

FIRST PRINT

RURAL ADJUSTMENT SCHEME AGREEMENT BILL 1993

NEW SOUTH WALES



EXPLANATORY NOTE

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

The object of this Bill is to approve, ratify and confirm an Agreement between the Commonwealth and the State of New South Wales relating to rural adjustment. The Agreement embodies a scheme designed to assist in the process of improving the efficiency of the Australian rural industry and its role in contributing to the structural adjustment process.

Clause 1 specifies the short title of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on the date of assent.

Clause 3 defines certain terms for the purposes of the proposed Act.

Clause 4 provides that the Agreement is approved, ratified and confirmed.

Clause 5 authorises the implementation of the Agreement.

Clause 6 validates acts done before the commencement of the proposed Act which would have been lawful under the terms of the Agreement if the proposed Act and the Agreement had been in force at the time at which the acts were done.

Clause 7 provides that the Authority may acquire land for the purposes of the Agreement.

Schedule 1 contains the Agreement.

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RURAL ADJUSTMENT SCHEME AGREEMENT BILL 1993

NEW SOUTH WALES



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SCHEDULE 1—THE AGREEMENT

RURAL ADJUSTMENT SCHEME AGREEMENT BILL 1993

NEW SOUTH WALES



No. , 1993

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 related purposes.

Rural Adjustment Scheme Agreement 1993

The Legislature of New South Wales enacts:

Short title

1. This Act may be cited as the Rural Adjustment Scheme Agreement Act 1993.

5 Commencement

2. This Act commences on the date of assent.

Interpretation

3. (1) In this Act, "**the Agreement**" means the Agreement, a copy of which is set out in Schedule 1.

10 (2) For the purposes of this Act and the Agreement, the Authority is the New South Wales Rural Assistance Authority (if that Authority is appointed under section 25 of the Rural Assistance Act 1989 to administer the Agreement) or an instrumentality designated by the Minister to be the Authority for those purposes.

15 Ratification

4. The Agreement is approved, ratified and confirmed.

Implementation

5. (1) The Agreement may be carried into effect despite the provisions of any other Act.

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 sanctioned, authorised and confirmed.

Rural Adjustment Scheme Agreement 1993

Validation

6. Any act, matter or thing:
- (a) which by the Agreement is agreed, directed, authorised or permitted to be made, done or executed; and
 - (b) which was made, done or executed before the date of assent to this Act; and 5
 - (c) which would have been lawful if this Act and the Agreement had been in force at the time the act, matter or thing was made, done or executed,
- is validated. 10

Acquisition of certain land

7. (1) Any land to be acquired for the purposes of the Agreement by the Authority may be so acquired, despite:
- (a) that any consent or permission required under the Crown Lands Act 1989 has not been obtained or granted; or 15
 - (b) that the Authority may not be qualified under the Crown Lands Act 1989 to hold land of the tenure to be so acquired by the Authority.
- (2) For the purposes of this section:
- (a) the provisions of the Crown Lands Act 1989 and any regulations under that Act; and 20
 - (b) any condition attaching to any land in pursuance of any of those provisions,
- is taken to be amended so as to give force and effect to any of the provisions of this section.

SCHEDULE 1—THE AGREEMENT 25

(Sec. 3 (1))

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

The COMMONWEALTH OF AUSTRALIA (in this Agreement called 'The Commonwealth') of the first part, 30

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,

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

The STATE OF WESTERN AUSTRALIA of the fifth part,
 The STATE OF SOUTH AUSTRALIA of the sixth part,
 The STATE OF TASMANIA of the seventh part,
 5 The AUSTRALIAN CAPITAL TERRITORY of the eighth part,
 The NORTHERN TERRITORY OF AUSTRALIA of the ninth part,

WHEREAS:

- (A) The Commonwealth, the States, the Northern Territory and the Australian Capital Territory are parties to an Agreement dated
 10 variously of December 1988 and January 1989 as amended by First Amending, Second Amending, Supplemental and Third Amending Agreements dated 20 December 1991, 13 March 1992, 26 June 1992 and 7 October 1992 respectively, relating to rural adjustment ('the amended Agreement').
- 15 (B) Following a review, agreement has been reached between the Commonwealth and the States that the Scheme be altered to support farmers and thereby enable them to increase efficiency and productivity and thereby enhance their international competitiveness.
- 20 (C) It has been decided to continue the payment of financial assistance to the States, the Northern Territory and the Australian Capital Territory under this Agreement.
- (D) The Parliament of the Commonwealth has authorised the execution
 25 of an Agreement by and on behalf of the Commonwealth and the provision of financial assistance to the States, the Northern Territory, and the Australian Capital Territory as provided in this Agreement.

NOW IT IS HEREBY AGREED as follows:

PART I—INTRODUCTION

30 Operation of Agreement

- 1.(1) In this Agreement, each State, the Northern Territory and the Australian Capital Territory 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
 35 the States, the Northern Territory and the Australian Capital Territory in respect of which for the time being the Agreement is in force.

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

- (2) This Agreement shall, as between the Commonwealth and a State executing this Agreement on or before 1 January 1993, come into force on that date or, if executed later, on that later date and the amended Agreement shall at that time, except for: 5
- (a) paragraph 6(1)(a) in relation to drought—which shall cease on 30 June 1993;
 - (b) paragraphs 6(1)(b),(c) and 6(2)—which shall cease on 31 December 1993, where a farmer is currently receiving assistance which is due to cease in the twelve months commencing 1 January 1993; 10
 - (c) paragraph 6(3)(a)—which shall cease on the proposed Farm Household Support Scheme Act coming into force;
 - (d) the provisions of subclause 1(3) of this Agreement; 15
- cease as between the Commonwealth and that State.
- (3) In order to enable a State to meet contractual commitments entered into before 1 January 1993 by it under the amended Agreement, the Commonwealth shall hereunder provide such financial assistance to that State as is required to meet those contractual commitments in accordance with the amended Agreement as, with funds provided to the State by the Commonwealth under the amended Agreement, which: 20
- (a) are held by the State on the date on which this Agreement comes into force; or
 - (b) become subsequently available to it whether before or after that date and not disbursed; or 25
 - (c) interest earned on those funds whether before or after that date and not disbursed;
- will enable that State to meet those commitments. Where a State has entered into contractual commitments of that kind before 1 January 1993, the terms and conditions of support for farmers by the State, and the obligations of the State and the Commonwealth under the amended agreement, will be preserved. 30
- (4) Notwithstanding that in this Agreement all of the States are named as parties, this Agreement shall operate as an Agreement between the Commonwealth and the party or parties in respect of which it comes into force as fully and effectually as if the party or parties in respect of which it comes into force were the only party or parties so named other than the Commonwealth. 35

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

- (5) If a State ceases to be a party, this Agreement continues in force with respect to the Commonwealth and the States which remain parties when the cessation takes effect.

5 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.
- 10

Interpretation

- 3.(1) In this Agreement, unless the contrary intention appears:
- ‘Act’ means the Act of the Commonwealth under which the execution, on behalf of the Commonwealth, of this Agreement is approved;
- 15 ‘**applicant**’ means a person who applies for support under the Scheme;
- ‘**aquaculture**’ means industries which conduct systematic farming of plants and animals in water involving the use of man-made infrastructure on or adjacent to land, but excludes harvesting-type industries where farming or cultivating is not an integral part of the operation;
- 20 ‘**Authority**’ means an authority of a State which has, from time to time, the administration of the Scheme on behalf of the State;
- ‘**farm enterprise**’ means an enterprise carried on by a farmer within the farm sector in a State, the Northern Territory or the Australian Capital Territory;
- 25 ‘**farmer**’ means a person engaged in the farm sector in a State, the Northern Territory or the Australian Capital Territory, but does not include a person whose business consists principally of the provision of services;

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SCHEDULE 1—THE AGREEMENT—*continued*

'farm sector' means the sector comprising the agricultural, horticultural, pastoral, apicultural and aquacultural industries;

'financial year' means:

- (a) when the Agreement does not come into force in relation to a State on 1 July, from the date it comes into force up to and including 30 June which next occurs after this Agreement comes into force and thereafter each succeeding period of twelve months; and 5
- (b) where this Agreement does come into force on 1 July, a period of twelve months ending on 30 June; 10

'Minister' means the Commonwealth Minister of State for Primary Industries and Energy;

'Scheme' means the scheme of support to be established and operated by a State in accordance with clause 8. 15

- (2) A reference in this Agreement to a Minister of the Commonwealth or of a State includes a reference to a Minister for the time being acting for or on behalf of the Minister referred to or to a Minister who has taken over the responsibilities of the Minister under this Agreement. 20
- (3) A reference in this Agreement to a State shall include a reference to an authority or authorities of a State that has or have the administration of the Scheme on behalf of the State.

PART II—THE SCHEME

Objectives 25

4.(1) The objectives of the Scheme are:

- (a) to foster the development of a more profitable farm sector that is able to operate competitively in a deregulated financial and market environment; and
- (b) to improve the competitiveness of the farm sector in a sustainable manner. 30

(2) In order to achieve those objectives, the Scheme will:

- (a) promote a better financial, technical and management performance from the farm sector; and
- (b) provide support to farmers who have prospects of sustainable long-term profitability with a view to improving the productivity of their farm units; and 35

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

- (c) provide that support in a way that ensures that the farmers who are supported become financially independent of that support within a reasonable period; and
- 5 (d) support farmers who do not have prospects of sustainable long-term profitability to leave the farm sector.

Strategies

- 10 5.(1) The strategies to be adopted to facilitate sustainable long-term profitability of the farm sector by improving farm productivity and helping the sector to become more self-reliant include:
- (a) the acquisition of improved skill levels;
- (b) the adoption of sustainable farming systems;
- (c) the adoption of technological developments;
- 15 (d) obtaining access to information on technological developments and their application, training opportunities and appropriate farm programs;
- (e) increasing farm size or capital intensity;
- (f) farm program changes;
- (g) debt restructuring; and
- 20 (h) capital restructuring.
- (2) The strategies to be adopted to overcome difficulties due to exceptional circumstances where farmers have long-term prospects of profitability, are to facilitate one or more of the following:
- (a) the provision of carry-on finance;
- 25 (b) debt restructuring;
- (c) improvements in productivity.
- (3) The strategies to be adopted to encourage farmers to make an orderly exit from the farm sector if the farmers are without prospects in the farm sector shall be to:
- 30 (a) assist farmers to realise farm assets in an orderly manner; and
- (b) assist farmers to re-establish post-farming.

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

- (4) In achieving the strategies referred to in subclauses 5(1) and 5(3), trading in land by a State is permissible only where:
- (a) the trading does not distort the market for land;
 - (b) large land stocks are not accumulated by the State; and 5
 - (c) proceeds of transactions are retained for use in the operation of the Scheme.
- (5) From time to time it may be necessary to develop other strategies to meet changing circumstances.
- Operations 10
- 6.(1) Given the nature of the support to be provided, and that the application of funds provided under the Scheme will be most effective when the operations of States are responsive to the specific circumstances pertaining to an applicant, decisions on the form and level of support to be provided to an applicant will be taken at the State level, with full knowledge of local, regional and industry conditions. 15
- (2) The Commonwealth, in consultation with the States, will, where appropriate, establish policy guidelines concerning:
- (a) criteria to be adopted in assessing eligibility for support; 20
 - (b) outcomes expected from support under the Scheme;
 - (c) requirements for review of supported farmers; and
 - (d) determination of funding.
- (3) The role of the Commonwealth will be to:
- (a) provide policy guidelines within which the Scheme will operate; and 25
 - (b) establish a reporting mechanism to permit the monitoring and assessment of the efficiency and effectiveness of the operation of the Scheme.
- (4) The role of the States will be to: 30
- (a) manage funds provided under the Scheme; and
 - (b) be responsible and accountable for the achievement of the objectives of the Scheme in accordance with the Commonwealth's policy guidelines.

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

- 5 (5) With a view to achieving the objectives of the Scheme in accordance with the Commonwealth's policy guidelines, the principal functions of the State Authorities in administering the Scheme will be to:
- 10 (a) assess the eligibility of farmers for support;
 - (b) determine, after full consideration of each individual case, the form and level of support, or combination of forms and levels of support, if any, most appropriate to the particular circumstances facing the farmers;
 - 15 (c) deliver funds and services in accordance with policy guidelines established by the Commonwealth from time to time;
 - (d) review the effectiveness of support provided to farmers on a periodic basis;
 - 20 (e) account to the Commonwealth at a frequency, and in a manner, determined from time to time by the Commonwealth, in consultation with the States, as to the:
 - (i) disbursement of funds in compliance with the policy guidelines;
 - (ii) effectiveness and efficiency with which the funds have been applied; and
 - (f) promote the purpose and scope of the Scheme to the farming and financial communities and other interested persons.

25 Eligibility

- 7.(1) An individual who operates a farm enterprise is eligible for support under the Scheme only if:
- 30 (a) under normal circumstances the person contributes a significant proportion of his or her labour to the farm enterprise; and
 - (b) the farm and non-farm income and assets of the person are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise.

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

- (2) Two or more individuals who operate a farm enterprise in partnership are eligible for support under the Scheme only if:
- (a) under normal circumstances, significant proportion of the total labour of those persons is contributed to the farm enterprise and; 5
 - (b) the farm and non-farm income and assets of those persons are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise.
- (3) A company that operates a farm enterprise is eligible for support under the scheme only if: 10
- (a) under normal circumstances, significant proportion of the total labour of the shareholders of the company is contributed to the farm enterprise and;
 - (b) the farm and non-farm income and assets of those shareholders are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise. 15
- (4) A trust estate that operates a farm enterprise is eligible for support under the Scheme only if:
- (a) under normal circumstances, significant proportion of the total labour of the beneficiaries of the trust is contributed to the farm enterprise and; 20
 - (b) the farm and non-farm income and assets of the beneficiaries are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise. 25

PART III—ADMINISTRATION OF SCHEME

State to Operate Scheme

- 8.(1) Each State will use the financial assistance in accordance with this Agreement to establish and operate a Scheme of support to persons engaged in the farm sector in that State. 30
- (2) The Scheme shall consist of the forms of support referred to in clause 9 and shall be operated in conformity with the objective and other provisions set out in Part II.

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

Forms of Support to those engaged in the farm sector

- 5 9.(1) In relation to paragraphs 5(1)(b),(c),(e),(f),(g) and (h), support under the Scheme shall be primarily by way of grants by the State for the purpose of subsidies for interest payable on, and associated costs of, loans, whether made by the State or another party. Grants may be made by the State for purposes referred to in paragraphs 5(1)(a) and (d).
- 10 (2) Except where subclause 5(2) applies, interest subsidies under this clause are not to exceed 50% of interest payable on, and associated costs of, the loans. The State shall bear 10% of those subsidies and the Commonwealth 90%.
- 15 (3) Where subclause 5(2) applies, interest subsidies may exceed 50% of that interest and associated costs. The State and the Commonwealth shall each bear 50% of so much of those subsidies as exceeds 50% of that interest and associated costs.
- (4) The State shall bear 10% of grants under the Scheme for purposes other than interest subsidies and the Commonwealth 90%.
- 20 (5) For the purpose of paragraphs 5(3)(a) and (b), support under the Scheme shall be by way of grants or loans by the State. The State shall bear 10% of those grants or loans and the Commonwealth 90%.
- (6) Subject to subclause 5(4), support identified in subclause 9(1) may also be used for transactions involving the land of farmers.

25 Conditions

10. The Minister may from time to time, subject to this Agreement and after consultation with the Minister or Ministers of the relevant State or States, determine policy guidelines applying to forms of support under the Scheme.

30 Terms of loans by a State

- 11.(1) The rates of interest at which money is advanced by the State under the Scheme shall be as determined by the State Authority.
- (2) The length of loans and the period during which an interest subsidy applies in respect of loans shall be as determined by the State Authority.
- 35

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

- (3) The State Authority shall have the right to review and change 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 encouraging borrowers to move to commercial credit as soon as circumstances permit. 5

PART IV—FINANCIAL ASSISTANCE

Provision of Financial Assistance

12. Subject to, and to the performance by a State of its obligations under, this Agreement, the Commonwealth will make financial assistance available to the States for the purposes of the Scheme. 10

Amount of Financial Assistance

- 13.(1) Subject to this Agreement, the amount of financial assistance to be made available by the Commonwealth to each State for the strategies specified in clause 5, other than subclause 5(2), during a financial year shall be determined by the Minister after consultation with the State Ministers. Before the commencement of the financial year the Minister and the State Ministers will consult taking into account the objectives of the Scheme. 15
- (2) Of the total financial assistance to be made available in a State under this agreement, other than financial assistance referred to in subclause 5(2), the Commonwealth will contribute 90% and the State 10%. 20
- (3) In respect of subclause 5(2) the Commonwealth shall bear 90% and the State shall bear 10% of the interest subsidies which do not exceed 50% of the interest payable. The State and the Commonwealth shall each bear 50% of the interest subsidies which exceed 50% of the interest payable. 25
- (4) The amount to be made available to a State during a financial year determined under subclause (1) may, at any time the Commonwealth so considers fit, be increased by the addition of a supplementary amount determined by the Commonwealth at that time. 30
- (5) The amount of financial assistance to be made available by the Commonwealth to a State for the strategies set out in paragraph 5(2) shall be as determined at the time the Commonwealth and the State agree that the provision of such support is warranted. 35

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

Administration Expenses

- 5 14. The Commonwealth will reimburse each State on a quarterly basis for 90% of the agreed administration expenses of the State in performing its functions under the Scheme.

Provision for losses

- 10 15. The Commonwealth shall not be liable to reimburse a State for any losses of that State which result from the operation under this Agreement of the Scheme, but income earned on financial assistance made available by the Commonwealth, under the amended Agreement or this Agreement, may be used by the State to make provision for any losses likely to result from the operation of the Scheme.

Payments of Financial Assistance

- 15 16.(1) The Commonwealth shall, subject to this Agreement, make quarterly payments to the States on an acquittals basis of the financial assistance to be provided to them under this Agreement.
- 20 (2) The Commonwealth may, at such time and in such amounts as the Minister thinks fit, make advances on account of the payment that may be made by the Commonwealth under subclause (1).
- 25 (3) An amount or part of an amount advanced by the Commonwealth under this clause may be deducted by the Commonwealth from an amount that subsequently becomes payable under subclause (1) or, if no further amounts become payable under that subclause, shall be refunded by the State to the Commonwealth at the request of the Minister.

Use of Advances and other Moneys

- 30 17.(1) A State shall ensure that an amount or any part of an amount advanced to the State and not refunded under subclause 16(3) is used or applied for the operation of the Scheme.
- (2) A State shall ensure that:
- (a) any financial assistance paid by the Commonwealth under the Scheme is used or applied for the operation of the Scheme;

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

- (b) any profit made by it in relation to the operation of the Scheme is used or applied for the operation of the Scheme or as mentioned in clause 15;
- (c) any repayment of, or payment of interest on, loans made by the State and funded by the Commonwealth under the amended Agreement, and any recovery of money under that agreement, are used or applied in the operation of the Scheme. 5

Pre-commitment of Assistance 10

- 18.(1) Where the Minister has, upon the State establishing to the Minister's satisfaction that the circumstances so warrant, authorised the State during a financial year to commit to the Scheme financial assistance to be received under this Agreement during succeeding financial years, the State may approve the provision of support under the Scheme to the extent of the amount or amounts that have been so authorised by the Minister. 15
- (2) Any amounts that are approved by the State under subclause (1) shall be included in the amount of financial assistance to be made available by the Commonwealth to the State for the purposes of the Scheme as determined under clause 13 in respect of succeeding financial years. 20

Supporting Financial Evidence

- 19.(1) A State shall furnish to the Minister such documents and other evidence to justify payment of any moneys to the State under the Scheme as the Minister may from time to time reasonably request, whether the request by the Minister is made before or after the Commonwealth has made the advance or a payment pursuant to the request by the State. 25
- (2) Information furnished by a State pursuant to subclause (1) shall include details of applicants from the State or otherwise under the Scheme, but not so as to identify applicants, in a format agreed from time to time by Commonwealth and State Ministers. 30

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

Audit

- 5 20.(1) The accounts, books, vouchers, documents and other records of a State relating to the operation of the Scheme shall be subject to audit carried out in accordance with Australian auditing standards by a registered company auditor or, if required by the State, the Auditor-General of the State or his or her appointee.
- 10 (2) A report on the audits in respect of each financial year shall be furnished to the Minister by that auditor or Auditor-General of the State, as the case may be, as soon as possible after the completion of the financial year and no later than 31 October in the succeeding financial year.

Other Financial Arrangements

- 15 21. 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 relevant Commonwealth and State Ministers responsible for such financial arrangements.

PART V—FINANCIAL ASSISTANCE FOR RELATED PURPOSES

20 Diagnostic Activities

22. Subject to clause 23, the Commonwealth will provide, on conditions determined by the Commonwealth Minister, financial assistance to the States equal to 90% of their expenditure in causing the Scheme to be more effective.

25 Provisions Applicable

- 23.(1) The amount of financial assistance to be made available by the Commonwealth to each State for expenditure under clause 22 during a financial year shall be determined by the Commonwealth after consultation with the State.
- 30 (2) Clauses 16, 17, 19, 21, 25, 26 and 27 shall apply in relation to this Part as if it formed part of the Scheme.

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

PART VI—TRANSITIONAL

Transitional

- 24.(1) To the extent the amended Agreement ceases prior to 30 June of a year, action taken under the provisions of this Agreement equivalent to clause 30 and subclause 22(2) of the amended Agreement shall be considered to satisfy also those clauses and that subclause if that action is taken in relation to the financial year ending on the date which, otherwise than for its cessation, would be the date on which a financial year of the amended Agreement would end. 5
- (2) Funds provided to a State by the Commonwealth under the amended agreement that: 10
- (a) are held by the State when this agreement comes into force; or
- (b) subsequently become available to it; 15
- and any interest earned on those funds are to be used by the State for the purposes of this agreement.

PART VII—GENERAL

Expiry and Review

- 25.(1) This Agreement shall, subject to earlier termination under subclause (2), terminate on 31 December 2000. 20
- (2) Six months before 31 December 1996, the parties shall complete a review of the operation of the Scheme in relation to all those then party to it in the light of experience of its administration and, if they unanimously resolve to terminate it, this Agreement shall terminate on that date. 25
- (3) Where, on a review from time to time of the operation of the Scheme, the Ministers of the Commonwealth and of the States consider an amendment to the Agreement should be made, the Commonwealth Minister will seek to have the Agreement so amended. 30
- (4) Where support for farmers by a State under contractual commitments entered into by the State pursuant to this Agreement extends beyond the date on which this Agreement terminates, the terms and conditions of that support, and the obligations of the State in relation to that support, will be preserved until those contractual commitments expire. 35

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

Exchange of Information

- 5 26. State and Commonwealth Officers associated with the Scheme will meet together as appropriate and at least twice in each year and exchange information on any matters pertinent to the Scheme, including trends in adjustment support being provided to persons in the farm sector having regard to the outlook for that sector.

Provision of Information

- 10 27. The State will supply to the Commonwealth from time to time such information regarding the operation of the Scheme by the State for purposes of monitoring and accountability as agreed by the Commonwealth and the State.

Loan Council

- 15 28. In the event that the Loan Council decides to include borrowings by the State for the purposes of this Scheme in borrowings subject to Loan Council control or oversight on terms which a State considers unacceptable, the Commonwealth and the States shall consult to determine whether any amendment should be made to this Agreement.

20 Cessation of Agreement by a State

29. A State may, on giving at least sixty days notice in writing to the Commonwealth, subject to its performance thereafter of any outstanding obligation, cease to be a party to this Agreement at the expiry of that period of notice.

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

IN WITNESS WHEREOF this Agreement has been respectively signed for and on behalf of the Parties as at the day and year above written.

<p>SIGNED by the Honourable SIMON CREAN, Minister for Primary Industries and Energy of the Commonwealth of Australia, in the presence of</p>	}	Simon Crean	5
<p>Richard Eckersley</p>	}		10
<p>SIGNED by the Honourable IAN MORTON ARMSTRONG, Minister for Agriculture and Rural Affairs of the State of New South Wales, in the presence of</p>	}	Ian Armstrong	15
<p>Michael Roff</p>	}		
<p>SIGNED by the Honourable IAN SMITH for Treasurer of the State of Victoria, in the presence of</p>	}	Ian Smith	20
<p>Peter Coats</p>	}		
<p>SIGNED by the Honourable WAYNE GOSS, Premier and Acting Treasurer of the State of Queensland, in the presence of</p>	}	Wayne Goss	25
<p>Hazel P Hubbard JP</p>	}		30

*Rural Adjustment Scheme Agreement 1993*SCHEDULE 1—THE AGREEMENT—*continued*

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|----|--|---|---------------|
| 5 | SIGNED by the Honourable
ERNEST FRANCIS BRIDGE,
Minister for Agriculture of the
State of Western Australia,
in the presence of

John Dedman | } | E Bridge |
| 10 | SIGNED by the Honourable
TERENCE ROBERT GROOM,
Minister of Primary Industries of
the State of South Australia,
in the presence of

Gracie Portolesi | } | Terence Groom |
| 20 | SIGNED by the Honourable
RAYMOND JOHN GROOM,
Premier and Minister for State Development
and Resources of the State of Tasmania,
in the presence of

F M Birkett
Executive Officer, Hobart, Tasmania | } | R J Groom |
| 25 | SIGNED by the Honourable
MICHAEL ANTHONY REED,
Minister for Primary Industry and
Fisheries of the Northern Territory,
in the presence of

John Anthony Coleman | } | M A Reed |

Rural Adjustment Scheme Agreement 1993

SCHEDULE 1—THE AGREEMENT—*continued*

SIGNED by BILL WOOD,
Minister for the Environment, Land
and Planning for the Australian
Capital Territory,
in the presence of

Stephen Wallace

} B Wood

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RURAL ADJUSTMENT SCHEME AGREEMENT BILL 1993

SECOND READING SPEECH

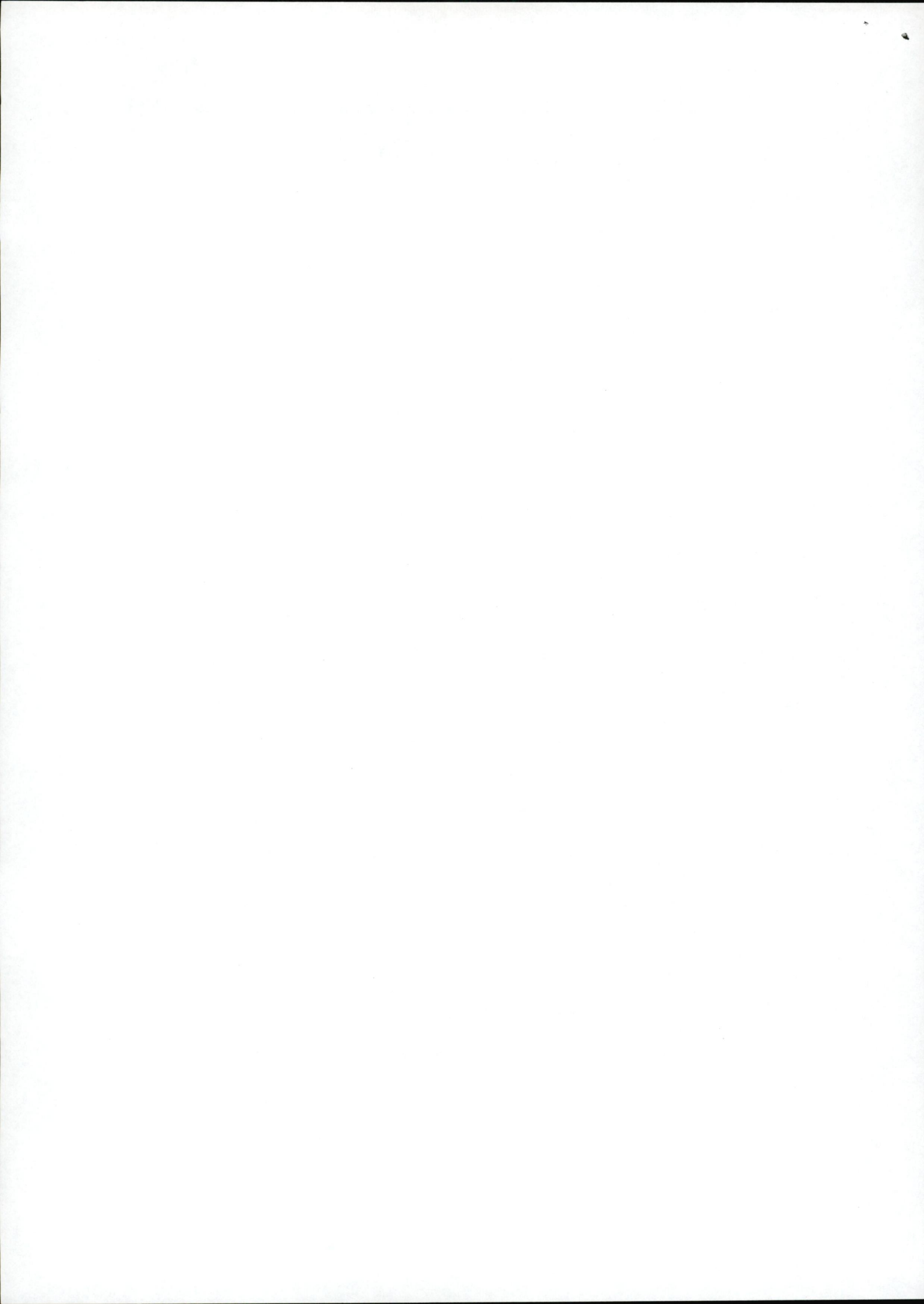
MR PRESIDENT

I MOVE THAT THIS BILL BE READ A SECOND TIME.

THIS BILL PROVIDES FOR THE STATE GOVERNMENT'S RATIFICATION OF A REVISED RURAL ADJUSTMENT SCHEME (R.A.S.) TO REPLACE THAT ENTERED INTO BY THE COMMONWEALTH, THE STATES, THE NORTHERN TERRITORY AND THE AUSTRALIAN CAPITAL TERRITORY IN 1988.

THE FULL TERMS OF THE NEW AGREEMENT WHICH THE STATE HAS ENTERED INTO WITH THE COMMONWEALTH ARE INCORPORATED IN THE BILL AS SCHEDULE 1.

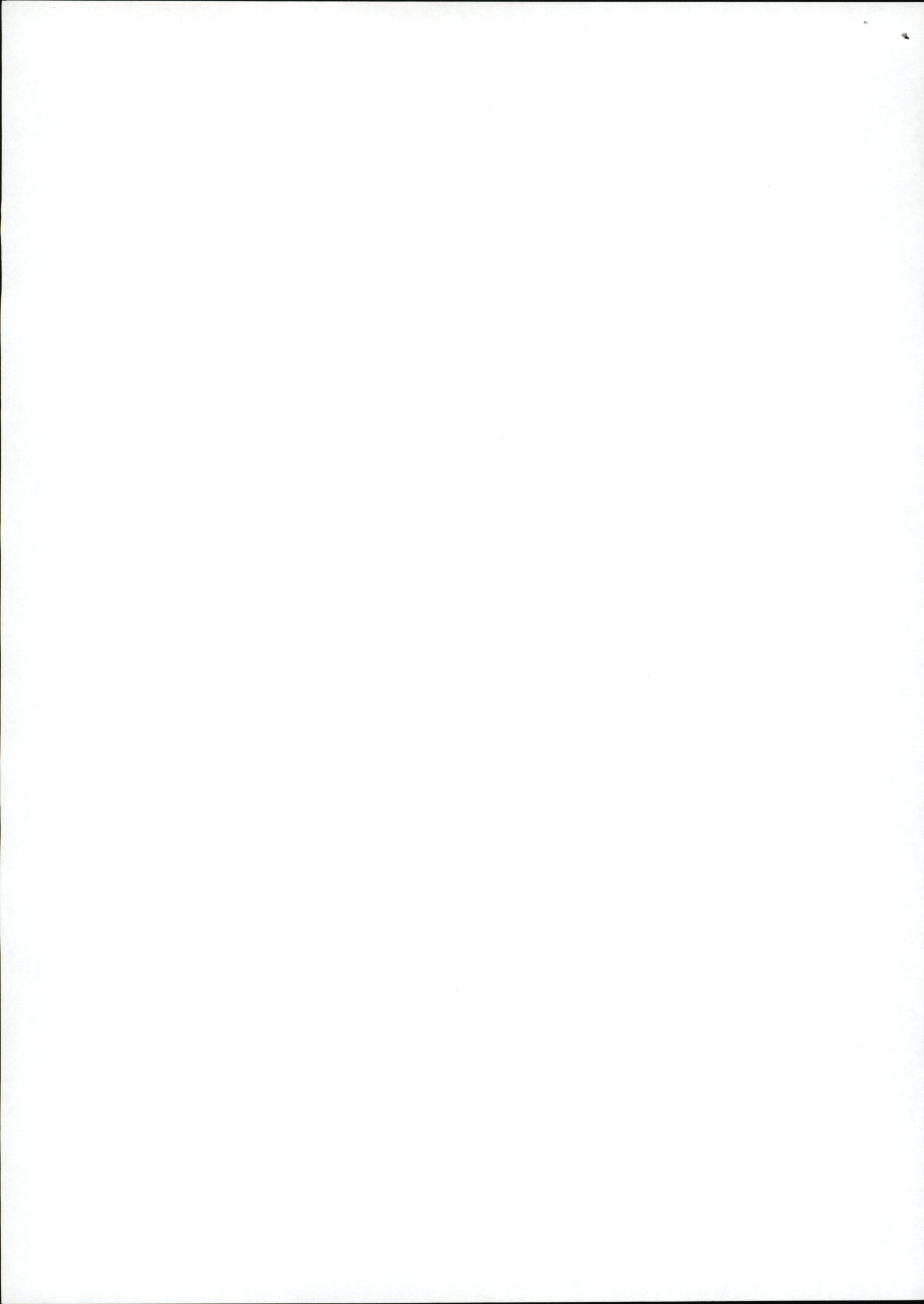
ALL STATES, THE AUSTRALIAN CAPITAL TERRITORY AND THE NORTHERN TERRITORY ARE PARTICIPATING IN THE SCHEME.



THE 1988 RURAL ADJUSTMENT SCHEME WAS THE COMMONWEALTH'S MAIN INSTRUMENT FOR PROVIDING BROAD-BASED STRUCTURAL ADJUSTMENT AND INCOME ASSISTANCE TO FARMERS IN FINANCIAL DIFFICULTY. THE SCHEME WAS ADMINISTERED BY THE STATES UNDER GUIDELINES AGREED WITH THE COMMONWEALTH IN ACCORDANCE WITH THE STATES AND NORTHERN TERRITORY GRANTS (RURAL ADJUSTMENT) ACT, 1988 AND AGREEMENTS WITH INDIVIDUAL STATES ENTERED INTO JUST OVER FOUR YEARS AGO.

THE NEW R.A.S. IS BEING IMPLEMENTED TO FURTHER A COMMITMENT TO MORE EFFECTIVE ADJUSTMENT MEASURES FOR FARMERS. IT FOLLOWS A MAJOR FUNCTIONAL REVIEW BY INDEPENDENT CONSULTANTS AND DISCUSSIONS WITH RELEVANT STATE MINISTERS.

THE NEW SCHEME WILL HAVE A STRONG FOCUS ON STRUCTURAL ADJUSTMENT AND PRODUCTIVITY IMPROVEMENT. THE PROVISION OF FINANCIAL ASSISTANCE WILL BE OF SECONDARY CONSEQUENCE. FUNDING ARRANGEMENTS BETWEEN THE COMMONWEALTH AND STATES ARE ALSO VARIED.



THE NEW SCHEME WILL BE SUPPORTED BY A MORE EFFICIENT ADMINISTRATIVE STRUCTURE, INCLUDING A R.A.S. ADVISORY COUNCIL, WHICH WILL PROVIDE ADVICE BOTH ON THE ADJUSTMENT NEEDS OF FARMERS AND ON R.A.S. FUNDING TO THE COMMONWEALTH MINISTER FOR PRIMARY INDUSTRIES AND ENERGY.

IN NORMAL CIRCUMSTANCES, FARMERS WILL BE ABLE TO OBTAIN INCENTIVES THROUGH INTEREST RATE SUBSIDIES OF UP TO 50 PER CENT ON COMMERCIAL FINANCE, TO ENHANCE THE PRODUCTIVITY AND PROFITABILITY OF THEIR BUSINESSES.

AN INTEREST RATE SUBSIDY OF UP TO 100 PER CENT MAY BE APPROVED IN THE EVENT OF THE EXCEPTIONAL CIRCUMSTANCES PROVISIONS OF THE AGREEMENT BEING ACTIVATED.

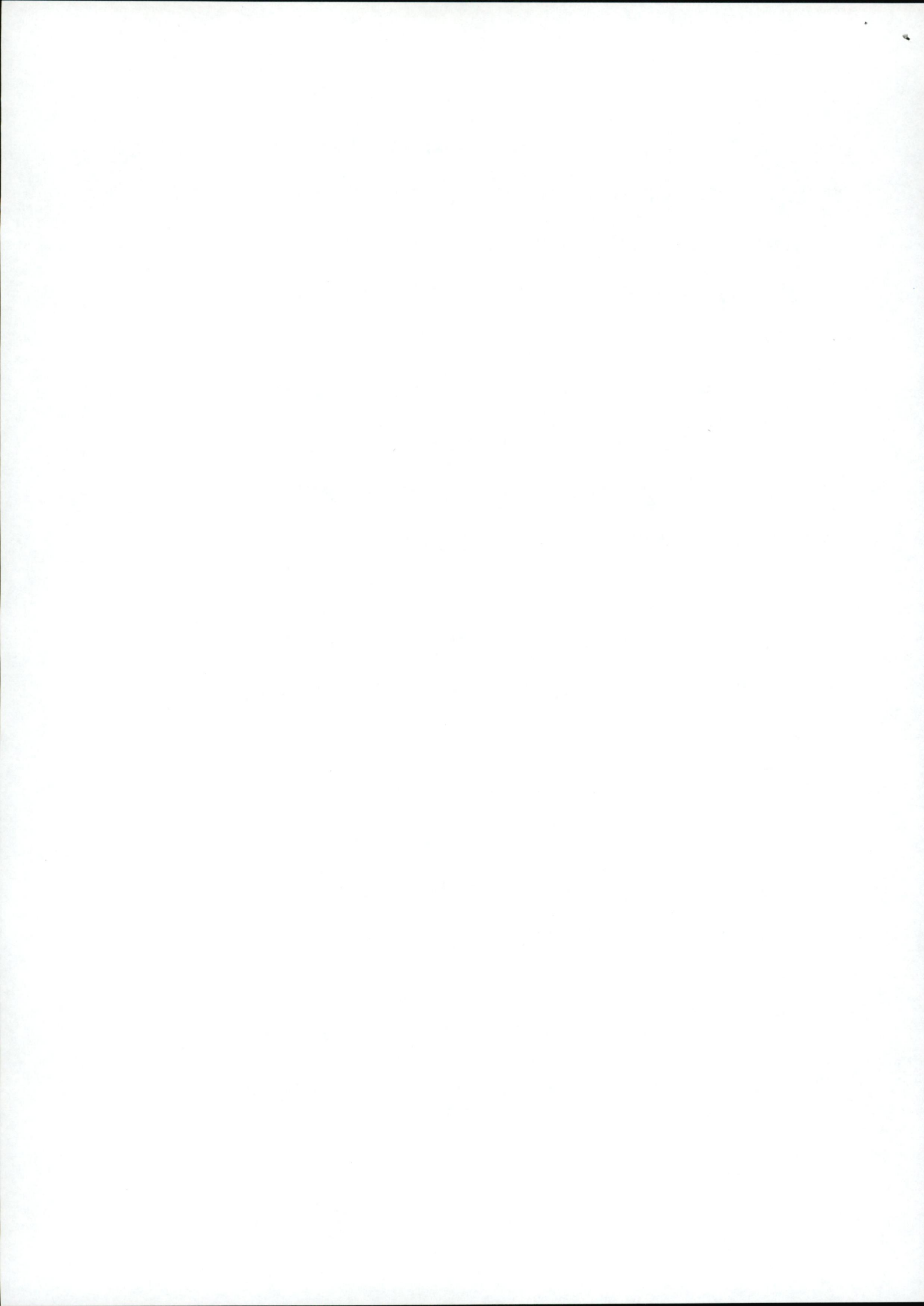
FARMERS WILL ALSO BE ABLE TO OBTAIN GRANTS TO IMPROVE THEIR SKILLS AND TO ASSIST WITH OBTAINING FINANCIAL ASSESSMENT AND COUNSELLING, RELATING TO THEIR FARM BUSINESS.



THE NEW R.A.S. ALSO INCLUDES RE-ESTABLISHMENT GRANTS OF UP TO \$45,000 FOR FARMERS WHO FIND THEY MUST LEAVE THE SECTOR. THE GRANT IS SUBJECT TO AN ASSET TEST TO FARMERS FOLLOWING SALE OF THEIR PRODUCTIVE ASSETS.

R.A.S. INTEREST SUBSIDIES UNDER THE NEW ARRANGEMENTS CAN BE PROVIDED TO FARM ENTERPRISES WHICH MEET CRITERIA RELATING TO PRODUCTIVITY, SUSTAINABLE LONG TERM PROFITABILITY AND NEED. FARMERS MUST:

- * SHOW HOW R.A.S. SUPPORT WILL CONTRIBUTE TO PRODUCTIVITY GROWTH OF THE FARM ENTERPRISE;
- * BE ABLE TO ACCESS COMMERCIAL FINANCE;
- * DEMONSTRATE PAST AND FUTURE PROFITABILITY AND PERFORMANCE OF THE FARM ENTERPRISE;
- * SHOW THE CAPACITY OF THE FARM ENTERPRISE TO BECOME FINANCIALLY INDEPENDENT OF R.A.S SUPPORT;



- * PROVE THAT NON-FARM ASSETS ARE NOT IN EXCESS OF THOSE NEEDED FOR PRUDENT RISK MANAGEMENT OF THE FARM ENTERPRISE WHICH IN GENERAL ARE NOT TO EXCEED ONE YEAR'S TOTAL FARM OPERATING COSTS;

- * CONTRIBUTE A SIGNIFICANT PROPORTION OF THEIR LABOUR TO THE FARM ENTERPRISE; AND

- * DEVELOP COMPREHENSIVE FARM PLANS AS PART OF A PROPERTY MANAGEMENT PLANNING PROGRAM.

FARMERS IN EXTREME FINANCIAL HARDSHIP WHO CANNOT OBTAIN COMMERCIAL FINANCE FOR "CARRY-ON" PURPOSES WILL BE ABLE TO RECEIVE ASSISTANCE TO MEET DAY TO DAY LIVING EXPENSES UNDER A NEW FARM HOUSEHOLD SUPPORT SCHEME (F.H.S). THIS SCHEME IS TO BE ADMINISTERED BY THE DEPARTMENT OF SOCIAL SECURITY ON AN AGENCY BASIS.

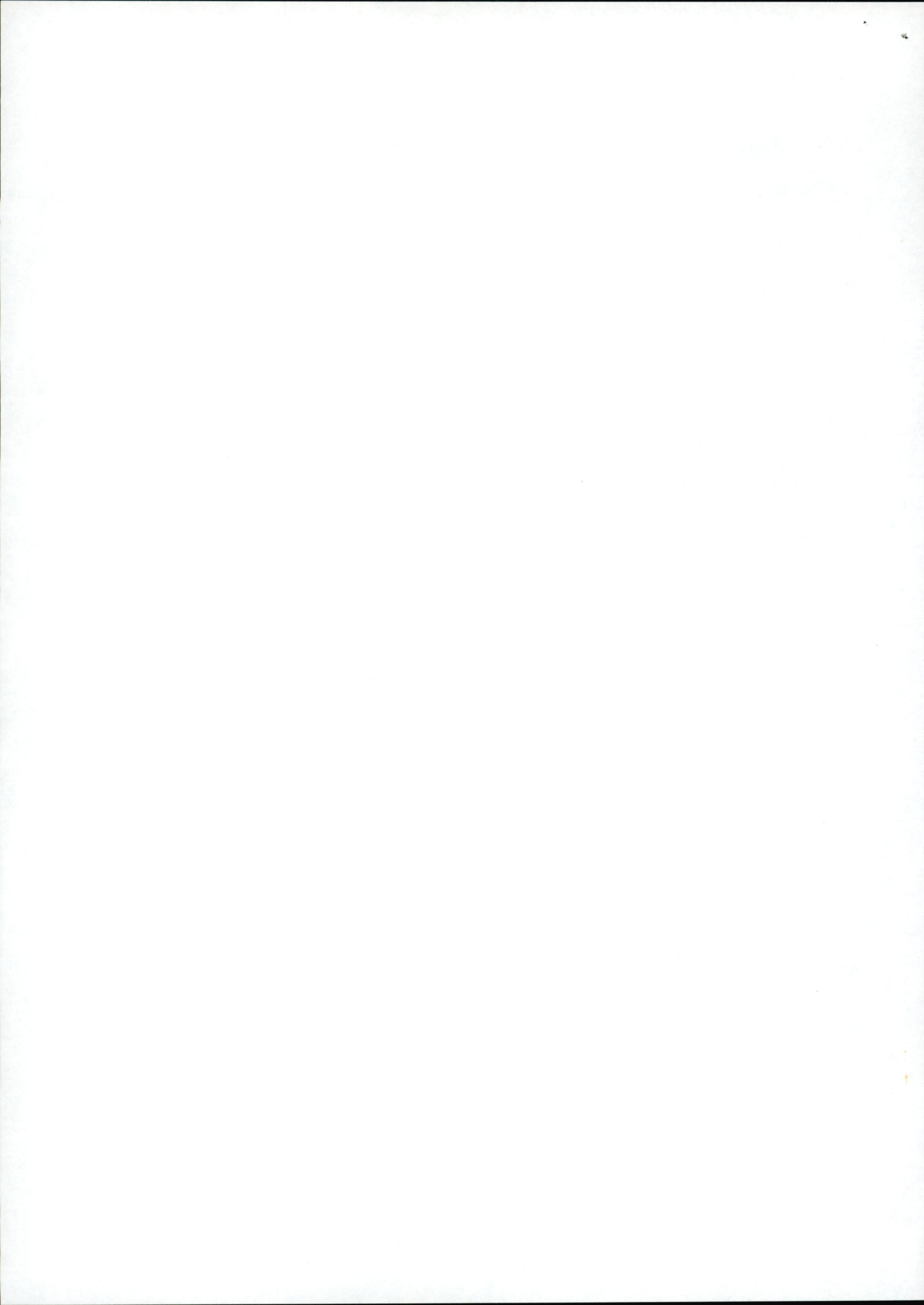


ON DEPARTING THE INDUSTRY, A FARMER COULD RECEIVE A PACKAGE OF UP TO \$55,000, INCLUDING \$45,000 FROM R.A.S. FOR RE-ESTABLISHMENT AND THE BALANCE FROM THE GRANT PROVISION OF THE F.H.S.

THE PACKAGE OF R.A.S. AND THE F.H.S. IS DESIGNED TO ADDRESS THE NEEDS OF ALL FARMERS. THE SCHEMES COMBINE INCENTIVES FOR PRODUCTIVITY GROWTH AND SUPPORT TO SUCCESSFUL FARMERS WITH THE MORE COMPASSIONATE REQUIREMENTS OF THOSE EXPERIENCING DIFFICULT TIMES.

FUNDING FOR THE NORMAL PROVISIONS OF R.A.S. WILL BE ON A 90 TO 10 COMMONWEALTH:STATE BASIS.

ANY ADDITIONAL ASSISTANCE UNDER EXCEPTIONAL CIRCUMSTANCES WILL BE SHARED DOLLAR FOR DOLLAR BETWEEN THE COMMONWEALTH AND THE STATE.



MR PRESIDENT, THIS SCHEME HAS IN FACT BEEN IN OPERATION SINCE 1 JANUARY 1993, BY AGREEMENT BETWEEN THE COMMONWEALTH AND THE STATES. THE GOVERNMENT SEES IT AS A SIGNIFICANT STEP IN PROVIDING ASSISTANCE TO FARMERS IN THIS TIME OF RURAL DOWNTURN. THIS BILL GIVES LEGISLATIVE SUPPORT TO THE SCHEME.

I COMMEND THE BILL TO THE HOUSE.

RURAL ADJUSTMENT SCHEME AGREEMENT ACT 1993
No. 107

NEW SOUTH WALES



TABLE OF PROVISIONS

1. Short title
2. Commencement
3. Interpretation
4. Ratification
5. Implementation
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7. Acquisition of certain land

SCHEDULE 1—THE AGREEMENT

RURAL ADJUSTMENT SCHEME AGREEMENT ACT 1993
No. 107

NEW SOUTH WALES



Act No. 107, 1993

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 related purposes.
[Assented to 2 December 1993]

Rural Adjustment Scheme Agreement Act 1993 No. 107

The Legislature of New South Wales enacts:

Short title

1. This Act may be cited as the Rural Adjustment Scheme Agreement Act 1993.

Commencement

2. This Act commences on the date of assent.

Interpretation

3. (1) In this Act, "**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 New South Wales Rural Assistance Authority (if that Authority is appointed under section 25 of the Rural Assistance Act 1989 to administer the Agreement) or an instrumentality designated by the Minister to be the Authority for those purposes.

Ratification

4. The Agreement is approved, ratified and confirmed.

Implementation

5. (1) The Agreement may be carried into effect despite 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 sanctioned, authorised and confirmed.

Rural Adjustment Scheme Agreement Act 1993 No. 107

Validation

6. Any act, matter or thing:

- (a) which by the Agreement is agreed, directed, authorised or permitted to be made, done or executed; and
- (b) which was made, done or executed before the date of assent to this Act; and
- (c) which would have been lawful if this Act and the Agreement had been in force at the time the act, matter or thing was made, done or executed,

is validated.

Acquisition of certain land

7. (1) Any land to be acquired for the purposes of the Agreement by the Authority may be so acquired, despite:

- (a) that any consent or permission required under the Crown Lands Act 1989 has not been obtained or granted; or
- (b) that the Authority may not be qualified under the Crown Lands Act 1989 to hold land of the tenure to be so acquired by the Authority.

(2) For the purposes of this section:

- (a) the provisions of the Crown Lands Act 1989 and any regulations under that Act; and
- (b) any condition attaching to any land in pursuance of any of those provisions,

is taken to be amended so as to give force and effect to any of the provisions of this section.

SCHEDULE 1—THE AGREEMENT

(Sec. 3 (1))

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

SCHEDULE 1—THE AGREEMENT—*continued*

The STATE OF WESTERN AUSTRALIA of the fifth part,
The STATE OF SOUTH AUSTRALIA of the sixth part,
The STATE OF TASMANIA of the seventh part,
The AUSTRALIAN CAPITAL TERRITORY of the eighth part,
The NORTHERN TERRITORY OF AUSTRALIA of the ninth part,

WHEREAS:

- (A) The Commonwealth, the States, the Northern Territory and the Australian Capital Territory are parties to an Agreement dated variously of December 1988 and January 1989 as amended by First Amending, Second Amending, Supplemental and Third Amending Agreements dated 20 December 1991, 13 March 1992, 26 June 1992 and 7 October 1992 respectively, relating to rural adjustment ('the amended Agreement').
- (B) Following a review, agreement has been reached between the Commonwealth and the States that the Scheme be altered to support farmers and thereby enable them to increase efficiency and productivity and thereby enhance their international competitiveness.
- (C) It has been decided to continue the payment of financial assistance to the States, the Northern Territory and the Australian Capital Territory under this Agreement.
- (D) The Parliament of the Commonwealth has authorised the execution of an Agreement by and on behalf of the Commonwealth and the provision of financial assistance to the States, the Northern Territory, and the Australian Capital Territory as provided in this Agreement.

NOW IT IS HEREBY AGREED as follows:

PART I—INTRODUCTION

Operation of Agreement

- 1.(1) In this Agreement, each State, the Northern Territory and the Australian Capital Territory 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, the Northern Territory and the Australian Capital Territory in respect of which for the time being the Agreement is in force.

SCHEDULE 1—THE AGREEMENT—*continued*

- (2) This Agreement shall, as between the Commonwealth and a State executing this Agreement on or before 1 January 1993, come into force on that date or, if executed later, on that later date and the amended Agreement shall at that time, except for:
- (a) paragraph 6(1)(a) in relation to drought—which shall cease on 30 June 1993;
 - (b) paragraphs 6(1)(b),(c) and 6(2)—which shall cease on 31 December 1993, where a farmer is currently receiving assistance which is due to cease in the twelve months commencing 1 January 1993;
 - (c) paragraph 6(3)(a)—which shall cease on the proposed Farm Household Support Scheme Act coming into force;
 - (d) the provisions of subclause 1(3) of this Agreement;
- cease as between the Commonwealth and that State.
- (3) In order to enable a State to meet contractual commitments entered into before 1 January 1993 by it under the amended Agreement, the Commonwealth shall hereunder provide such financial assistance to that State as is required to meet those contractual commitments in accordance with the amended Agreement as, with funds provided to the State by the Commonwealth under the amended Agreement, which:
- (a) are held by the State on the date on which this Agreement comes into force; or
 - (b) become subsequently available to it whether before or after that date and not disbursed; or
 - (c) interest earned on those funds whether before or after that date and not disbursed;
- will enable that State to meet those commitments. Where a State has entered into contractual commitments of that kind before 1 January 1993, the terms and conditions of support for farmers by the State, and the obligations of the State and the Commonwealth under the amended agreement, will be preserved.
- (4) Notwithstanding that in this Agreement all of the States are named as parties, this Agreement shall operate as an Agreement between the Commonwealth and the party or parties in respect of which it comes into force as fully and effectually as if the party or parties in respect of which it comes into force were the only party or parties so named other than the Commonwealth.

SCHEDULE 1—THE AGREEMENT—*continued*

- (5) If a State ceases to be a party, this Agreement continues in force with respect to the Commonwealth and the States which remain parties when the cessation takes effect.

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:

'Act' means the Act of the Commonwealth under which the execution, on behalf of the Commonwealth, of this Agreement is approved;

'applicant' means a person who applies for support under the Scheme;

'aquaculture' means industries which conduct systematic farming of plants and animals in water involving the use of man-made infrastructure on or adjacent to land, but excludes harvesting-type industries where farming or cultivating is not an integral part of the operation;

'Authority' means an authority of a State which has, from time to time, the administration of the Scheme on behalf of the State;

'farm enterprise' means an enterprise carried on by a farmer within the farm sector in a State, the Northern Territory or the Australian Capital Territory;

'farmer' means a person engaged in the farm sector in a State, the Northern Territory or the Australian Capital Territory, but does not include a person whose business consists principally of the provision of services;

SCHEDULE 1—THE AGREEMENT—*continued*

'farm sector' means the sector comprising the agricultural, horticultural, pastoral, apicultural and aquacultural industries;

'financial year' means:

- (a) when the Agreement does not come into force in relation to a State on 1 July, from the date it comes into force up to and including 30 June which next occurs after this Agreement comes into force and thereafter each succeeding period of twelve months; and
- (b) where this Agreement does come into force on 1 July, a period of twelve months ending on 30 June;

'Minister' means the Commonwealth Minister of State for Primary Industries and Energy;

'Scheme' means the scheme of support to be established and operated by a State in accordance with clause 8.

- (2) A reference in this Agreement to a Minister of the Commonwealth or of a State includes a reference to a Minister for the time being acting for or on behalf of the Minister referred to or to a Minister who has taken over the responsibilities of the Minister under this Agreement.
- (3) A reference in this Agreement to a State shall include a reference to an authority or authorities of a State that has or have the administration of the Scheme on behalf of the State.

PART II—THE SCHEME

Objectives

- 4.(1) The objectives of the Scheme are:
 - (a) to foster the development of a more profitable farm sector that is able to operate competitively in a deregulated financial and market environment; and
 - (b) to improve the competitiveness of the farm sector in a sustainable manner.
- (2) In order to achieve those objectives, the Scheme will:
 - (a) promote a better financial, technical and management performance from the farm sector; and
 - (b) provide support to farmers who have prospects of sustainable long-term profitability with a view to improving the productivity of their farm units; and

SCHEDULE 1—THE AGREEMENT—*continued*

- (c) provide that support in a way that ensures that the farmers who are supported become financially independent of that support within a reasonable period; and
- (d) support farmers who do not have prospects of sustainable long-term profitability to leave the farm sector.

Strategies

- 5.(1) The strategies to be adopted to facilitate sustainable long-term profitability of the farm sector by improving farm productivity and helping the sector to become more self-reliant include:
 - (a) the acquisition of improved skill levels;
 - (b) the adoption of sustainable farming systems;
 - (c) the adoption of technological developments;
 - (d) obtaining access to information on technological developments and their application, training opportunities and appropriate farm programs;
 - (e) increasing farm size or capital intensity;
 - (f) farm program changes;
 - (g) debt restructuring; and
 - (h) capital restructuring.
- (2) The strategies to be adopted to overcome difficulties due to exceptional circumstances where farmers have long-term prospects of profitability, are to facilitate one or more of the following:
 - (a) the provision of carry-on finance;
 - (b) debt restructuring;
 - (c) improvements in productivity.
- (3) The strategies to be adopted to encourage farmers to make an orderly exit from the farm sector if the farmers are without prospects in the farm sector shall be to:
 - (a) assist farmers to realise farm assets in an orderly manner; and
 - (b) assist farmers to re-establish post-farming.

SCHEDULE 1—THE AGREEMENT—*continued*

- (4) In achieving the strategies referred to in subclauses 5(1) and 5(3), trading in land by a State is permissible only where:
 - (a) the trading does not distort the market for land;
 - (b) large land stocks are not accumulated by the State; and
 - (c) proceeds of transactions are retained for use in the operation of the Scheme.
- (5) From time to time it may be necessary to develop other strategies to meet changing circumstances.

Operations

- 6.(1) Given the nature of the support to be provided, and that the application of funds provided under the Scheme will be most effective when the operations of States are responsive to the specific circumstances pertaining to an applicant, decisions on the form and level of support to be provided to an applicant will be taken at the State level, with full knowledge of local, regional and industry conditions.
- (2) The Commonwealth, in consultation with the States, will, where appropriate, establish policy guidelines concerning:
 - (a) criteria to be adopted in assessing eligibility for support;
 - (b) outcomes expected from support under the Scheme;
 - (c) requirements for review of supported farmers; and
 - (d) determination of funding.
- (3) The role of the Commonwealth will be to:
 - (a) provide policy guidelines within which the Scheme will operate; and
 - (b) establish a reporting mechanism to permit the monitoring and assessment of the efficiency and effectiveness of the operation of the Scheme.
- (4) The role of the States will be to:
 - (a) manage funds provided under the Scheme; and
 - (b) be responsible and accountable for the achievement of the objectives of the Scheme in accordance with the Commonwealth's policy guidelines.

SCHEDULE 1—THE AGREEMENT—*continued*

- (5) With a view to achieving the objectives of the Scheme in accordance with the Commonwealth's policy guidelines, the principal functions of the State Authorities in administering the Scheme will be to:
- (a) assess the eligibility of farmers for support;
 - (b) determine, after full consideration of each individual case, the form and level of support, or combination of forms and levels of support, if any, most appropriate to the particular circumstances facing the farmers;
 - (c) deliver funds and services in accordance with policy guidelines established by the Commonwealth from time to time;
 - (d) review the effectiveness of support provided to farmers on a periodic basis;
 - (e) account to the Commonwealth at a frequency, and in a manner, determined from time to time by the Commonwealth, in consultation with the States, as to the:
 - (i) disbursement of funds in compliance with the policy guidelines;
 - (ii) effectiveness and efficiency with which the funds have been applied; and
 - (f) promote the purpose and scope of the Scheme to the farming and financial communities and other interested persons.

Eligibility

- 7.(1) An individual who operates a farm enterprise is eligible for support under the Scheme only if:
- (a) under normal circumstances the person contributes a significant proportion of his or her labour to the farm enterprise; and
 - (b) the farm and non-farm income and assets of the person are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise.

SCHEDULE 1—THE AGREEMENT—*continued*

- (2) Two or more individuals who operate a farm enterprise in partnership are eligible for support under the Scheme only if:
 - (a) under normal circumstances, significant proportion of the total labour of those persons is contributed to the farm enterprise and;
 - (b) the farm and non-farm income and assets of those persons are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise.
- (3) A company that operates a farm enterprise is eligible for support under the scheme only if:
 - (a) under normal circumstances, significant proportion of the total labour of the shareholders of the company is contributed to the farm enterprise and;
 - (b) the farm and non-farm income and assets of those shareholders are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise.
- (4) A trust estate that operates a farm enterprise is eligible for support under the Scheme only if:
 - (a) under normal circumstances, significant proportion of the total labour of the beneficiaries of the trust is contributed to the farm enterprise and;
 - (b) the farm and non-farm income and assets of the beneficiaries are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise.

PART III—ADMINISTRATION OF SCHEME**State to Operate Scheme**

- 8.(1) Each State will use the financial assistance in accordance with this Agreement to establish and operate a Scheme of support to persons engaged in the farm sector in that State.
- (2) The Scheme shall consist of the forms of support referred to in clause 9 and shall be operated in conformity with the objective and other provisions set out in Part II.

SCHEDULE 1—THE AGREEMENT—*continued*

Forms of Support to those engaged in the farm sector

- 9.(1) In relation to paragraphs 5(1)(b),(c),(e),(f),(g) and (h), support under the Scheme shall be primarily by way of grants by the State for the purpose of subsidies for interest payable on, and associated costs of, loans, whether made by the State or another party. Grants may be made by the State for purposes referred to in paragraphs 5(1)(a) and (d).
- (2) Except where subclause 5(2) applies, interest subsidies under this clause are not to exceed 50% of interest payable on, and associated costs of, the loans. The State shall bear 10% of those subsidies and the Commonwealth 90%.
- (3) Where subclause 5(2) applies, interest subsidies may exceed 50% of that interest and associated costs. The State and the Commonwealth shall each bear 50% of so much of those subsidies as exceeds 50% of that interest and associated costs.
- (4) The State shall bear 10% of grants under the Scheme for purposes other than interest subsidies and the Commonwealth 90%.
- (5) For the purpose of paragraphs 5(3)(a) and (b), support under the Scheme shall be by way of grants or loans by the State. The State shall bear 10% of those grants or loans and the Commonwealth 90%.
- (6) Subject to subclause 5(4), support identified in subclause 9(1) may also be used for transactions involving the land of farmers.

Conditions

10. The Minister may from time to time, subject to this Agreement and after consultation with the Minister or Ministers of the relevant State or States, determine policy guidelines applying to forms of support under the Scheme.

Terms of loans by a State

- 11.(1) The rates of interest at which money is advanced by the State under the Scheme shall be as determined by the State Authority.
- (2) The length of loans and the period during which an interest subsidy applies in respect of loans shall be as determined by the State Authority.

SCHEDULE 1—THE AGREEMENT—*continued*

- (3) The State Authority shall have the right to review and change 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 encouraging borrowers to move to commercial credit as soon as circumstances permit.

PART IV—FINANCIAL ASSISTANCEProvision of Financial Assistance

12. Subject to, and to the performance by a State of its obligations under, this Agreement, the Commonwealth will make financial assistance available to the States for the purposes of the Scheme.

Amount of Financial Assistance

- 13.(1) Subject to this Agreement, the amount of financial assistance to be made available by the Commonwealth to each State for the strategies specified in clause 5, other than subclause 5(2), during a financial year shall be determined by the Minister after consultation with the State Ministers. Before the commencement of the financial year the Minister and the State Ministers will consult taking into account the objectives of the Scheme.
- (2) Of the total financial assistance to be made available in a State under this agreement, other than financial assistance referred to in subclause 5(2), the Commonwealth will contribute 90% and the State 10%.
- (3) In respect of subclause 5(2) the Commonwealth shall bear 90% and the State shall bear 10% of the interest subsidies which do not exceed 50% of the interest payable. The State and the Commonwealth shall each bear 50% of the interest subsidies which exceed 50% of the interest payable.
- (4) The amount to be made available to a State during a financial year determined under subclause (1) may, at any time the Commonwealth so considers fit, be increased by the addition of a supplementary amount determined by the Commonwealth at that time.
- (5) The amount of financial assistance to be made available by the Commonwealth to a State for the strategies set out in paragraph 5(2) shall be as determined at the time the Commonwealth and the State agree that the provision of such support is warranted.

Rural Adjustment Scheme Agreement Act 1993 No. 107

SCHEDULE 1—THE AGREEMENT—*continued*

Administration Expenses

14. The Commonwealth will reimburse each State on a quarterly basis for 90% of the agreed administration expenses of the State in performing its functions under the Scheme.

Provision for losses

15. The Commonwealth shall not be liable to reimburse a State for any losses of that State which result from the operation under this Agreement of the Scheme, but income earned on financial assistance made available by the Commonwealth, under the amended Agreement or this Agreement, may be used by the State to make provision for any losses likely to result from the operation of the Scheme.

Payments of Financial Assistance

- 16.(1) The Commonwealth shall, subject to this Agreement, make quarterly payments to the States on an acquittals basis of the financial assistance to be provided to them under this Agreement.
- (2) The Commonwealth may, at such time and in such amounts as the Minister thinks fit, make advances on account of the payment that may be made by the Commonwealth under subclause (1).
- (3) An amount or part of an amount advanced by the Commonwealth under this clause may be deducted by the Commonwealth from an amount that subsequently becomes payable under subclause (1) or, if no further amounts become payable under that subclause, shall be refunded by the State to the Commonwealth at the request of the Minister.

Use of Advances and other Moneys

- 17.(1) A State shall ensure that an amount or any part of an amount advanced to the State and not refunded under subclause 16(3) is used or applied for the operation of the Scheme.
- (2) A State shall ensure that:
 - (a) any financial assistance paid by the Commonwealth under the Scheme is used or applied for the operation of the Scheme;

SCHEDULE 1—THE AGREEMENT—*continued*

- (b) any profit made by it in relation to the operation of the Scheme is used or applied for the operation of the Scheme or as mentioned in clause 15;
- (c) any repayment of, or payment of interest on, loans made by the State and funded by the Commonwealth under the amended Agreement, and any recovery of money under that agreement, are used or applied in the operation of the Scheme.

Pre-commitment of Assistance

- 18.(1) Where the Minister has, upon the State establishing to the Minister's satisfaction that the circumstances so warrant, authorised the State during a financial year to commit to the Scheme financial assistance to be received under this Agreement during succeeding financial years, the State may approve the provision of support under the Scheme to the extent of the amount or amounts that have been so authorised by the Minister.
- (2) Any amounts that are approved by the State under subclause (1) shall be included in the amount of financial assistance to be made available by the Commonwealth to the State for the purposes of the Scheme as determined under clause 13 in respect of succeeding financial years.

Supporting Financial Evidence

- 19.(1) A State shall furnish to the Minister such documents and other evidence to justify payment of any moneys to the State under the Scheme as the Minister may from time to time reasonably request, whether the request by the Minister is made before or after the Commonwealth has made the advance or a payment pursuant to the request by the State.
- (2) Information furnished by a State pursuant to subclause (1) shall include details of applicants from the State or otherwise under the Scheme, but not so as to identify applicants, in a format agreed from time to time by Commonwealth and State Ministers.

SCHEDULE 1—THE AGREEMENT—*continued*

Audit

- 20.(1) The accounts, books, vouchers, documents and other records of a State relating to the operation of the Scheme shall be subject to audit carried out in accordance with Australian auditing standards by a registered company auditor or, if required by the State, the Auditor-General of the State or his or her appointee.
- (2) A report on the audits in respect of each financial year shall be furnished to the Minister by that auditor or Auditor-General of the State, as the case may be, as soon as possible after the completion of the financial year and no later than 31 October in the succeeding financial year.

Other Financial Arrangements

21. 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 relevant Commonwealth and State Ministers responsible for such financial arrangements.

PART V—FINANCIAL ASSISTANCE FOR RELATED PURPOSES

Diagnostic Activities

22. Subject to clause 23, the Commonwealth will provide, on conditions determined by the Commonwealth Minister, financial assistance to the States equal to 90% of their expenditure in causing the Scheme to be more effective.

Provisions Applicable

- 23.(1) The amount of financial assistance to be made available by the Commonwealth to each State for expenditure under clause 22 during a financial year shall be determined by the Commonwealth after consultation with the State.
- (2) Clauses 16, 17, 19, 21, 25, 26 and 27 shall apply in relation to this Part as if it formed part of the Scheme.

SCHEDULE 1—THE AGREEMENT—*continued*

PART VI—TRANSITIONAL

Transitional

- 24.(1) To the extent the amended Agreement ceases prior to 30 June of a year, action taken under the provisions of this Agreement equivalent to clause 30 and subclause 22(2) of the amended Agreement shall be considered to satisfy also those clauses and that subclause if that action is taken in relation to the financial year ending on the date which, otherwise than for its cessation, would be the date on which a financial year of the amended Agreement would end.
- (2) Funds provided to a State by the Commonwealth under the amended agreement that:
- (a) are held by the State when this agreement comes into force; or
 - (b) subsequently become available to it;
- and any interest earned on those funds are to be used by the State for the purposes of this agreement.

PART VII—GENERAL

Expiry and Review

- 25.(1) This Agreement shall, subject to earlier termination under subclause (2), terminate on 31 December 2000.
- (2) Six months before 31 December 1996, the parties shall complete a review of the operation of the Scheme in relation to all those then party to it in the light of experience of its administration and, if they unanimously resolve to terminate it, this Agreement shall terminate on that date.
- (3) Where, on a review from time to time of the operation of the Scheme, the Ministers of the Commonwealth and of the States consider an amendment to the Agreement should be made, the Commonwealth Minister will seek to have the Agreement so amended.
- (4) Where support for farmers by a State under contractual commitments entered into by the State pursuant to this Agreement extends beyond the date on which this Agreement terminates, the terms and conditions of that support, and the obligations of the State in relation to that support, will be preserved until those contractual commitments expire.

Rural Adjustment Scheme Agreement Act 1993 No. 107

SCHEDULE 1—THE AGREEMENT—*continued*

Exchange of Information

26. State and Commonwealth Officers associated with the Scheme will meet together as appropriate and at least twice in each year and exchange information on any matters pertinent to the Scheme, including trends in adjustment support being provided to persons in the farm sector having regard to the outlook for that sector.

Provision of Information

27. The State will supply to the Commonwealth from time to time such information regarding the operation of the Scheme by the State for purposes of monitoring and accountability as agreed by the Commonwealth and the State.

Loan Council

28. In the event that the Loan Council decides to include borrowings by the State for the purposes of this Scheme in borrowings subject to Loan Council control or oversight on terms which a State considers unacceptable, the Commonwealth and the States shall consult to determine whether any amendment should be made to this Agreement.

Cessation of Agreement by a State

29. A State may, on giving at least sixty days notice in writing to the Commonwealth, subject to its performance thereafter of any outstanding obligation, cease to be a party to this Agreement at the expiry of that period of notice.

Rural Adjustment Scheme Agreement Act 1993 No. 107

SCHEDULE 1—THE AGREEMENT—*continued*

IN WITNESS WHEREOF this Agreement has been respectively signed for and on behalf of the Parties as at the day and year above written.

SIGNED by the Honourable
SIMON CREAN, Minister for
Primary Industries and Energy
of the Commonwealth of Australia,
in the presence of

Richard Eckersley

} Simon Crean

SIGNED by the Honourable IAN
MORTON ARMSTRONG,
Minister for Agriculture and Rural
Affairs of the State of New South
Wales, in the presence of

Michael Roff

} Ian Armstrong

SIGNED by the Honourable
IAN SMITH for
Treasurer of the State of Victoria,
in the presence of

Peter Coats

} Ian Smith

SIGNED by the Honourable
WAYNE GOSS,
Premier and Acting Treasurer
of the State of Queensland,
in the presence of

Hazel P Hubbard JP

} Wayne Goss

Rural Adjustment Scheme Agreement Act 1993 No. 107

SCHEDULE 1—THE AGREEMENT—*continued*

SIGNED by the Honourable
ERNEST FRANCIS BRIDGE,
Minister for Agriculture of the
State of Western Australia,
in the presence of

John Dedman

} E Bridge

SIGNED by the Honourable
TERENCE ROBERT GROOM,
Minister of Primary Industries of
the State of South Australia,
in the presence of

Gracie Portolesi

} Terence Groom

SIGNED by the Honourable
RAYMOND JOHN GROOM,
Premier and Minister for State Development
and Resources of the State of Tasmania,
in the presence of

F M Birkett
Executive Officer, Hobart, Tasmania

} R J Groom

SIGNED by the Honourable
MICHAEL ANTHONY REED,
Minister for Primary Industry and
Fisheries of the Northern Territory,
in the presence of

John Anthony Coleman

} M A Reed

Rural Adjustment Scheme Agreement Act 1993 No. 107

SCHEDULE 1—THE AGREEMENT—*continued*

SIGNED by BILL WOOD,
Minister for the Environment, Land
and Planning for the Australian
Capital Territory,
in the presence of

Stephen Wallace

} B Wood

[*Minister's second reading speech made in—
Legislative Assembly on 7 September 1993
Legislative Council on 19 November 1993*]

