
- 20 (l) A farmer who is eligible for household support and who is prepared to adjust out of farming may, at the discretion of the Authority, receive in lieu of household support assistance a lump sum payment of \$3,000 less any household support assistance paid to him prior to adjusting out of farming. Such payment is additional to any other payments that might be available to him under the Scheme.
- 25 (m) For the purposes of these provisions a farmer is regarded as having adjusted out of farming when, in the judgement of the Authority, he has effectively disposed of his productive resources.

BY AUTHORITY

D. WEST, GOVERNMENT PRINTER, NEW SOUTH WALES—1977

[32c]

Act No. 1977

**STATES GRANTS (RURAL ADJUSTMENT)
AGREEMENT RATIFICATION BILL, 1977**

It is 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 Adjustment) Agreement Ratification Act, 1977.

2. (1) In this Act, except in so far as the context indicates or subject-matter otherwise indicates or requires, the word "Agreement" means the Agreement, a copy of which is set out in Schedule 1.

(2) For the purposes of this Act and the Agreement, the Authority is the State of New South Wales or an instrumentality designated by the Minister to be the Authority for those purposes.

No. , 1977.

3. The Agreement is hereby approved, ratified and confirmed.

A BILL FOR

An Act to approve, ratify and confirm an Agreement between the Commonwealth and the State of New South Wales in relation to rural adjustment; to validate certain matters; and for other purposes.

(3) All acts, matters and things and things to which provision is made in the Agreement, or which by the Agreement are done or executed by or on behalf of the Minister, the Treasurer, the Secretary of the Authority, are hereby sanctioned, authorised and confirmed.

BE

States Grants (Rural Adjustment) Agreement Ratification.

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. Adjustment) Agreement Ratification Act, 1977".

2. (1) In this Act, except in so far as the context Interpretation. or subject-matter otherwise indicates or requires, "the Agreement" means the Agreement, a copy of which is set out
10 in Schedule 1.

 (2) For the purposes of this Act and the Agreement, the Authority is the State of New South Wales or an instrumentality designated by the Minister to be the Authority for those purposes.

15 **3.** The Agreement is hereby approved, ratified and Ratification. confirmed.

4. (1) The Agreement may be carried into effect Implementation. notwithstanding the provisions of any other Act.

 (2) All acts, matters and things for or with respect
20 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, the Treasurer, the Auditor-General or the Authority are hereby sanctioned, authorised and confirmed.

25 **5.** Any act, matter or thing— Validation.

 (a) which by the Agreement is agreed, directed, authorised or permitted to be made, done or executed;

 (b)

States Grants (Rural Adjustment) Agreement Ratification.

(b) which was made, done or executed before the commencement of this Act; and

(c) which would have been lawful if this Act had been in force at the time the act, matter or thing was made, done or executed,

5

is hereby validated.

6. (1) Any land to be acquired for the purposes of the Acquisition Agreement by the Authority may be so acquired, of certain land. notwithstanding—

10 (a) that any consent or permission required under the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, or the Returned Soldiers Settlement Act, 1916, has not been obtained or granted; or

15 (b) that the Authority may not be qualified under the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, or the Returned Soldiers Settlement Act, 1916, to hold land of the tenure to be so acquired by the Authority.

(2) For the purposes only of this section—

20 (a) the provisions of the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, and the Returned Soldiers Settlement Act, 1916, and any regulations under any of those Acts; and

25 (b) any condition attaching to any land in pursuance of any of those provisions,

shall be deemed to be amended or varied so as to give full force and effect to any of the provisions of this section.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1.

Sec. 2.

AN AGREEMENT made the First day of January one thousand nine hundred and seventy-seven between—

5 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;

10 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.

15 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;

20 (B) Ministers of the Commonwealth and of the States have agreed upon the Outline of Scheme for Rural Adjustment set out in the Schedule to this agreement as constituting a Scheme under which assistance of various kinds could be provided;

25 (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;

30 (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—INTRODUCTION

Operation of Agreement

35 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.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

5 (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.

10 (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.

Performance of Agreement

15 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.

20 *Interpretation*

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;

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

30 "the Scheme" means the scheme to be established and operated by a State in accordance with clause 4;

"the Treasurer" means the Treasurer of the Commonwealth.

(2) Reference 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(3) In this agreement, except where the context otherwise requires—

- 5 (a) a reference to a clause refers to the relevant clause of this agreement;
- (b) a reference to a sub-clause refers to the relevant sub-clause of the clause in which the reference appears; and
- (c) the Schedule to this agreement shall be deemed to be an integral part of this agreement.

10 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
15 rural industries in that State.

(2) The Scheme shall consist of the forms of assistance described in, and shall be operated in conformity and in accordance with the general principles and the provisions set out in, the Outline of Scheme for Rural Adjustment contained in the Schedule to this agreement, as
20 amended at any time in pursuance of sub-clause 9 (1).

(3) The Scheme shall commence operation on the first day of January 1977.

Forms of Assistance

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

PART A

- (a) the assistance provided for in Part 2 of the Schedule—as debt reconstruction.
- 30 (b) the assistance provided for in Part 3 of the Schedule—as farm build-up.
- (c) the assistance provided for in Part 4 of the Schedule—as farm improvement.
- (d) the assistance provided for in Part 5 of the Schedule—as rehabilitation.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

PART B

- (e) the assistance provided for in Part 6 of the Schedule—as carry-on finance.

5 PART C

- (f) the assistance provided for in Part 7 of the Schedule—as household support.

Allocation of Financial Assistance

6. (1) Subject to the provisions expressly made by this agreement, 10 the financial assistance that is to be made available by the Commonwealth to a State under this agreement for the forms of assistance referred to in paragraphs (a), (b) and (c) of Part A of clause 5 shall be allocated between those forms of assistance in such proportions as the Commonwealth determines after consultation with the State.

- 15 (2) A determination by the Commonwealth for the purposes of subclause (1) shall specify a target percentage for commitments on farm build-up and on farm improvement which the State shall endeavour to achieve and a maximum percentage for commitments on debt reconstruction which the State may not exceed without the 20 prior approval of the Commonwealth.

(3) The consultations referred to in sub-clause (1) shall extend to establishing by agreement between the Commonwealth and the State a firm program of commitments of financial assistance for each four-monthly period during the year.

- 25 (4) If during a financial year either the Commonwealth or a State informs the other that it considers the allocation of the financial assistance by the State or the program of commitments in respect of the year should be varied, further consultations will be held between the Commonwealth and the State with a view to varying the determi- 30 nation by the Commonwealth for the purposes of this clause should the Commonwealth see fit to do so or varying the program of commitments for the purposes of this clause as the case may be.

Interest rates for Parts A and C Assistance

7. (1) The rates of interest at which money is lent by the Authority 35 under the Scheme in providing the forms of assistance referred to in Part A and Part C of clause 5 shall be as determined by the Authority in the circumstances of the particular case.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—continued.

- 5 (2) The Authority shall have the right to review the terms of repayment, including interest rates, of individual accounts at any time and shall exercise this right at regular intervals with the objective of the borrower being encouraged to transfer to commercial credit as soon as circumstances permit.

Administration Expenses

- 10 8. (1) The Commonwealth and each State shall bear the administration expenses of the provisions by the State, of assistance referred to in Parts A and C of clause 5 as follows—

- 15 (a) up to the amount in each year which is equivalent to 2 per centum in value of the approvals for those forms of assistance in that year—by the Commonwealth and the State equally; and
- (b) in excess of the amount in each year which is equivalent to 2 per centum in value of the approvals for those forms of assistance in that year—by the State.

- 20 (2) The Commonwealth and each State shall bear the administration expenses of the provision by the State of assistance referred to in Part B of clause 5 in the respective proportions that assistance is for the time being provided by the Commonwealth and the State in respect of the relevant industry in accordance with the agreement which establishes the relevant proportion of the assistance in respect of that industry referred to in sub-clause 14 (2).

25 *Amendment of Schedule*

9. (1) The provisions of the Schedule to this agreement may be amended from time to time by agreement between the Ministers of the Commonwealth and of the States for the time being responsible for the administration of the Scheme.
- 30 (2) Where so agreed between the Commonwealth Minister and the Minister or Ministers of the relevant State or States, any 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
- 35 as between the Commonwealth and a State the Minister of which has not so agreed.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

III—FINANCIAL ASSISTANCE

Provision of Financial Assistance

- 5 10. Subject to, and to the performance by a State of, the provisions of the Agreement, the Commonwealth will make financial assistance available to the States for the purposes of the Scheme.

Amount of Financial Assistance

- 10 11. (1) The amount of financial assistance to be made available by the Commonwealth to each State for the forms of assistance referred to in Parts A and C of clause 5 during a financial year shall be determined by the Commonwealth before the commencement of the financial year following a meeting of Commonwealth and State Ministers which will review the circumstances relating to the financial year and which will give due consideration to submissions made by 15 the States not later than the end of February last preceding the financial year and will have regard to such other criteria as the Commonwealth considers appropriate.

- 20 (2) The amount of financial assistance to be made available by the Commonwealth to a State for the form of assistance referred to in Part B of clause 5 shall be determined at the time the Commonwealth and the State agree that the provision of such assistance is warranted.

Advances

- 25 12. (1) The Treasurer may, at such time and in such amounts as he thinks fit, make advances on account of the payment that may be made by the Commonwealth under clause 14.

- 30 (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 14 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

- 35 13. 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 operation of the Scheme.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.**Payments of Financial Assistance*

14. (1) 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:

- 5
- 10
- (a) in respect of the forms of assistance referred to in Parts A and C of clause 5 in amounts equal to the expenditure by the State (other than administration expenses) in the provision of those forms of assistance; and
- (b) in respect of the forms of assistance referred to in Part B of clause 5 in amounts equal to the relevant proportion of the expenditure by the State (other than administration expenses) in the provision of that form of assistance.

15 (2) For the purposes of paragraph (b) of sub-clause (1) "the relevant proportion" means the proportion of the total cost of operation of the form of assistance referred to in Part B of clause 5 as is from time to time agreed between the Commonwealth and the State as being the proportion to be provided by the Commonwealth.

20 Supporting Financial Evidence

15. (1) A State shall furnish to the Treasurer such documents and other evidence to justify the making of an advance under clause 12 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.

20 (2) Any statement of expenditure by a State furnished to the Treasurer in connection with a request by the State for a payment under clause 14 shall be certified by the Auditor-General of the State or an officer authorized by the Treasurer of the State as to its correctness in accordance with the books and documents of the Authority.

Interest on Part A Assistance

16. (1) Interest at the rate for the time being applicable under this clause shall accrue in respect of so much of each amount that has been advanced or paid to the State in respect of the forms of assistance referred to in Part A of clause 5 as is repayable by the State under clause 17 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(2) The rate of interest referred to in sub-clause (1) shall be 7 per centum per annum but shall be subject to renegotiation and redetermination at an annual review of the scheme to the intent that, 5 in the event that as at the 1st day of January preceding the review there has been a variation of the long term bond rate of 20 per centum or more of the long term bond rate as at the 1st day of January 1977 or the 1st day of January when the rate of interest was last redetermined, as the case may be, the rate applicable under 10 this clause shall be redetermined having regard to the extent of that variation.

(3) A redetermination of the rate of interest under sub-clause (2) shall take effect on a date to be specified by the determination.

(4) A reference in sub-clause (2) to the long term bond rate 15 is a reference to the rate that is equivalent to the rate of yield to maturity of the long term loan of the loan raising by the Commonwealth in Australia for public subscription last preceding the date to which the reference relates.

(5) Interest that accrues under this clause prior to the date 20 upon which interest becomes included in payments provided for in clause 17 shall be payable on the 15th day of January and the 15th day of July each year.

Repayments with Interest of Part A Assistance

17. (1) Subject to the provisions of clause 20, each State shall 25 repay to the Commonwealth 85 per centum of each of the advances made to the State in respect of the forms of assistance referred to in Part A of clause 5 and not refunded or repaid under clause 12 and each of the payments made to the State under clause 14 and not for the time being repaid, together with interest referred to in sub-clause 30 (3) of this clause by 34 half-yearly payments, that, subject to any variation resulting from a redetermination of the rate of interest under clause 16, are equal in amount.

(2) The first payment under sub-clause (1) shall be made on the 15th day of July of the fourth financial year that wholly occurs 35 after the advance or payment was made by the Commonwealth to the State and subsequent payments shall be made on each 15th day of January and 15th day of July thereafter until the full amount of the repayment, including interest, has been paid.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(3) The interest to be included in payments referred to in sub-clause (1) shall be the interest that, in accordance with sub-clauses (1) and (2) of clause 16, accrues in respect of the relevant advance or payment on and from the 15th day of January preceding the commencement of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth.

Repayments of Part B Assistance

18. (1) Each State shall, by way of repayment of the form of assistance referred to in Part B of clause 5 pay to the Commonwealth by payments in accordance with sub-clause (3) the amount that is calculated by subtracting (b) from (a) where—

- 15 (a) is the amount which is the relevant proportion of the principal and interest repaid to the Authority by the recipients of that assistance; and
- (b) is the amount which is the relevant proportion of the administration expenses of the Authority in providing that assistance.

20 (2) For the purposes of sub-clause (1) “the relevant proportion” means the proportion of the total cost of the provision of the form of assistance referred to in Part B of clause 5 as is from time to time agreed between the Commonwealth and the State as being the proportion to be provided by the Commonwealth.

25 (3) The State shall pay to the Commonwealth so much as is from half-year to half-year calculated to be payable of the amount first referred to in sub-clause (1) by consecutive half-yearly payment, the first payment to be made on the 15th day of July or January that occurs after the first repayment of principal and interest made by a recipient of the assistance to the Authority and subsequent

30 payments to be made on each succeeding 15th day of January and July thereafter until no further amount is payable by the State in pursuance of its obligation under sub-clause (1).

Repayments of Part C Assistance

19. Each State shall, by way of repayment of the form of assistance referred to in Part C of clause 5, pay to the Commonwealth so much of that assistance and interest thereon as is recouped by the State in any year from the recipients of that assistance, such payments to be made on each 15th day of January and 15th day of July next succeeding the receipt of those moneys by the State.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—continued.

Prepayments by State

5 20. (1) In addition to making payments in accordance with clause 17, a State may on the 15th day of January or on the 15th 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.

10 (2) Interest shall accrue on amounts paid by a State in accordance with sub-clause (1) at the rate that is for the time being the rate of interest applicable under clause 16 calculated from the date of payment and compounded with half yearly rests on each 15th day of January and 15th day of July.

15 (3) When on any 15th day of January or 15th day of July the payment by the State under clause 17, 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)
20 together with interest accrued on those amounts up to and including that date under sub-clause (2), the State shall pay to the Commonwealth the amount of the second-mentioned excess in lieu of the amount due under clause 17 and no further payments shall be
25 required to be made by the State to the Commonwealth under that clause.

Financial Administration and Adjustments

30 21. (1) Each State agrees that in respect of the forms of assistance referred to in Part A of clause 5 the Scheme shall be operated by the State in such a way that 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.

35 (2) Should a State certify that, without taking into account its administration expenses, it has incurred losses under the Scheme in respect of the form of assistance specified in Part A of clause 5 from circumstances beyond its control arising after the date of this agreement, the Commonwealth agrees to review the position with the State with a view to adjusting amounts payable to the Commonwealth
40 by the State under this agreement to the extent of such losses.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

- (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
5 in such manner as is agreed between the Commonwealth and the State upon a review carried out in accordance with sub-clause (2).

Audit

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

(2) 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.

Other Financial Arrangements

- 15 23. Financial arrangements in connection 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 Treasurer of each State.

IV—GENERAL

Review

24. 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.

25 *Exchange of Information*

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

SCHEDULE

*States Grants (Rural Adjustment) Agreement Ratification.*SCHEDULE 1—*continued.**Provision of Information and Review*

26. The Authority will supply to the Commonwealth from time to time such information regarding the operation of the Scheme by the State as may be requested by the Commonwealth and which is reasonably able to be supplied by the Authority and will participate in periodic reviews of the effectiveness of the Scheme.

THE SCHEDULE

RURAL ADJUSTMENT—OUTLINE OF SCHEME

10 Part 1—General Principles

- (a) All agricultural, horticultural and pastoral industries are included in the Scheme. It is recognised that in particular circumstances some industries may need additional special consideration.
- (b) The general principle to be applied is to distribute the available resources as widely as practicable, but the over-riding 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 of 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, 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

5 (f) Repayment of advances made by the Authority and interest due thereon will be secured by the best and most appropriate security available, recognising that this may involve ranking after existing securities.

10 (g) A transfer of the property or any interest therein 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.

15 (h) The arrangements with the assisted farmer will be subject to regular review by the Authority from time to time. They may be terminated if the farmer ceases to work the property personally, fails to observe his obligations and undertakings under the arrangements or if the Authority decides that for any reason he lacks reasonable prospects of successful economic operation. Otherwise the arrangements shall be terminable when the Authority decides that his prospects of successful economic operation are no longer dependent on the extension of concessional finance. Upon termination of the arrangements, all debts will then become due and payable.

(i) The eligibility of a farmer for one form of assistance under this Scheme will not necessarily be affected by his having applied for or received another form of assistance under the Scheme.

25 (j) The rate of interest payable will be decided by the Authority in the circumstances of the particular case. The Authority will have the right to review the interest rates on individual accounts at any time and shall review the terms of repayment, including interest rates, at regular intervals with the objective of the borrower being encouraged to transfer to commercial credit as soon as circumstances permit.

Part 2—Debt Reconstruction

(1) Purpose

35 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—continued.

THE SCHEDULE—continued.

- (2) Tests of Eligibility
- 5 (a) The applicant is unable to obtain finance on reasonable terms 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 requirements 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
- 15 The assistance to be provided may include 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.
- 20 (c) Advances of additional funds for carry-on expenses, livestock and further property development.
- (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.
- 25
- (4) Method of Operation
- 30 (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

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

- 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 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) 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
- 25 The Authority shall have discretion to determine:
- 30 (a) The terms and conditions of any loan it may make up to a maximum repayment term of 30 years. An initial period of freedom from repayments of principal may be allowed 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

Part 3—Farm Build-up

(1) Purpose

- 5 To supplement, without discouraging, the normal processes under which properties which do not have reasonable prospects of long term viability under existing and prospective circumstances are amalgamated with an adjoining holding or are subdivided and the subdivided portions are added to adjoining holdings, or to assist a farmer
10 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.
- 15 (b) The purchaser is unable to obtain the finance applied for on reasonable terms from any other normal 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.
- 20 (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
25 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
30 holdings being worked as a single unit.

(3) Nature of Assistance

- (a) The provision to the purchaser of finance 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 from the reduction in value of assets which are either not useful or less useful for the built up property.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

5 (c) Advances for carry-on expenses, plant, livestock and property development in respect of the additional land where not available from other normal sources.

(4) Method of Operation

10 (a) 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. The Authority may purchase 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. The Authority may dispose of such a property on commercial terms where the purchaser does not require or is not eligible for assistance under this Part.

20 (b) Where appropriate, the Authority could 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 wished to leave the industry or accepts that he is obliged to leave the industry; this applies particularly 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.

25 (c) 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.

30 (d) Grants to cover losses on the write off of redundant assets will be kept to a minimum.

35 (e) 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 (f) While any advances by the Authority in respect of 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.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

(5) Limits

- 5 (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 30 years. An initial period of freedom from repayments of principal may be allowed depending on the circumstances of the case and the interest rate to be charged.
- 10 (b) The total of advances which may be made by the Authority in any one case shall also be at its discretion.

Part 4—Farm Improvement

(1) Purpose

15 To assist the restoration of an uneconomic property to economic viability by improving the effective use of an existing farm without adding to its area.

(2) Tests of Eligibility

- 20 (a) The existing farm has been, but is not now, viable and is of sufficient area and the proposed improvements are of such a kind as to offer sound prospects of restoration to long term commercial viability if assistance under the Scheme were provided.
- (b) The applicant is unable to obtain finance on reasonable terms from any other normal source.

25 (3) Nature of Assistance

- 30 (a) Advances for plant, livestock, carry-on expenses and further property development intended to restore the economic viability of the farm either in the existing form of production or in another form of production which may be undertaken in combination with, or completely replace, the existing form of production.
- 35 (b) Grants at the discretion of the Authority to cover, in whole or in part, losses sustained from the reduction in value of assets which are either not useful or are less useful because of the changed pattern of farm operations.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

(4) Method of Operation

- 5 (a) Advances made for the purposes of this Part will be limited to the minimum which the Authority considers is required to enable the farmer to achieve the objective of the improvement program.
- 10 (b) Grants to cover the write off of redundant assets will be kept to a minimum and will be made only where the changed pattern of farm operations is, in the opinion of the Authority, essential to the restoration of long term commercial viability.
- 15 (c) While any advances by the Authority in respect of improvement for which finance is provided under this Part remain unpaid, the transfer of part of the improved property will not be permitted if this would result in a property of a size too small to be economic.

(5) Limits

- 20 (a) The term of a loan by the Authority and the conditions of repayment of principal will be at the discretion of the Authority up to a maximum repayment term of 30 years. An initial period of freedom from repayments of principal may be allowed where circumstances warrant this concession.
- 25 (b) The total of advances which may be made by the Authority in any one case shall be at its discretion.

Part 5—Rehabilitation

(1) Purpose

30 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

- 35 (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

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

THE SCHEDULE—*continued.*

- 5 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.

10 (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 \$5,000 in any one case. The loan may be converted to a grant at the discretion of the Authority.

15 (4) Method of Operation

The assistance will be available at the discretion of the Authority administering the Scheme.

Part 6—Carry-on Finance

(1) Purpose

- 20 To provide advances for essential carry-on purposes in rural industries which it is agreed from time to time between the Commonwealth and a State or States are suffering a severe market downturn or similar situation (but excluding circumstances covered by natural disaster arrangements).

25 (2) Tests of Eligibility

- (a) The applicant has reasonable prospects of long term commercial viability having regard to his asset structure, on the assumption of a market recovery to the long term trend.
- (b) The applicant is unable to obtain carry-on finance on reasonable terms from any other normal source.
- 30 (c) Assistance is merited and the applicant's difficulties are not substantially due to circumstances within his control.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—continued.

THE SCHEDULE—continued.

- (3) Nature of Assistance
Advances for essential carry-on expenses.

5 (4) Method of Operation

- (a) In relation to the rural industries referred to in clause 1 of this Part, the Commonwealth and the State will agree upon the terms and conditions upon which assistance is to be given to farmers within those rural industries and the Commonwealth will thereupon publish a notice to that effect in the Australian Government Gazette.
- 10 (b) Farmers within those rural industries who fulfil the eligibility requirements set out above will then apply to the Authority in their own State for carry-on assistance.
- 15 (c) Assistance will be made available at the discretion of the Authority and will be 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.

20 Part 7—Household Support

(1) Purpose

- To provide assistance for up to one year to non-viable farmers having insufficient resources to meet living expenses and who are in need of assistance to alleviate conditions of personal and family hardship while the farmer considers whether to adjust out of farming.

(2) Tests of Eligibility

- The applicant is assessed as non-viable in the long term, is unable to obtain financial assistance from any other normal source and will suffer personal and family hardship which will be alleviated by assistance under these provisions.

SCHEDULE

**STATES GRANTS (RURAL ADJUSTMENT)
AGREEMENT RATIFICATION BILL, 1977**

No. , 1977.

A BILL FOR

An Act to approve, ratify and confirm an Agreement between the Commonwealth and the State of New South Wales in relation to rural adjustment; to validate certain matters; and for other purposes.

[MR RENSCHAW—24 August, 1977.]

BE

States Grants (Rural Adjustment) Agreement Ratification.

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. Adjustment) Agreement Ratification Act, 1977".

10 **2.** (1) In this Act, except in so far as the context Interpretation. or subject-matter otherwise indicates or requires, "the Agreement" means the Agreement, a copy of which is set out in Schedule 1.

(2) For the purposes of this Act and the Agreement, the Authority is the State of New South Wales or an instrumentality designated by the Minister to be the Authority for those purposes.

15 **3.** The Agreement is hereby approved, ratified and Ratification. confirmed.

4. (1) The Agreement may be carried into effect Imple- notwithstanding the provisions of any other Act. mentation.

20 (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, the Treasurer, the Auditor-General or the Authority are hereby sanctioned, authorised and confirmed.

25 **5.** Any act, matter or thing— Validation.

(a) which by the Agreement is agreed, directed, authorised or permitted to be made, done or executed;

(b)

States Grants (Rural Adjustment) Agreement Ratification.

- (b) which was made, done or executed before the commencement of this Act; and
- (c) which would have been lawful if this Act had been in force at the time the act, matter or thing was made, done or executed,
- 5
- is hereby validated.

6. (1) Any land to be acquired for the purposes of the Agreement by the Authority may be so acquired, notwithstanding—

- 10 (a) that any consent or permission required under the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, or the Returned Soldiers Settlement Act, 1916, has not been obtained or granted; or
- 15 (b) that the Authority may not be qualified under the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, or the Returned Soldiers Settlement Act, 1916, to hold land of the tenure to be so acquired by the Authority.

(2) For the purposes only of this section—

- 20 (a) the provisions of the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, and the Returned Soldiers Settlement Act, 1916, and any regulations under any of those Acts; and
- 25 (b) any condition attaching to any land in pursuance of any of those provisions,

shall be deemed to be amended or varied so as to give full force and effect to any of the provisions of this section.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1.

Sec. 2.

AN AGREEMENT made the First day of January one thousand nine hundred and seventy-seven between—

5 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;

10 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.

15 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;

20 (B) Ministers of the Commonwealth and of the States have agreed upon the Outline of Scheme for Rural Adjustment set out in the Schedule to this agreement as constituting a Scheme under which assistance of various kinds could be provided;

25 (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;

30 (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—INTRODUCTION

Operation of Agreement

35 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.

SCHEDULE

*States Grants (Rural Adjustment) Agreement Ratification.*SCHEDULE 1—*continued.*

(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.

Performance of Agreement

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.

20 Interpretation

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 the authority or authorities of a State that has or have the administration of the Scheme on behalf of the State and, in a case where there is 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;

"the Treasurer" means the Treasurer of the Commonwealth.

(2) Reference 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(3) In this agreement, except where the context otherwise requires—

- 5 (a) a reference to a clause refers to the relevant clause of this agreement;
- (b) a reference to a sub-clause refers to the relevant sub-clause of the clause in which the reference appears; and
- (c) the Schedule to this agreement shall be deemed to be an integral part of this agreement.

10 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 operated in conformity and in accordance with the general principles and the provisions set out in, the Outline of Scheme for Rural Adjustment contained in the Schedule to this agreement, as amended at any time in pursuance of sub-clause 9 (1).

(3) The Scheme shall commence operation on the first day of January 1977.

Forms of Assistance

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

PART A

- (a) the assistance provided for in Part 2 of the Schedule—as debt reconstruction.
- 30 (b) the assistance provided for in Part 3 of the Schedule—as farm build-up.
- (c) the assistance provided for in Part 4 of the Schedule—as farm improvement.
- (d) the assistance provided for in Part 5 of the Schedule—as rehabilitation.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

PART B

- (e) the assistance provided for in Part 6 of the Schedule—as carry-on finance.

5 PART C

- (f) the assistance provided for in Part 7 of the Schedule—as household support.

Allocation of Financial Assistance

6. (1) Subject to the provisions expressly made by this agreement, the financial assistance that is to be made available by the Commonwealth to a State under this agreement for the forms of assistance referred to in paragraphs (a), (b) and (c) of Part A of clause 5 shall be allocated between those forms of assistance in such proportions as the Commonwealth determines after consultation with the State.

15 (2) A determination by the Commonwealth for the purposes of subclause (1) shall specify a target percentage for commitments on farm build-up and on farm improvement which the State shall endeavour to achieve and a maximum percentage for commitments on debt reconstruction which the State may not exceed without the prior approval of the Commonwealth.

(3) The consultations referred to in sub-clause (1) shall extend to establishing by agreement between the Commonwealth and the State a firm program of commitments of financial assistance for each four-monthly period during the year.

25 (4) If during a financial year either the Commonwealth or a State informs the other that it considers the allocation of the financial assistance by the State or the program of commitments in respect of the year should be varied, further consultations will be held between the Commonwealth and the State with a view to varying the determination by the Commonwealth for the purposes of this clause should the Commonwealth see fit to do so or varying the program of commitments for the purposes of this clause as the case may be.

Interest rates for Parts A and C Assistance

35 7. (1) The rates of interest at which money is lent by the Authority under the Scheme in providing the forms of assistance referred to in Part A and Part C of clause 5 shall be as determined by the Authority in the circumstances of the particular case.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

- 5 (2) The Authority shall have the right to review the terms of repayment, including interest rates, of individual accounts at any time and shall exercise this right at regular intervals with the objective of the borrower being encouraged to transfer to commercial credit as soon as circumstances permit.

Administration Expenses

- 10 8. (1) The Commonwealth and each State shall bear the administration expenses of the provisions by the State, of assistance referred to in Parts A and C of clause 5 as follows—

- (a) up to the amount in each year which is equivalent to 2 per centum in value of the approvals for those forms of assistance in that year—by the Commonwealth and the State equally; and
- 15 (b) in excess of the amount in each year which is equivalent to 2 per centum in value of the approvals for those forms of assistance in that year—by the State.

- 20 (2) The Commonwealth and each State shall bear the administration expenses of the provision by the State of assistance referred to in Part B of clause 5 in the respective proportions that assistance is for the time being provided by the Commonwealth and the State in respect of the relevant industry in accordance with the agreement which establishes the relevant proportion of the assistance in respect of that industry referred to in sub-clause 14 (2).

25 *Amendment of Schedule*

9. (1) The provisions of the Schedule to this agreement may be amended from time to time by agreement between the Ministers of the Commonwealth and of the States for the time being responsible for the administration of the Scheme.
- 30 (2) Where so agreed between the Commonwealth Minister and the Minister or Ministers of the relevant State or States, any 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
- 35 as between the Commonwealth and a State the Minister of which has not so agreed.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

III—FINANCIAL ASSISTANCE

Provision of Financial Assistance

- 5 10. Subject to, and to the performance by a State of, the provisions of the Agreement, the Commonwealth will make financial assistance available to the States for the purposes of the Scheme.

Amount of Financial Assistance

- 10 11. (1) The amount of financial assistance to be made available by the Commonwealth to each State for the forms of assistance referred to in Parts A and C of clause 5 during a financial year shall be determined by the Commonwealth before the commencement of the financial year following a meeting of Commonwealth and State Ministers which will review the circumstances relating to the financial year and which will give due consideration to submissions made by 15 the States not later than the end of February last preceding the financial year and will have regard to such other criteria as the Commonwealth considers appropriate.

- 20 (2) The amount of financial assistance to be made available by the Commonwealth to a State for the form of assistance referred to in Part B of clause 5 shall be determined at the time the Commonwealth and the State agree that the provision of such assistance is warranted.

Advances

- 25 12. (1) The Treasurer may, at such time and in such amounts as he thinks fit, make advances on account of the payment that may be made by the Commonwealth under clause 14.

- 30 (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 14 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

- 35 13. 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 operation of the Scheme.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.**Payments of Financial Assistance*

14. (1) 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:

- (a) in respect of the forms of assistance referred to in Parts A and C of clause 5 in amounts equal to the expenditure by the State (other than administration expenses) in the provision of those forms of assistance; and
- (b) in respect of the forms of assistance referred to in Part B of clause 5 in amounts equal to the relevant proportion of the expenditure by the State (other than administration expenses) in the provision of that form of assistance.

(2) For the purposes of paragraph (b) of sub-clause (1) "the relevant proportion" means the proportion of the total cost of operation of the form of assistance referred to in Part B of clause 5 as is from time to time agreed between the Commonwealth and the State as being the proportion to be provided by the Commonwealth.

20 Supporting Financial Evidence

15. (1) A State shall furnish to the Treasurer such documents and other evidence to justify the making of an advance under clause 12 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.

(2) Any statement of expenditure by a State furnished to the Treasurer in connection with a request by the State for a payment under clause 14 shall be certified by the Auditor-General of the State or an officer authorized by the Treasurer of the State as to its correctness in accordance with the books and documents of the Authority.

Interest on Part A Assistance

16. (1) Interest at the rate for the time being applicable under this clause shall accrue in respect of so much of each amount that has been advanced or paid to the State in respect of the forms of assistance referred to in Part A of clause 5 as is repayable by the State under clause 17 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(2) The rate of interest referred to in sub-clause (1) shall be 7 per centum per annum but shall be subject to renegotiation and redetermination at an annual review of the scheme to the intent that, in the event that as at the 1st day of January preceding the review there has been a variation of the long term bond rate of 20 per centum or more of the long term bond rate as at the 1st day of January 1977 or the 1st day of January when the rate of interest was last redetermined, as the case may be, the rate applicable under this clause shall be redetermined having regard to the extent of that variation.

(3) A redetermination of the rate of interest under sub-clause (2) shall take effect on a date to be specified by the determination.

(4) A reference in sub-clause (2) to the long term bond rate is a reference to the rate that is equivalent to the rate of yield to maturity of the long term loan of the loan raising by the Commonwealth in Australia for public subscription last preceding the date to which the reference relates.

(5) Interest that accrues under this clause prior to the date upon which interest becomes included in payments provided for in clause 17 shall be payable on the 15th day of January and the 15th day of July each year.

Repayments with Interest of Part A Assistance

17. (1) Subject to the provisions of clause 20, each State shall repay to the Commonwealth 85 per centum of each of the advances made to the State in respect of the forms of assistance referred to in Part A of clause 5 and not refunded or repaid under clause 12 and each of the payments made to the State under clause 14 and not for the time being repaid, together with interest referred to in sub-clause (3) of this clause by 34 half-yearly payments, that, subject to any variation resulting from a redetermination of the rate of interest under clause 16, are equal in amount.

(2) The first payment under sub-clause (1) shall be made on the 15th 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 shall be made on each 15th day of January and 15th day of July thereafter until the full amount of the repayment, including interest, has been paid.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(3) The interest to be included in payments referred to in sub-clause (1) shall be the interest that, in accordance with sub-clauses (1) and (2) of clause 16, accrues in respect of the relevant advance or payment on and from the 15th day of January preceding the commencement of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth.

Repayments of Part B Assistance

10 18. (1) Each State shall, by way of repayment of the form of assistance referred to in Part B of clause 5 pay to the Commonwealth by payments in accordance with sub-clause (3) the amount that is calculated by subtracting (b) from (a) where—

15 (a) is the amount which is the relevant proportion of the principal and interest repaid to the Authority by the recipients of that assistance; and

(b) is the amount which is the relevant proportion of the administration expenses of the Authority in providing that assistance.

20 (2) For the purposes of sub-clause (1) "the relevant proportion" means the proportion of the total cost of the provision of the form of assistance referred to in Part B of clause 5 as is from time to time agreed between the Commonwealth and the State as being the proportion to be provided by the Commonwealth.

25 (3) The State shall pay to the Commonwealth so much as is from half-year to half-year calculated to be payable of the amount first referred to in sub-clause (1) by consecutive half-yearly payment, the first payment to be made on the 15th day of July or January that occurs after the first repayment of principal and interest made by a recipient of the assistance to the Authority and subsequent
30 payments to be made on each succeeding 15th day of January and July thereafter until no further amount is payable by the State in pursuance of its obligation under sub-clause (1).

Repayments of Part C Assistance

35 19. Each State shall, by way of repayment of the form of assistance referred to in Part C of clause 5, pay to the Commonwealth so much of that assistance and interest thereon as is recouped by the State in any year from the recipients of that assistance, such payments to be made on each 15th day of January and 15th day of July next succeeding the receipt of those moneys by the State.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.**Prepayments by State*

20. (1) In addition to making payments in accordance with clause 17, a State may on the 15th day of January or on the 15th 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 shall accrue on amounts paid by a State in accordance with sub-clause (1) at the rate that is for the time being the rate of interest applicable under clause 16 calculated from the date of payment and compounded with half yearly rests on each 15th day of January and 15th day of July.

(3) When on any 15th day of January or 15th day of July the payment by the State under clause 17, 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) together with interest accrued on those amounts up to and including that date under sub-clause (2), the State shall pay to the Commonwealth the amount of the second-mentioned excess in lieu of the amount due under clause 17 and no further payments shall be required to be made by the State to the Commonwealth under that clause.

Financial Administration and Adjustments

21. (1) Each State agrees that in respect of the forms of assistance referred to in Part A of clause 5 the Scheme shall be operated by the State in such a way that 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 administration expenses, it has incurred losses under the Scheme in respect of the form of assistance specified in Part A of clause 5 from circumstances beyond its control arising after the date of this agreement, 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(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
5 in such manner as is agreed between the Commonwealth and the State upon a review carried out in accordance with sub-clause (2).

Audit

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

(2) 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.

Other Financial Arrangements

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

IV—GENERAL

Review

24. 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.

25 *Exchange of Information*

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

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.**Provision of Information and Review*

- 5 26. The Authority will supply to the Commonwealth from time to time such information regarding the operation of the Scheme by the State as may be requested by the Commonwealth and which is reasonably able to be supplied by the Authority and will participate in periodic reviews of the effectiveness of the Scheme.

THE SCHEDULE

RURAL ADJUSTMENT—OUTLINE OF SCHEME

10 Part 1—General Principles

- (a) All agricultural, horticultural and pastoral industries are included in the Scheme. It is recognised that in particular circumstances some industries may need additional special consideration.
- 15 (b) The general principle to be applied is to distribute the available resources as widely as practicable, but the over-riding objective is to help restore to economic viability those farms and farmers with the capacity to maintain viability once achieved.
- 20 (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 of the company for their livelihood, considers it 25 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, it is an essential part of the scheme that adequate supervision of property management and the financial affairs 30 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.

THE

*States Grants (Rural Adjustment) Agreement Ratification.*THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

(f) Repayment of advances made by the Authority and interest due thereon will be secured by the best and most appropriate security available, recognising that this may involve ranking after existing securities.

(g) A transfer of the property or any interest therein 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 will be subject to regular review by the Authority from time to time. They may be terminated if the farmer ceases to work the property personally, fails to observe his obligations and undertakings under the arrangements or if the Authority decides that for any reason he lacks reasonable prospects of successful economic operation. Otherwise the arrangements shall be terminable when the Authority decides that his prospects of successful economic operation are no longer dependent on the extension of concessional finance. Upon termination of the arrangements, all debts will then become due and payable.

(i) The eligibility of a farmer for one form of assistance under this Scheme will not necessarily be affected by his having applied for or received another form of assistance under the Scheme.

(j) The rate of interest payable will be decided by the Authority in the circumstances of the particular case. The Authority will have the right to review the interest rates on individual accounts at any time and shall review the terms of repayment, including interest rates, at regular intervals with the objective of the borrower being encouraged to transfer to commercial credit as soon as circumstances permit.

Part 2—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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

- (3) Nature of Assistance
- 5 (a) An advance provided for one year sufficient to raise the applicant's estimated future income from all sources to the level of payment which would be applicable to him if he were eligible for unemployment benefits. An extension to two years may be allowed at the discretion of the Authority in those cases where a demonstrable effort has been made to move out of farming.
- 10 (b) Where it would take some time to assess an applicant's entitlement, interim assistance may be granted by the Authority as a loan at a level of payment which would be applicable to him if he were eligible for unemployment benefits provided there is prima facie evidence of urgent need and unavailability of alternative sources of finance.
- 15 (c) If the Authority subsequently determines that the applicant has a viable enterprise, the interim assistance will be regarded as carry-on finance.
- 20 (d) The carry-on finance would represent part or all of the finance to be provided under a Scheme operative at the time and would be repaid under the conditions pertaining to that Scheme.
- 25 (e) If the Authority determines that an applicant does not have a viable enterprise he will be eligible for household support assistance, and any interim assistance he may have received will be regarded as household support assistance.
- 30 (f) Advances of household support assistance are to be paid to the farmer at intervals decided by the Authority, but not exceeding three months. Prospective income for each period will be assessed by the Authority on the basis of declarations made by the applicant. Each applicant's income situation is to be reviewed by the Authority, on the basis of declarations made by the applicant, when further advances are to be made to him.
- 35 (g) Where a farmer obtains employment or his income is higher than allowed for by the Authority when making an advance, the farmer is required to notify the Authority and repay any excess household support assistance he may have received.
- 40

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SCHEDULE

*States Grants (Rural Adjustment) Agreement Ratification.*SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

- 5 (h) In the event of the Authority becoming aware that an applicant has received more than he was entitled to it may exercise its discretion in seeking repayment of the excess.
- (i) at the end of the first period of six months for which a farmer receives household support assistance the advances made to him may be converted by the Authority to a grant.
- 10 (j) If the farmer adjusts out of farming within three years of the time he first received household support, any advances made to him and not already converted to a grant may be so converted by the Authority.
- 15 (k) If an applicant does not adjust out of farming within three years after first receiving household support assistance any advances made to him and not converted to a grant will be repayable to the Authority, together with interest accruing from the commencement of the advance, within a further period of seven years.
- 20 (l) A farmer who is eligible for household support and who is prepared to adjust out of farming may, at the discretion of the Authority, receive in lieu of household support assistance a lump sum payment of \$3,000 less any household support assistance paid to him prior to adjusting out of farming. Such payment is additional to any other payments that might be available to him under the Scheme.
- 25 (m) For the purposes of these provisions a farmer is regarded as having adjusted out of farming when, in the judgement of the Authority, he has effectively disposed of his productive resources.

BY AUTHORITY

D. WEST, GOVERNMENT PRINTER, NEW SOUTH WALES—1977

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*States Grants (Rural Adjustment) Agreement Ratification.*THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

- (2) Tests of Eligibility
- 5 (a) The applicant is unable to obtain finance on reasonable terms 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 requirements 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
- 15 The assistance to be provided may include 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.
- 20 (c) Advances of additional funds for carry-on expenses, live-stock and further property development.
- (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
- 25 may from time to time determine.
- (4) Method of Operation
- 30 (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
- 35 specified time. Composition arrangements require the agreement in writing of creditors.

States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

- 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 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) 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

- 25 The Authority shall have discretion to determine:
- 30 (a) The terms and conditions of any loan it may make up to a maximum repayment term of 30 years. An initial period of freedom from repayments of principal may be allowed 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.

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States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*

RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

Part 3—Farm Build-up

(1) Purpose

- 5 To supplement, without discouraging, the normal processes under which properties which do not have reasonable prospects of long term viability under existing and prospective circumstances are amalgamated with an adjoining holding or are subdivided and the subdivided portions are added to adjoining holdings, or to assist a farmer
10 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.
- 15 (b) The purchaser is unable to obtain the finance applied for on reasonable terms from any other normal 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.
- 20 (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
25 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
30 holdings being worked as a single unit.

(3) Nature of Assistance

- (a) The provision to the purchaser of finance 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 from the reduction in value of assets which are either not useful or less useful for the built up property.

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States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

- 5 (c) Advances for carry-on expenses, plant, livestock and property development in respect of the additional land where not available from other normal sources.
- (4) Method of Operation
- 10 (a) 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. The Authority may purchase 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. The Authority may dispose of such a property on commercial terms where the purchaser does not require or is not eligible for assistance under this Part.
- 15 (b) Where appropriate, the Authority could 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 wished to leave the industry or accepts that he is obliged to leave the industry; this applies particularly 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.
- 20 (c) 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 (d) Grants to cover losses on the write off of redundant assets will be kept to a minimum.
- 30 (e) 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.
- 35 (f) While any advances by the Authority in respect of 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.
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*States Grants (Rural Adjustment) Agreement Ratification.*THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

(5) Limits

- 5 (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 30 years. An initial period of freedom from repayments of principal may be allowed depending on the circumstances of the case and the interest rate to be charged.
- 10 (b) The total of advances which may be made by the Authority in any one case shall also be at its discretion.

Part 4—Farm Improvement

(1) Purpose

- 15 To assist the restoration of an uneconomic property to economic viability by improving the effective use of an existing farm without adding to its area.

(2) Tests of Eligibility

- 20 (a) The existing farm has been, but is not now, viable and is of sufficient area and the proposed improvements are of such a kind as to offer sound prospects of restoration to long term commercial viability if assistance under the Scheme were provided.
- (b) The applicant is unable to obtain finance on reasonable terms from any other normal source.

25 (3) Nature of Assistance

- 30 (a) Advances for plant, livestock, carry-on expenses and further property development intended to restore the economic viability of the farm either in the existing form of production or in another form of production which may be undertaken in combination with, or completely replace, the existing form of production.
- 35 (b) Grants at the discretion of the Authority to cover, in whole or in part, losses sustained from the reduction in value of assets which are either not useful or are less useful because of the changed pattern of farm operations.

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States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

(4) Method of Operation

- 5 (a) Advances made for the purposes of this Part will be limited to the minimum which the Authority considers is required to enable the farmer to achieve the objective of the improvement program.
- 10 (b) Grants to cover the write off of redundant assets will be kept to a minimum and will be made only where the changed pattern of farm operations is, in the opinion of the Authority, essential to the restoration of long term commercial viability.
- 15 (c) While any advances by the Authority in respect of improvement for which finance is provided under this Part remain unpaid, the transfer of part of the improved property will not be permitted if this would result in a property of a size too small to be economic.

(5) Limits

- 20 (a) The term of a loan by the Authority and the conditions of repayment of principal will be at the discretion of the Authority up to a maximum repayment term of 30 years. An initial period of freedom from repayments of principal may be allowed where circumstances warrant this concession.
- 25 (b) The total of advances which may be made by the Authority in any one case shall be at its discretion.

Part 5—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
30 is necessary to alleviate conditions of personal hardship.

(2) Conditions of Eligibility

- 35 (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

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States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

- 5 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.

10 (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 \$5,000 in any one case. The loan may be converted to a grant at the discretion of the Authority.

15 (4) Method of Operation

The assistance will be available at the discretion of the Authority administering the Scheme.

Part 6—Carry-on Finance

(1) Purpose

- 20 To provide advances for essential carry-on purposes in rural industries which it is agreed from time to time between the Commonwealth and a State or States are suffering a severe market downturn or similar situation (but excluding circumstances covered by natural disaster arrangements).

25 (2) Tests of Eligibility

- (a) The applicant has reasonable prospects of long term commercial viability having regard to his asset structure, on the assumption of a market recovery to the long term trend.
- 30 (b) The applicant is unable to obtain carry-on finance on reasonable terms from any other normal source.
- (c) Assistance is merited and the applicant's difficulties are not substantially due to circumstances within his control.

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States Grants (Rural Adjustment) Agreement Ratification.THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

(3) Nature of Assistance

Advances for essential carry-on expenses.

5 (4) Method of Operation

- (a) In relation to the rural industries referred to in clause 1 of this Part, the Commonwealth and the State will agree upon the terms and conditions upon which assistance is to be given to farmers within those rural industries and the Commonwealth will thereupon publish a notice to that effect in the Australian Government Gazette.
- 10 (b) Farmers within those rural industries who fulfil the eligibility requirements set out above will then apply to the Authority in their own State for carry-on assistance.
- 15 (c) Assistance will be made available at the discretion of the Authority and will be 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.

20 Part 7—Household Support

(1) Purpose

To provide assistance for up to one year to non-viable farmers having insufficient resources to meet living expenses and who are in need of assistance to alleviate conditions of personal and family hardship while the farmer considers whether to adjust out of farming.

(2) Tests of Eligibility

The applicant is assessed as non-viable in the long term, is unable to obtain financial assistance from any other normal source and will suffer personal and family hardship which will be alleviated by assistance under these provisions.

States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

(3) Nature of Assistance

- 5 (a) An advance provided for one year sufficient to raise the applicant's estimated future income from all sources to the level of payment which would be applicable to him if he were eligible for unemployment benefits. An extension to two years may be allowed at the discretion of the Authority in those cases where a demonstrable effort has been made to move out of farming.
- 10 (b) Where it would take some time to assess an applicant's entitlement, interim assistance may be granted by the Authority as a loan at a level of payment which would be applicable to him if he were eligible for unemployment benefits provided there is prima facie evidence of urgent need and unavailability of alternative sources of finance.
- 15 (c) If the Authority subsequently determines that the applicant has a viable enterprise, the interim assistance will be regarded as carry-on finance.
- 20 (d) The carry-on finance would represent part or all of the finance to be provided under a Scheme operative at the time and would be repaid under the conditions pertaining to that Scheme.
- 25 (e) If the Authority determines that an applicant does not have a viable enterprise he will be eligible for household support assistance, and any interim assistance he may have received will be regarded as household support assistance.
- 30 (f) Advances of household support assistance are to be paid to the farmer at intervals decided by the Authority, but not exceeding three months. Prospective income for each period will be assessed by the Authority on the basis of declarations made by the applicant. Each applicant's income situation is to be reviewed by the Authority, on the basis of declarations made by the applicant, when further advances are to be made to him.
- 35 (g) Where a farmer obtains employment or his income is higher than allowed for by the Authority when making an advance, the farmer is required to notify the Authority and repay any excess household support assistance he may have received.
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THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

- 5 (h) In the event of the Authority becoming aware that an applicant has received more than he was entitled to it may exercise its discretion in seeking repayment of the excess.
- (i) at the end of the first period of six months for which a farmer receives household support assistance the advances made to him may be converted by the Authority to a grant.
- 10 (j) If the farmer adjusts out of farming within three years of the time he first received household support, any advances made to him and not already converted to a grant may be so converted by the Authority.
- 15 (k) If an applicant does not adjust out of farming within three years after first receiving household support assistance any advances made to him and not converted to a grant will be repayable to the Authority, together with interest accruing from the commencement of the advance, within a further period of seven years.
- 20 (l) A farmer who is eligible for household support and who is prepared to adjust out of farming may, at the discretion of the Authority, receive in lieu of household support assistance a lump sum payment of \$3,000 less any household support assistance paid to him prior to adjusting out of farming. Such payment is additional to any other payments that might be available to him under the Scheme.
- 25 (m) For the purposes of these provisions a farmer is regarded as having adjusted out of farming when, in the judgement of the Authority, he has effectively disposed of his productive resources.

BY AUTHORITY

D. WEST, GOVERNMENT PRINTER, NEW SOUTH WALES—1977
[32c]

PROOF

**STATES GRANTS (RURAL ADJUSTMENT) AGREEMENT
RATIFICATION BILL, 1977**

EXPLANATORY NOTE

(This Explanatory Note relates to this Bill as introduced into Parliament)

THE objects of this Bill are—

- (a) to approve, ratify and confirm an Agreement between the Commonwealth and the State of New South Wales in relation to rural adjustment;
 - (b) to authorise the Agreement to be carried into effect;
 - (c) to validate certain matters; and
 - (d) to facilitate the acquisition of land for the purposes of the Agreement by the Authority administering the Agreement.
-

PROOF

STATES GRANTING AND RECEIVING AGREEMENT

ARTICLE I

Section 1.01

Section 1.02

Section 1.03

Section 1.04

Section 1.05

PROOF

**STATES GRANTS (RURAL ADJUSTMENT)
AGREEMENT RATIFICATION BILL, 1977**

No. , 1977.

A BILL FOR

An Act to approve, ratify and confirm an Agreement between
the Commonwealth and the State of New South Wales in
relation to rural adjustment; to validate certain matters;
and for other purposes.

[MR RENSHAW—24 August, 1977.]

BE

States Grants (Rural Adjustment) Agreement Ratification.

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. Adjustment) Agreement Ratification Act, 1977".

2. (1) In this Act, except in so far as the context Interpretation. or subject-matter otherwise indicates or requires, "the Agreement" means the Agreement, a copy of which is set out in Schedule 1.

 (2) For the purposes of this Act and the Agreement, the Authority is the State of New South Wales or an instrumentality designated by the Minister to be the Authority for those purposes.

15 **3.** The Agreement is hereby approved, ratified and Ratification. confirmed.

4. (1) The Agreement may be carried into effect Imple- notwithstanding the provisions of any other Act. mentation.

20 (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, the Treasurer, the Auditor-General or the Authority are hereby sanctioned, authorised and confirmed.

25 **5.** Any act, matter or thing— Validation.

(a) which by the Agreement is agreed, directed, authorised or permitted to be made, done or executed;

(b)

States Grants (Rural Adjustment) Agreement Ratification.

- (b) which was made, done or executed before the commencement of this Act; and
 - (c) which would have been lawful if this Act had been in force at the time the act, matter or thing was made, done or executed,
- 5 is hereby validated.

6. (1) Any land to be acquired for the purposes of the Acquisition Agreement by the Authority may be so acquired, of certain land, notwithstanding—

- 10 (a) that any consent or permission required under the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, or the Returned Soldiers Settlement Act, 1916, has not been obtained or granted; or
- 15 (b) that the Authority may not be qualified under the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, or the Returned Soldiers Settlement Act, 1916, to hold land of the tenure to be so acquired by the Authority.

(2) For the purposes only of this section—

- 20 (a) the provisions of the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, and the Returned Soldiers Settlement Act, 1916, and any regulations under any of those Acts; and
- 25 (b) any condition attaching to any land in pursuance of any of those provisions,

shall be deemed to be amended or varied so as to give full force and effect to any of the provisions of this section.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1.

Sec. 2.

AN AGREEMENT made the First day of January one thousand nine hundred and seventy-seven between—

5 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;

10 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.

15 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;

20 (B) Ministers of the Commonwealth and of the States have agreed upon the Outline of Scheme for Rural Adjustment set out in the Schedule to this agreement as constituting a Scheme under which assistance of various kinds could be provided;

25 (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;

30 (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—INTRODUCTION

Operation of Agreement

35 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.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

5 (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.

10 (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.

Performance of Agreement

15 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.

20 *Interpretation*

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;

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

30 "the Scheme" means the scheme to be established and operated by a State in accordance with clause 4;

"the Treasurer" means the Treasurer of the Commonwealth.

(2) Reference 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.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(3) In this agreement, except where the context otherwise requires—

- 5 (a) a reference to a clause refers to the relevant clause of this agreement;
- (b) a reference to a sub-clause refers to the relevant sub-clause of the clause in which the reference appears; and
- (c) the Schedule to this agreement shall be deemed to be an integral part of this agreement.

10 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.

20 (2) The Scheme shall consist of the forms of assistance described in, and shall be operated in conformity and in accordance with the general principles and the provisions set out in, the Outline of Scheme for Rural Adjustment contained in the Schedule to this agreement, as amended at any time in pursuance of sub-clause 9 (1).

(3) The Scheme shall commence operation on the first day of January 1977.

Forms of Assistance

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

PART A

- 30 (a) the assistance provided for in Part 2 of the Schedule—as debt reconstruction.
- (b) the assistance provided for in Part 3 of the Schedule—as farm build-up.
- (c) the assistance provided for in Part 4 of the Schedule—as farm improvement.
- (d) the assistance provided for in Part 5 of the Schedule—as rehabilitation.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

PART B

- (e) the assistance provided for in Part 6 of the Schedule—as carry-on finance.

5 PART C

- (f) the assistance provided for in Part 7 of the Schedule—as household support.

Allocation of Financial Assistance

- 10 6. (1) Subject to the provisions expressly made by this agreement, the financial assistance that is to be made available by the Commonwealth to a State under this agreement for the forms of assistance referred to in paragraphs (a), (b) and (c) of Part A of clause 5 shall be allocated between those forms of assistance in such proportions as the Commonwealth determines after consultation with the State.

- 15 (2) A determination by the Commonwealth for the purposes of subclause (1) shall specify a target percentage for commitments on farm build-up and on farm improvement which the State shall endeavour to achieve and a maximum percentage for commitments on debt reconstruction which the State may not exceed without the
20 prior approval of the Commonwealth.

(3) The consultations referred to in sub-clause (1) shall extend to establishing by agreement between the Commonwealth and the State a firm program of commitments of financial assistance for each four-monthly period during the year.

- 25 (4) If during a financial year either the Commonwealth or a State informs the other that it considers the allocation of the financial assistance by the State or the program of commitments in respect of the year should be varied, further consultations will be held between the Commonwealth and the State with a view to varying the determination by the Commonwealth for the purposes of this clause should
30 the Commonwealth see fit to do so or varying the program of commitments for the purposes of this clause as the case may be.

Interest rates for Parts A and C Assistance

- 35 7. (1) The rates of interest at which money is lent by the Authority under the Scheme in providing the forms of assistance referred to in Part A and Part C of clause 5 shall be as determined by the Authority in the circumstances of the particular case.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

- 5 (2) The Authority shall have the right to review the terms of repayment, including interest rates, of individual accounts at any time and shall exercise this right at regular intervals with the objective of the borrower being encouraged to transfer to commercial credit as soon as circumstances permit.

Administration Expenses

- 10 8. (1) The Commonwealth and each State shall bear the administration expenses of the provisions by the State, of assistance referred to in Parts A and C of clause 5 as follows—

- (a) up to the amount in each year which is equivalent to 2 per centum in value of the approvals for those forms of assistance in that year—by the Commonwealth and the State equally; and
- 15 (b) in excess of the amount in each year which is equivalent to 2 per centum in value of the approvals for those forms of assistance in that year—by the State.

- 20 (2) The Commonwealth and each State shall bear the administration expenses of the provision by the State of assistance referred to in Part B of clause 5 in the respective proportions that assistance is for the time being provided by the Commonwealth and the State in respect of the relevant industry in accordance with the agreement which establishes the relevant proportion of the assistance in respect of that industry referred to in sub-clause 14 (2).

25 *Amendment of Schedule*

9. (1) The provisions of the Schedule to this agreement may be amended from time to time by agreement between the Ministers of the Commonwealth and of the States for the time being responsible for the administration of the Scheme.
- 30 (2) Where so agreed between the Commonwealth Minister and the Minister or Ministers of the relevant State or States, any 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
- 35 as between the Commonwealth and a State the Minister of which has not so agreed.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

III—FINANCIAL ASSISTANCE

Provision of Financial Assistance

5 10. Subject to, and to the performance by a State of, the provisions of the Agreement, the Commonwealth will make financial assistance available to the States for the purposes of the Scheme.

Amount of Financial Assistance

10 11. (1) The amount of financial assistance to be made available by the Commonwealth to each State for the forms of assistance referred to in Parts A and C of clause 5 during a financial year shall be determined by the Commonwealth before the commencement of the financial year following a meeting of Commonwealth and State Ministers which will review the circumstances relating to the financial year and which will give due consideration to submissions made by 15 the States not later than the end of February last preceding the financial year and will have regard to such other criteria as the Commonwealth considers appropriate.

20 (2) The amount of financial assistance to be made available by the Commonwealth to a State for the form of assistance referred to in Part B of clause 5 shall be determined at the time the Commonwealth and the State agree that the provision of such assistance is warranted.

Advances

25 12. (1) The Treasurer may, at such time and in such amounts as he thinks fit, make advances on account of the payment that may be made by the Commonwealth under clause 14.

30 (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 14 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

35 13. 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 operation of the Scheme.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.**Payments of Financial Assistance*

14. (1) 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:

(a) in respect of the forms of assistance referred to in Parts A and C of clause 5 in amounts equal to the expenditure by the State (other than administration expenses) in the provision of those forms of assistance; and

(b) in respect of the forms of assistance referred to in Part B of clause 5 in amounts equal to the relevant proportion of the expenditure by the State (other than administration expenses) in the provision of that form of assistance.

(2) For the purposes of paragraph (b) of sub-clause (1) "the relevant proportion" means the proportion of the total cost of operation of the form of assistance referred to in Part B of clause 5 as is from time to time agreed between the Commonwealth and the State as being the proportion to be provided by the Commonwealth.

Supporting Financial Evidence

15. (1) A State shall furnish to the Treasurer such documents and other evidence to justify the making of an advance under clause 12 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.

(2) Any statement of expenditure by a State furnished to the Treasurer in connection with a request by the State for a payment under clause 14 shall be certified by the Auditor-General of the State or an officer authorized by the Treasurer of the State as to its correctness in accordance with the books and documents of the Authority.

Interest on Part A Assistance

16. (1) Interest at the rate for the time being applicable under this clause shall accrue in respect of so much of each amount that has been advanced or paid to the State in respect of the forms of assistance referred to in Part A of clause 5 as is repayable by the State under clause 17 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(2) The rate of interest referred to in sub-clause (1) shall be 7 per centum per annum but shall be subject to renegotiation and redetermination at an annual review of the scheme to the intent that, in the event that as at the 1st day of January preceding the review there has been a variation of the long term bond rate of 20 per centum or more of the long term bond rate as at the 1st day of January 1977 or the 1st day of January when the rate of interest was last redetermined, as the case may be, the rate applicable under this clause shall be redetermined having regard to the extent of that variation.

(3) A redetermination of the rate of interest under sub-clause (2) shall take effect on a date to be specified by the determination.

(4) A reference in sub-clause (2) to the long term bond rate is a reference to the rate that is equivalent to the rate of yield to maturity of the long term loan of the loan raising by the Commonwealth in Australia for public subscription last preceding the date to which the reference relates.

(5) Interest that accrues under this clause prior to the date upon which interest becomes included in payments provided for in clause 17 shall be payable on the 15th day of January and the 15th day of July each year.

Repayments with Interest of Part A Assistance

17. (1) Subject to the provisions of clause 20, each State shall repay to the Commonwealth 85 per centum of each of the advances made to the State in respect of the forms of assistance referred to in Part A of clause 5 and not refunded or repaid under clause 12 and each of the payments made to the State under clause 14 and not for the time being repaid, together with interest referred to in sub-clause (3) of this clause by 34 half-yearly payments, that, subject to any variation resulting from a redetermination of the rate of interest under clause 16, are equal in amount.

(2) The first payment under sub-clause (1) shall be made on the 15th 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 shall be made on each 15th day of January and 15th day of July thereafter until the full amount of the repayment, including interest, has been paid.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(3) The interest to be included in payments referred to in sub-clause (1) shall be the interest that, in accordance with sub-clauses (1) and (2) of clause 16, accrues in respect of the relevant advance or payment on and from the 15th day of January preceding the commencement of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth.

Repayments of Part B Assistance

10 18. (1) Each State shall, by way of repayment of the form of assistance referred to in Part B of clause 5 pay to the Commonwealth by payments in accordance with sub-clause (3) the amount that is calculated by subtracting (b) from (a) where—

15 (a) is the amount which is the relevant proportion of the principal and interest repaid to the Authority by the recipients of that assistance; and

(b) is the amount which is the relevant proportion of the administration expenses of the Authority in providing that assistance.

20 (2) For the purposes of sub-clause (1) "the relevant proportion" means the proportion of the total cost of the provision of the form of assistance referred to in Part B of clause 5 as is from time to time agreed between the Commonwealth and the State as being the proportion to be provided by the Commonwealth.

25 (3) The State shall pay to the Commonwealth so much as is from half-year to half-year calculated to be payable of the amount first referred to in sub-clause (1) by consecutive half-yearly payment, the first payment to be made on the 15th day of July or January that occurs after the first repayment of principal and interest made by a recipient of the assistance to the Authority and subsequent
30 payments to be made on each succeeding 15th day of January and July thereafter until no further amount is payable by the State in pursuance of its obligation under sub-clause (1).

Repayments of Part C Assistance

35 19. Each State shall, by way of repayment of the form of assistance referred to in Part C of clause 5, pay to the Commonwealth so much of that assistance and interest thereon as is recouped by the State in any year from the recipients of that assistance, such payments to be made on each 15th day of January and 15th day of July next succeeding the receipt of those moneys by the State.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.**Prepayments by State*

20. (1) In addition to making payments in accordance with clause 17, a State may on the 15th day of January or on the 15th day of
5 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 shall accrue on amounts paid by a State in
10 accordance with sub-clause (1) at the rate that is for the time being the rate of interest applicable under clause 16 calculated from the date of payment and compounded with half yearly rests on each 15th day of January and 15th day of July.

(3) When on any 15th day of January or 15th day of July
15 the payment by the State under clause 17, 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)
20 together with interest accrued on those amounts up to and including that date under sub-clause (2), the State shall pay to the Commonwealth the amount of the second-mentioned excess in lieu of the amount due under clause 17 and no further payments shall be
25 required to be made by the State to the Commonwealth under that clause.

Financial Administration and Adjustments

21. (1) Each State agrees that in respect of the forms of assistance referred to in Part A of clause 5 the Scheme shall be operated by the State in such a way that the amounts received by the Authority
30 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
35 its administration expenses, it has incurred losses under the Scheme in respect of the form of assistance specified in Part A of clause 5 from circumstances beyond its control arising after the date of this agreement, the Commonwealth agrees to review the position with the State with a view to adjusting amounts payable to the Commonwealth
40 by the State under this agreement to the extent of such losses.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

- 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).

Audit

- 10 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.

(2) 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.

Other Financial Arrangements

- 15 23. Financial arrangements in connection 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 Treasurer of each State.

IV—GENERAL

Review

24. 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.

25 *Exchange of Information*

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

SCHEDULE

*States Grants (Rural Adjustment) Agreement Ratification.*SCHEDULE 1—*continued.**Provision of Information and Review*

26. The Authority will supply to the Commonwealth from time to time such information regarding the operation of the Scheme by the State as may be requested by the Commonwealth and which is reasonably able to be supplied by the Authority and will participate in periodic reviews of the effectiveness of the Scheme.

THE SCHEDULE

RURAL ADJUSTMENT—OUTLINE OF SCHEME

10 Part 1—General Principles

- (a) All agricultural, horticultural and pastoral industries are included in the Scheme. It is recognised that in particular circumstances some industries may need additional special consideration.
- (b) The general principle to be applied is to distribute the available resources as widely as practicable, but the over-riding 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 of 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, 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.

THE

States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

5 (f) Repayment of advances made by the Authority and interest due thereon will be secured by the best and most appropriate security available, recognising that this may involve ranking after existing securities.

10 (g) A transfer of the property or any interest therein 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.

15 (h) The arrangements with the assisted farmer will be subject to regular review by the Authority from time to time. They may be terminated if the farmer ceases to work the property personally, fails to observe his obligations and undertakings under the arrangements or if the Authority decides that for any reason he lacks reasonable prospects of successful economic operation. Otherwise the arrangements shall be terminable when the Authority decides that his prospects of successful economic operation are no longer dependent
20 on the extension of concessional finance. Upon termination of the arrangements, all debts will then become due and payable.

(i) The eligibility of a farmer for one form of assistance under this Scheme will not necessarily be affected by his having applied for or received another form of assistance under the Scheme.

25 (j) The rate of interest payable will be decided by the Authority in the circumstances of the particular case. The Authority will have the right to review the interest rates on individual accounts at any time and shall review the terms of repayment, including interest rates, at regular intervals with the objective of the borrower being
30 encouraged to transfer to commercial credit as soon as circumstances permit.

Part 2—Debt Reconstruction

(1) Purpose

35 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.

THE

States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

(2) Tests of Eligibility

- 5 (a) The applicant is unable to obtain finance on reasonable terms 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 requirements 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

15 The assistance to be provided may include 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.
- 20 (c) Advances of additional funds for carry-on expenses, livestock and further property development.
- (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.
- 25

(4) Method of Operation

- 30 (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

States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*

RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

- 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 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) 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

- 25 The Authority shall have discretion to determine:
- 30 (a) The terms and conditions of any loan it may make up to a maximum repayment term of 30 years. An initial period of freedom from repayments of principal may be allowed 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.

THE

States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

Part 3—Farm Build-up

(1) Purpose

- 5 To supplement, without discouraging, the normal processes under which properties which do not have reasonable prospects of long term viability under existing and prospective circumstances are amalgamated with an adjoining holding or are subdivided and the subdivided portions are added to adjoining holdings, or to assist a farmer
10 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.
- 15 (b) The purchaser is unable to obtain the finance applied for on reasonable terms from any other normal 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.
- 20 (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
25 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
30 holdings being worked as a single unit.

(3) Nature of Assistance

- (a) The provision to the purchaser of finance 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 from the reduction in value of assets which are either not useful or less useful for the built up property.

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States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

- 5 (c) Advances for carry-on expenses, plant, livestock and property development in respect of the additional land where not available from other normal sources.

(4) Method of Operation

- 10 (a) 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. The Authority may purchase 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. The Authority may dispose of such a property on commercial terms where the purchaser does not require or is not eligible for assistance under this Part.
- 15 (b) Where appropriate, the Authority could 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 wished to leave the industry or accepts that he is obliged to leave the industry; this applies particularly 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.
- 20 (c) 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 (d) Grants to cover losses on the write off of redundant assets will be kept to a minimum.
- 30 (e) 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.
- 35 (f) While any advances by the Authority in respect of 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.
- 40

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THE SCHEDULE—*continued.*

RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

(5) Limits

- 5 (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 30 years. An initial period of freedom from repayments of principal may be allowed depending on the circumstances of the case and the interest rate to be charged.
- 10 (b) The total of advances which may be made by the Authority in any one case shall also be at its discretion.

Part 4—Farm Improvement

(1) Purpose

- 15 To assist the restoration of an uneconomic property to economic viability by improving the effective use of an existing farm without adding to its area.

(2) Tests of Eligibility

- 20 (a) The existing farm has been, but is not now, viable and is of sufficient area and the proposed improvements are of such a kind as to offer sound prospects of restoration to long term commercial viability if assistance under the Scheme were provided.
- (b) The applicant is unable to obtain finance on reasonable terms from any other normal source.

25 (3) Nature of Assistance

- 30 (a) Advances for plant, livestock, carry-on expenses and further property development intended to restore the economic viability of the farm either in the existing form of production or in another form of production which may be undertaken in combination with, or completely replace, the existing form of production.
- 35 (b) Grants at the discretion of the Authority to cover, in whole or in part, losses sustained from the reduction in value of assets which are either not useful or are less useful because of the changed pattern of farm operations.

States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

(4) Method of Operation

- 5 (a) Advances made for the purposes of this Part will be limited to the minimum which the Authority considers is required to enable the farmer to achieve the objective of the improvement program.
- 10 (b) Grants to cover the write off of redundant assets will be kept to a minimum and will be made only where the changed pattern of farm operations is, in the opinion of the Authority, essential to the restoration of long term commercial viability.
- 15 (c) While any advances by the Authority in respect of improvement for which finance is provided under this Part remain unpaid, the transfer of part of the improved property will not be permitted if this would result in a property of a size too small to be economic.

(5) Limits

- 20 (a) The term of a loan by the Authority and the conditions of repayment of principal will be at the discretion of the Authority up to a maximum repayment term of 30 years. An initial period of freedom from repayments of principal may be allowed where circumstances warrant this concession.
- 25 (b) The total of advances which may be made by the Authority in any one case shall be at its discretion.

Part 5—Rehabilitation

(1) Purpose

30 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

- 35 (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

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THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

5 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.

10 (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 \$5,000 in any one case. The loan may be converted to a grant at the discretion of the Authority.

15 (4) Method of Operation

The assistance will be available at the discretion of the Authority administering the Scheme.

Part 6—Carry-on Finance

(1) Purpose

20 To provide advances for essential carry-on purposes in rural industries which it is agreed from time to time between the Commonwealth and a State or States are suffering a severe market downturn or similar situation (but excluding circumstances covered by natural disaster arrangements).

25 (2) Tests of Eligibility

- (a) The applicant has reasonable prospects of long term commercial viability having regard to his asset structure, on the assumption of a market recovery to the long term trend.
- (b) The applicant is unable to obtain carry-on finance on reasonable terms from any other normal source.
- 30 (c) Assistance is merited and the applicant's difficulties are not substantially due to circumstances within his control.

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*States Grants (Rural Adjustment) Agreement Ratification.*THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

(3) Nature of Assistance

Advances for essential carry-on expenses.

5 (4) Method of Operation

- (a) In relation to the rural industries referred to in clause 1 of this Part, the Commonwealth and the State will agree upon the terms and conditions upon which assistance is to be given to farmers within those rural industries and the Commonwealth will thereupon publish a notice to that effect in the Australian Government Gazette.
- 10 (b) Farmers within those rural industries who fulfil the eligibility requirements set out above will then apply to the Authority in their own State for carry-on assistance.
- 15 (c) Assistance will be made available at the discretion of the Authority and will be 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.

20 Part 7—Household Support

(1) Purpose

To provide assistance for up to one year to non-viable farmers having insufficient resources to meet living expenses and who are in need of assistance to alleviate conditions of personal and family hardship while the farmer considers whether to adjust out of farming.

25

(2) Tests of Eligibility

The applicant is assessed as non-viable in the long term, is unable to obtain financial assistance from any other normal source and will suffer personal and family hardship which will be alleviated by assistance under these provisions.

30

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THE SCHEDULE—*continued.*

RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

(3) Nature of Assistance

- 5 (a) An advance provided for one year sufficient to raise the applicant's estimated future income from all sources to the level of payment which would be applicable to him if he were eligible for unemployment benefits. An extension to two years may be allowed at the discretion of the Authority in those cases where a demonstrable effort has been made to move out of farming.
- 10 (b) Where it would take some time to assess an applicant's entitlement, interim assistance may be granted by the Authority as a loan at a level of payment which would be applicable to him if he were eligible for unemployment benefits provided there is prima facie evidence of urgent need and unavailability of alternative sources of finance.
- 15 (c) If the Authority subsequently determines that the applicant has a viable enterprise, the interim assistance will be regarded as carry-on finance.
- 20 (d) The carry-on finance would represent part or all of the finance to be provided under a Scheme operative at the time and would be repaid under the conditions pertaining to that Scheme.
- 25 (e) If the Authority determines that an applicant does not have a viable enterprise he will be eligible for household support assistance, and any interim assistance he may have received will be regarded as household support assistance.
- 30 (f) Advances of household support assistance are to be paid to the farmer at intervals decided by the Authority, but not exceeding three months. Prospective income for each period will be assessed by the Authority on the basis of declarations made by the applicant. Each applicant's income situation is to be reviewed by the Authority, on the basis of declarations made by the applicant, when further advances are to be made to him.
- 35 (g) Where a farmer obtains employment or his income is higher than allowed for by the Authority when making an advance, the farmer is required to notify the Authority and repay any excess household support assistance he may have received.
- 40

States Grants (Rural Adjustment) Agreement Ratification.

THE SCHEDULE—*continued.*RURAL ADJUSTMENT—OUTLINE OF SCHEME—*continued.*

- 5 (h) In the event of the Authority becoming aware that an applicant has received more than he was entitled to it may exercise its discretion in seeking repayment of the excess.
- (i) at the end of the first period of six months for which a farmer receives household support assistance the advances made to him may be converted by the Authority to a grant.
- 10 (j) If the farmer adjusts out of farming within three years of the time he first received household support, any advances made to him and not already converted to a grant may be so converted by the Authority.
- 15 (k) If an applicant does not adjust out of farming within three years after first receiving household support assistance any advances made to him and not converted to a grant will be repayable to the Authority, together with interest accruing from the commencement of the advance, within a further period of seven years.
- 20 (l) A farmer who is eligible for household support and who is prepared to adjust out of farming may, at the discretion of the Authority, receive in lieu of household support assistance a lump sum payment of \$3,000 less any household support assistance paid to him prior to adjusting out of farming. Such payment is additional to any other payments that might be available to him under the Scheme.
- 25 (m) For the purposes of these provisions a farmer is regarded as having adjusted out of farming when, in the judgement of the Authority, he has effectively disposed of his productive resources.

BY AUTHORITY

D. WEST, GOVERNMENT PRINTER, NEW SOUTH WALES—1977

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.

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

*Legislative Assembly Chamber,
Sydney, 25 October, 1977.*

New South Wales



ANNO VICESIMO SEXTO

ELIZABETHÆ II REGINÆ

Act No. 104, 1977.

An Act to approve, ratify and confirm an Agreement between the Commonwealth and the State of New South Wales in relation to rural adjustment; to validate certain matters; and for other purposes. [Assented to, 17th November, 1977.]

BE

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

T. J. CAHILL,
Chairman of Committees of the Legislative Assembly.

States Grants (Rural Adjustment) Agreement Ratification.

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 :—

Short title. **1.** This Act may be cited as the "States Grants (Rural Adjustment) Agreement Ratification Act, 1977".

Interpre- **2.** (1) In this Act, except in so far as the context
tation. or subject-matter otherwise indicates or requires, "the
Agreement" means the Agreement, a copy of which is set out
in Schedule 1.

(2) For the purposes of this Act and the Agreement, the Authority is the State of New South Wales or an instrumentality designated by the Minister to be the Authority for those purposes.

Ratification. **3.** The Agreement is hereby approved, ratified and confirmed.

Imple- **4.** (1) The Agreement may be carried into effect
mentation. 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, the Treasurer, the Auditor-General or the Authority are hereby sanctioned, authorised and confirmed.

Validation. **5.** Any act, matter or thing—
(a) which by the Agreement is agreed, directed, authorised or permitted to be made, done or executed;

(b)

States Grants (Rural Adjustment) Agreement Ratification.

- (b) which was made, done or executed before the commencement of this Act; and
- (c) which would have been lawful if this Act had been in force at the time the act, matter or thing was made, done or executed,

is hereby validated.

6. (1) Any land to be acquired for the purposes of the Agreement by the Authority may be so acquired, notwithstanding—

Acquisition
of certain
land.

- (a) that any consent or permission required under the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, or the Returned Soldiers Settlement Act, 1916, has not been obtained or granted; or
- (b) that the Authority may not be qualified under the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, or the Returned Soldiers Settlement Act, 1916, to hold land of the tenure to be so acquired by the Authority.

(2) For the purposes only of this section—

- (a) the provisions of the Crown Lands Consolidation Act, 1913, the Closer Settlement Acts, and the Returned Soldiers Settlement Act, 1916, and any regulations under any of those Acts; and
- (b) any condition attaching to any land in pursuance of any of those provisions,

shall be deemed to be amended or varied so as to give full force and effect to any of the provisions of this section.

States Grants (Rural Adjustment) Agreement Ratification.

Sec. 2.

SCHEDULE 1.

AN AGREEMENT made the First day of January one thousand nine hundred and seventy-seven 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—

- (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 Scheme for Rural Adjustment 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—INTRODUCTION

Operation of Agreement

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.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(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.

Performance of Agreement

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.

Interpretation

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 the authority or authorities of a State that has or have the administration of the Scheme on behalf of the State and, in a case where there is 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;

"the Treasurer" means the Treasurer of the Commonwealth.

(2) Reference 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(3) In this agreement, except where the context otherwise requires—

- (a) a reference to a clause refers to the relevant clause of this agreement;
- (b) a reference to a sub-clause refers to the relevant sub-clause of the clause in which the reference appears; and
- (c) the Schedule to this agreement shall be deemed to be an integral part of this agreement.

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 operated in conformity and in accordance with the general principles and the provisions set out in, the Outline of Scheme for Rural Adjustment contained in the Schedule to this agreement, as amended at any time in pursuance of sub-clause 9 (1).

(3) The Scheme shall commence operation on the first day of January 1977.

Forms of Assistance

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

PART A

- (a) the assistance provided for in Part 2 of the Schedule—as debt reconstruction.
- (b) the assistance provided for in Part 3 of the Schedule—as farm build-up.
- (c) the assistance provided for in Part 4 of the Schedule—as farm improvement.
- (d) the assistance provided for in Part 5 of the Schedule—as rehabilitation.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

PART B

- (e) the assistance provided for in Part 6 of the Schedule—as carry-on finance.

PART C

- (f) the assistance provided for in Part 7 of the Schedule—as household support.

Allocation of Financial Assistance

6. (1) Subject to the provisions expressly made by this agreement, the financial assistance that is to be made available by the Commonwealth to a State under this agreement for the forms of assistance referred to in paragraphs (a), (b) and (c) of Part A of clause 5 shall be allocated between those forms of assistance in such proportions as the Commonwealth determines after consultation with the State.

(2) A determination by the Commonwealth for the purposes of subclause (1) shall specify a target percentage for commitments on farm build-up and on farm improvement which the State shall endeavour to achieve and a maximum percentage for commitments on debt reconstruction which the State may not exceed without the prior approval of the Commonwealth.

(3) The consultations referred to in sub-clause (1) shall extend to establishing by agreement between the Commonwealth and the State a firm program of commitments of financial assistance for each four-monthly period during the year.

(4) If during a financial year either the Commonwealth or a State informs the other that it considers the allocation of the financial assistance by the State or the program of commitments in respect of the year should be varied, further consultations will be held between the Commonwealth and the State with a view to varying the determination by the Commonwealth for the purposes of this clause should the Commonwealth see fit to do so or varying the program of commitments for the purposes of this clause as the case may be.

Interest rates for Parts A and C Assistance

7. (1) The rates of interest at which money is lent by the Authority under the Scheme in providing the forms of assistance referred to in Part A and Part C of clause 5 shall be as determined by the Authority in the circumstances of the particular case.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(2) The Authority shall have the right to review the terms of repayment, including interest rates, of individual accounts at any time and shall exercise this right at regular intervals with the objective of the borrower being encouraged to transfer to commercial credit as soon as circumstances permit.

Administration Expenses

8. (1) The Commonwealth and each State shall bear the administration expenses of the provisions by the State, of assistance referred to in Parts A and C of clause 5 as follows—

- (a) up to the amount in each year which is equivalent to 2 per centum in value of the approvals for those forms of assistance in that year—by the Commonwealth and the State equally; and
- (b) in excess of the amount in each year which is equivalent to 2 per centum in value of the approvals for those forms of assistance in that year—by the State.

(2) The Commonwealth and each State shall bear the administration expenses of the provision by the State of assistance referred to in Part B of clause 5 in the respective proportions that assistance is for the time being provided by the Commonwealth and the State in respect of the relevant industry in accordance with the agreement which establishes the relevant proportion of the assistance in respect of that industry referred to in sub-clause 14 (2).

Amendment of Schedule

9. (1) The provisions of the Schedule to this agreement may be amended from time to time by agreement 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, any 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.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

III—FINANCIAL ASSISTANCE

Provision of Financial Assistance

10. Subject to, and to the performance by a State of, the provisions of the Agreement, the Commonwealth will make financial assistance available to the States for the purposes of the Scheme.

Amount of Financial Assistance

11. (1) The amount of financial assistance to be made available by the Commonwealth to each State for the forms of assistance referred to in Parts A and C of clause 5 during a financial year shall be determined by the Commonwealth before the commencement of the financial year following a meeting of Commonwealth and State Ministers which will review the circumstances relating to the financial year and which will give due consideration to submissions made by the States not later than the end of February last preceding the financial year and will have regard to such other criteria as the Commonwealth considers appropriate.

(2) The amount of financial assistance to be made available by the Commonwealth to a State for the form of assistance referred to in Part B of clause 5 shall be determined at the time the Commonwealth and the State agree that the provision of such assistance is warranted.

Advances

12. (1) The Treasurer may, at such time and in such amounts as he thinks fit, make advances on account of the payment that may be made by the Commonwealth under clause 14.

(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 14 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

13. 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 operation of the Scheme.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.**Payments of Financial Assistance*

14. (1) 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:

- (a) in respect of the forms of assistance referred to in Parts A and C of clause 5 in amounts equal to the expenditure by the State (other than administration expenses) in the provision of those forms of assistance; and
- (b) in respect of the forms of assistance referred to in Part B of clause 5 in amounts equal to the relevant proportion of the expenditure by the State (other than administration expenses) in the provision of that form of assistance.

(2) For the purposes of paragraph (b) of sub-clause (1) “the relevant proportion” means the proportion of the total cost of operation of the form of assistance referred to in Part B of clause 5 as is from time to time agreed between the Commonwealth and the State as being the proportion to be provided by the Commonwealth.

Supporting Financial Evidence

15. (1) A State shall furnish to the Treasurer such documents and other evidence to justify the making of an advance under clause 12 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.

(2) Any statement of expenditure by a State furnished to the Treasurer in connection with a request by the State for a payment under clause 14 shall be certified by the Auditor-General of the State or an officer authorized by the Treasurer of the State as to its correctness in accordance with the books and documents of the Authority.

Interest on Part A Assistance

16. (1) Interest at the rate for the time being applicable under this clause shall accrue in respect of so much of each amount that has been advanced or paid to the State in respect of the forms of assistance referred to in Part A of clause 5 as is repayable by the State under clause 17 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(2) The rate of interest referred to in sub-clause (1) shall be 7 per centum per annum but shall be subject to renegotiation and redetermination at an annual review of the scheme to the intent that, in the event that as at the 1st day of January preceding the review there has been a variation of the long term bond rate of 20 per centum or more of the long term bond rate as at the 1st day of January 1977 or the 1st day of January when the rate of interest was last redetermined, as the case may be, the rate applicable under this clause shall be redetermined having regard to the extent of that variation.

(3) A redetermination of the rate of interest under sub-clause (2) shall take effect on a date to be specified by the determination.

(4) A reference in sub-clause (2) to the long term bond rate is a reference to the rate that is equivalent to the rate of yield to maturity of the long term loan of the loan raising by the Commonwealth in Australia for public subscription last preceding the date to which the reference relates.

(5) Interest that accrues under this clause prior to the date upon which interest becomes included in payments provided for in clause 17 shall be payable on the 15th day of January and the 15th day of July each year.

Repayments with Interest of Part A Assistance

17. (1) Subject to the provisions of clause 20, each State shall repay to the Commonwealth 85 per centum of each of the advances made to the State in respect of the forms of assistance referred to in Part A of clause 5 and not refunded or repaid under clause 12 and each of the payments made to the State under clause 14 and not for the time being repaid, together with interest referred to in sub-clause (3) of this clause by 34 half-yearly payments, that, subject to any variation resulting from a redetermination of the rate of interest under clause 16, are equal in amount.

(2) The first payment under sub-clause (1) shall be made on the 15th 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 shall be made on each 15th day of January and 15th day of July thereafter until the full amount of the repayment, including interest, has been paid.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(3) The interest to be included in payments referred to in sub-clause (1) shall be the interest that, in accordance with sub-clauses (1) and (2) of clause 16, accrues in respect of the relevant advance or payment on and from the 15th day of January preceding the commencement of the fourth financial year that wholly occurs after the advance or payment was made by the Commonwealth.

Repayments of Part B Assistance

18. (1) Each State shall, by way of repayment of the form of assistance referred to in Part B of clause 5 pay to the Commonwealth by payments in accordance with sub-clause (3) the amount that is calculated by subtracting (b) from (a) where—

- (a) is the amount which is the relevant proportion of the principal and interest repaid to the Authority by the recipients of that assistance; and
- (b) is the amount which is the relevant proportion of the administration expenses of the Authority in providing that assistance.

(2) For the purposes of sub-clause (1) “the relevant proportion” means the proportion of the total cost of the provision of the form of assistance referred to in Part B of clause 5 as is from time to time agreed between the Commonwealth and the State as being the proportion to be provided by the Commonwealth.

(3) The State shall pay to the Commonwealth so much as is from half-year to half-year calculated to be payable of the amount first referred to in sub-clause (1) by consecutive half-yearly payment, the first payment to be made on the 15th day of July or January that occurs after the first repayment of principal and interest made by a recipient of the assistance to the Authority and subsequent payments to be made on each succeeding 15th day of January and July thereafter until no further amount is payable by the State in pursuance of its obligation under sub-clause (1).

Repayments of Part C Assistance

19. Each State shall, by way of repayment of the form of assistance referred to in Part C of clause 5, pay to the Commonwealth so much of that assistance and interest thereon as is recouped by the State in any year from the recipients of that assistance, such payments to be made on each 15th day of January and 15th day of July next succeeding the receipt of those moneys by the State.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.**Prepayments by State*

20. (1) In addition to making payments in accordance with clause 17, a State may on the 15th day of January or on the 15th 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 shall accrue on amounts paid by a State in accordance with sub-clause (1) at the rate that is for the time being the rate of interest applicable under clause 16 calculated from the date of payment and compounded with half yearly rests on each 15th day of January and 15th day of July.

(3) When on any 15th day of January or 15th day of July the payment by the State under clause 17, 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) together with interest accrued on those amounts up to and including that date under sub-clause (2), the State shall pay to the Commonwealth the amount of the second-mentioned excess in lieu of the amount due under clause 17 and no further payments shall be required to be made by the State to the Commonwealth under that clause.

Financial Administration and Adjustments

21. (1) Each State agrees that in respect of the forms of assistance referred to in Part A of clause 5 the Scheme shall be operated by the State in such a way that 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 administration expenses, it has incurred losses under the Scheme in respect of the form of assistance specified in Part A of clause 5 from circumstances beyond its control arising after the date of this agreement, 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.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

(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).

Audit

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.

(2) 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.

Other Financial Arrangements

23. Financial arrangements in connection 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 Treasurer of each State.

IV—GENERAL

Review

24. 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.

Exchange of Information

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

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

Provision of Information and Review

26. The Authority will supply to the Commonwealth from time to time such information regarding the operation of the Scheme by the State as may be requested by the Commonwealth and which is reasonably able to be supplied by the Authority and will participate in periodic reviews of the effectiveness of the Scheme.

THE SCHEDULE

RURAL ADJUSTMENT—OUTLINE OF SCHEME

Part 1—General Principles

(a) All agricultural, horticultural and pastoral industries are included in the Scheme. It is recognised that in particular circumstances some industries may need additional special consideration.

(b) The general principle to be applied is to distribute the available resources as widely as practicable, but the over-riding 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 of 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, 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.

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

(f) Repayment of advances made by the Authority and interest due thereon will be secured by the best and most appropriate security available, recognising that this may involve ranking after existing securities.

(g) A transfer of the property or any interest therein 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 will be subject to regular review by the Authority from time to time. They may be terminated if the farmer ceases to work the property personally, fails to observe his obligations and undertakings under the arrangements or if the Authority decides that for any reason he lacks reasonable prospects of successful economic operation. Otherwise the arrangements shall be terminable when the Authority decides that his prospects of successful economic operation are no longer dependent on the extension of concessional finance. Upon termination of the arrangements, all debts will then become due and payable.

(i) The eligibility of a farmer for one form of assistance under this Scheme will not necessarily be affected by his having applied for or received another form of assistance under the Scheme.

(j) The rate of interest payable will be decided by the Authority in the circumstances of the particular case. The Authority will have the right to review the interest rates on individual accounts at any time and shall review the terms of repayment, including interest rates, at regular intervals with the objective of the borrower being encouraged to transfer to commercial credit as soon as circumstances permit.

Part 2—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.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

THE SCHEDULE—*continued.*

(2) Tests of Eligibility

- (a) The applicant is unable to obtain finance on reasonable terms 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 requirements 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 include 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, live-stock and further property development.
- (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.

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SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

- (b) The possibility of creditors, including the Crown, local authorities and public utilities being asked to defer or write off part of their debts 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) 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 30 years. An initial period of freedom from repayments of principal may be allowed 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.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

Part 3—Farm Build-up

(1) Purpose

To supplement, without discouraging, the normal processes under which properties which do not have reasonable prospects of long term viability under existing and prospective circumstances 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 on reasonable terms from any other normal 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 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 from the reduction in value of assets which are either not useful or less useful for the built up property.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

- (c) Advances for carry-on expenses, plant, livestock and property development in respect of the additional land where not available from other normal sources.
- (4) Method of Operation
- (a) 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. The Authority may purchase 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. The Authority may dispose of such a property on commercial terms where the purchaser does not require or is not eligible for assistance under this Part.
- (b) Where appropriate, the Authority could 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 wished to leave the industry or accepts that he is obliged to leave the industry; this applies particularly 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) 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.
- (d) Grants to cover losses on the write off of redundant assets will be kept to a minimum.
- (e) 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.
- (f) While any advances by the Authority in respect of 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.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

THE SCHEDULE—*continued.*

(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 30 years. An initial period of freedom from repayments of principal may be allowed depending on the circumstances of the case and the interest rate to be charged.
- (b) The total of advances which may be made by the Authority in any one case shall also be at its discretion.

Part 4—Farm Improvement

(1) Purpose

To assist the restoration of an uneconomic property to economic viability by improving the effective use of an existing farm without adding to its area.

(2) Tests of Eligibility

- (a) The existing farm has been, but is not now, viable and is of sufficient area and the proposed improvements are of such a kind as to offer sound prospects of restoration to long term commercial viability if assistance under the Scheme were provided.
- (b) The applicant is unable to obtain finance on reasonable terms from any other normal source.

(3) Nature of Assistance

- (a) Advances for plant, livestock, carry-on expenses and further property development intended to restore the economic viability of the farm either in the existing form of production or in another form of production which may be undertaken in combination with, or completely replace, the existing form of production.
- (b) Grants at the discretion of the Authority to cover, in whole or in part, losses sustained from the reduction in value of assets which are either not useful or are less useful because of the changed pattern of farm operations.

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States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

THE SCHEDULE—*continued.*

(4) Method of Operation

- (a) Advances made for the purposes of this Part will be limited to the minimum which the Authority considers is required to enable the farmer to achieve the objective of the improvement program.
- (b) Grants to cover the write off of redundant assets will be kept to a minimum and will be made only where the changed pattern of farm operations is, in the opinion of the Authority, essential to the restoration of long term commercial viability.
- (c) While any advances by the Authority in respect of improvement for which finance is provided under this Part remain unpaid, the transfer of part of the improved 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 the conditions of repayment of principal will be at the discretion of the Authority up to a maximum repayment term of 30 years. An initial period of freedom from repayments of principal may be allowed where circumstances warrant this concession.
- (b) The total of advances which may be made by the Authority in any one case shall be at its discretion.

Part 5—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

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SCHEDULE 1—*continued.*

THE SCHEDULE—*continued.*

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 \$5,000 in any one case. The loan may be converted to a grant at the discretion of the Authority.

(4) Method of Operation

The assistance will be available at the discretion of the Authority administering the Scheme.

Part 6—Carry-on Finance

(1) Purpose

To provide advances for essential carry-on purposes in rural industries which it is agreed from time to time between the Commonwealth and a State or States are suffering a severe market downturn or similar situation (but excluding circumstances covered by natural disaster arrangements).

(2) Tests of Eligibility

- (a) The applicant has reasonable prospects of long term commercial viability having regard to his asset structure, on the assumption of a market recovery to the long term trend.
- (b) The applicant is unable to obtain carry-on finance on reasonable terms from any other normal source.
- (c) Assistance is merited and the applicant's difficulties are not substantially due to circumstances within his control.

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SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

(3) Nature of Assistance

Advances for essential carry-on expenses.

(4) Method of Operation

- (a) In relation to the rural industries referred to in clause 1 of this Part, the Commonwealth and the State will agree upon the terms and conditions upon which assistance is to be given to farmers within those rural industries and the Commonwealth will thereupon publish a notice to that effect in the Australian Government Gazette.
- (b) Farmers within those rural industries who fulfil the eligibility requirements set out above will then apply to the Authority in their own State for carry-on assistance.
- (c) Assistance will be made available at the discretion of the Authority and will be 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.

Part 7—Household Support

(1) Purpose

To provide assistance for up to one year to non-viable farmers having insufficient resources to meet living expenses and who are in need of assistance to alleviate conditions of personal and family hardship while the farmer considers whether to adjust out of farming.

(2) Tests of Eligibility

The applicant is assessed as non-viable in the long term, is unable to obtain financial assistance from any other normal source and will suffer personal and family hardship which will be alleviated by assistance under these provisions.

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States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*

THE SCHEDULE—*continued.*

(3) Nature of Assistance

- (a) An advance provided for one year sufficient to raise the applicant's estimated future income from all sources to the level of payment which would be applicable to him if he were eligible for unemployment benefits. An extension to two years may be allowed at the discretion of the Authority in those cases where a demonstrable effort has been made to move out of farming.
- (b) Where it would take some time to assess an applicant's entitlement, interim assistance may be granted by the Authority as a loan at a level of payment which would be applicable to him if he were eligible for unemployment benefits provided there is prima facie evidence of urgent need and unavailability of alternative sources of finance.
- (c) If the Authority subsequently determines that the applicant has a viable enterprise, the interim assistance will be regarded as carry-on finance.
- (d) The carry-on finance would represent part or all of the finance to be provided under a Scheme operative at the time and would be repaid under the conditions pertaining to that Scheme.
- (e) If the Authority determines that an applicant does not have a viable enterprise he will be eligible for household support assistance, and any interim assistance he may have received will be regarded as household support assistance.
- (f) Advances of household support assistance are to be paid to the farmer at intervals decided by the Authority, but not exceeding three months. Prospective income for each period will be assessed by the Authority on the basis of declarations made by the applicant. Each applicant's income situation is to be reviewed by the Authority, on the basis of declarations made by the applicant, when further advances are to be made to him.
- (g) Where a farmer obtains employment or his income is higher than allowed for by the Authority when making an advance, the farmer is required to notify the Authority and repay any excess household support assistance he may have received.

SCHEDULE

States Grants (Rural Adjustment) Agreement Ratification.

SCHEDULE 1—*continued.*THE SCHEDULE—*continued.*

- (h) In the event of the Authority becoming aware that an applicant has received more than he was entitled to it may exercise its discretion in seeking repayment of the excess.
- (i) at the end of the first period of six months for which a farmer receives household support assistance the advances made to him may be converted by the Authority to a grant.
- (j) If the farmer adjusts out of farming within three years of the time he first received household support, any advances made to him and not already converted to a grant may be so converted by the Authority.
- (k) If an applicant does not adjust out of farming within three years after first receiving household support assistance any advances made to him and not converted to a grant will be repayable to the Authority, together with interest accruing from the commencement of the advance, within a further period of seven years.
- (l) A farmer who is eligible for household support and who is prepared to adjust out of farming may, at the discretion of the Authority, receive in lieu of household support assistance a lump sum payment of \$3,000 less any household support assistance paid to him prior to adjusting out of farming. Such payment is additional to any other payments that might be available to him under the Scheme.
- (m) For the purposes of these provisions a farmer is regarded as having adjusted out of farming when, in the judgement of the Authority, he has effectively disposed of his productive resources.

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

A. R. CUTLER,
Governor.

*Government House,
Sydney, 17th November, 1977.*