

Approved for Reprint 21st December, 1978.

WESTERN AUSTRALIA.

RURAL RECONSTRUCTION AND RURAL ADJUSTMENT SCHEMES.

No. 17 of 1971.¹

[As amended by Acts:

No. 88 of 1973, assented to 21st December, 1973;
No. 31 of 1977, assented to 3rd November, 1977;

and reprinted pursuant to the Amendments Incorporation Act,
1938.]

AN ACT to approve and give effect to an Agreement between the Commonwealth and the State providing for the establishment and operation of a scheme of financial assistance to persons engaged in rural industries in the State; and for incidental purposes.

[Assented to 14th October, 1971.]

BE it enacted—

1. This Act may be cited as the *Rural Reconstruction and Rural Adjustment Schemes Act, 1971-1977*.

Short title.
Amended by
No. 31 of
1977, s. 1.

¹ Came into operation 22nd October, 1971; see *G.G.* 22/10/71, p. 4062.

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Commence-
ment.

2. This Act shall come into operation on a date to be fixed by proclamation.¹

Definitions.
Amended by
No. 88 of
1973, s. 2;
No. 31 of
1977, s. 2.

3. In this Act, unless the contrary intention appears—

“a scheme” means a scheme established pursuant to section 6 of this Act;

“agreements” means the respective agreements between the Commonwealth and the State of which copies are set forth in the schedules to this Act;

“Authority” means The Rural Adjustment Authority established under this Act;

“farmer” means—

(a) a natural person who being a resident of the State and an owner, lessee or occupier of land therein is personally engaged, otherwise than as an employee, in rural industry on that land, whether on his own account or under a share farming agreement; or

(b) a personal representative of any such individual person,

and includes a company of which the Authority is satisfied that the shareholders are *bona fide* primary producers relying primarily on the income of the company for their livelihood;

“protected farmer” means a farmer who is nominated as such in a protection order;

“protection order” means a current protection order issued by the Authority under this Act;

¹ See footnote 1 on page 1.

“rural industry” means agricultural, horticultural, pastoral, grazing and dairying industries carried on in the State and without affecting the generality of the foregoing provisions, includes dairy farming, poultry farming, bee keeping and viticultural operations;

“the first agreement” means the agreement between the Commonwealth and the State a copy of which is set forth in the First Schedule to this Act;

“the second agreement” means the agreement between the Commonwealth and the State a copy of which is set forth in the Second Schedule to this Act;

“the third agreement” means the agreement between the Commonwealth and the State a copy of which is set forth in the Third Schedule to this Act;

“the Rural Reconstruction Scheme” means the Scheme mentioned in paragraph (a) of section 6 of this Act;

“the Rural Adjustment Scheme” means the Scheme mentioned in paragraph (b) of section 6 of this Act.

4. This Act binds the Crown in right of the State. Crown bound.

5. (1) The first agreement is approved and the doing or performance of all such acts, matters or things as are necessary to give effect thereto is hereby authorized. First agreement approved. Amended by No. 88 of 1973, s. 3; No. 31 of 1977, s. 3.

(2) Without affecting the operation of subsection (1) of this section, all acts, matters and things that, by the first agreement, are agreed, directed, authorized or permitted to be made, done or executed by or on behalf of the State, its authorities and instrumentalities or by the Minister or any

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other person specified therein, whether named as a party to the first agreement or not, are hereby sanctioned, authorized and confirmed.

(3) [*Added by No. 88 of 1973, s. 3. Deleted by No. 31 of 1977, s. 3.*]

Second
agreement
approved.
Added by
No. 88 of
1973, s. 4.

5A. (1) The second agreement is approved and the doing or performance of all such acts, matters or things as are necessary to give effect thereto is hereby authorized.

(2) Without affecting the operation of subsection (1) of this section, all acts, matters and things that by the second agreement are agreed, directed, authorized or permitted to be made, done or executed by or on behalf of the State, its authorities and instrumentalities or the Minister, or any other person specified therein, whether named as a party to the second agreement or not, are hereby sanctioned, authorized and confirmed.

Third
agreement
approved.
Added by
No. 31 of
1977, s. 4.

5B. (1) The third agreement is approved and the doing or performance of all such acts, matters or things as are necessary to give effect thereto is hereby authorized.

(2) Without affecting the operation of subsection (1) of this section, all acts, matters and things that by the third agreement are agreed, directed, authorized or permitted to be made, done or executed by or on behalf of the State, its authorities and instrumentalities or by the Minister, or by any other person specified therein, whether named as a party to the third agreement or not, are hereby sanctioned, authorized and confirmed.

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6. For the purpose of rendering financial assistance to persons engaged in rural industry in the State, there shall be—

The Schemes. Repealed and re-enacted by No. 31 of 1977, s. 5.

- (a) a Rural Reconstruction Scheme as provided for in the first agreement and the second agreement; and
- (b) a Rural Adjustment Scheme as provided for in the third agreement.

7. The corporation established pursuant to section 8 of this Act is charged with the duty of administering on behalf of the State—

Administration. Repealed and re-enacted by No. 31 of 1977, s. 6.

- (a) the Rural Reconstruction Scheme; and
 - (b) the Rural Adjustment Scheme,
- as the Authority under the agreements.

8. (1) The corporation hitherto established by this Act under the name of "The Rural Reconstruction Authority" shall on and after the coming into operation of the Rural Reconstruction Scheme Act Amendment Act, 1977, be preserved and continue in existence as a body corporate under and subject to the provisions of this Act by the name "The Rural Adjustment Authority", but so that the corporate identity of the body corporate and its rights, powers, functions, duties and liabilities are not affected otherwise than by virtue of the agreements.

Establishment of Authority. Amended by No. 31 of 1977, s. 7.

(2) The Authority is a body corporate with perpetual succession and a common seal and is capable of holding real and personal property, and of suing and being sued, and of doing and suffering all other acts and things as bodies corporate may lawfully do and suffer.

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(3) All courts, judges and persons acting judicially shall take judicial notice of—

- (a) the constitution of the Authority;
- (b) the common seal of the Authority affixed to a document and shall presume that it was duly affixed; and
- (c) the appointment of the Chairman and of the Deputy Chairman and of their respective signatures.

(4) A reference to The Rural Reconstruction Authority, whether by use of that name or a similar or abbreviated form of that name—

- (a) in a law of the State passed or made;
- (b) in any document or other instrument made, executed, entered into or done; or
- (c) made in any other manner,

before the coming into operation of the Rural Reconstruction Scheme Act Amendment Act, 1977, shall, unless the context is such that it would be incorrect or inappropriate so to do, be read and construed as a reference to The Rural Adjustment Authority.

(5) For the purposes of subsection (4) of this section the term "law of the State" means—

- (a) an Act;
- (b) regulations, rules or by-laws having effect by virtue of an Act; and
- (c) an instrument having effect by virtue of an Act or of any regulations, rules or by-laws having effect by virtue of an Act.

Membership
of the
Authority.

9. (1) The Authority shall consist of four members, namely—

- (a) a person who is a Commissioner of The Rural and Industries Bank of Western Australia or who is a member of the staff of that Bank;

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- (b) a person who is employed in the State Treasury Department;
- (c) a person who is employed in the State Department of Agriculture; and
- (d) a person who is or has been engaged in a rural industry in the State and who is specially qualified for appointment as such member by reason of his experience therein.

(2) The members of the Authority shall be appointed by the Governor.

(3) The Governor shall designate one of the members of the Authority to be the Chairman thereof.

(4) Each member of the Authority shall hold office during the pleasure of the Governor.

(5) A member of the Authority who is an officer of the State Public Service may hold office as such a member in conjunction with his office as such officer.

(6) Subject to the requirements as to a quorum, the performance of the functions or the exercise of the powers of the Authority is not affected by reason of there being a vacancy in the membership thereof.

10. (1) If the Chairman of the Authority or any member thereof is incapacitated by illness, absence or other sufficient cause from performing the duties of his office as such, the Minister may appoint a person having the appropriate qualification in accordance with subsection (1) of section 9 of this Act, to act as deputy for the Chairman or to act as a deputy for that member during the incapacity of the Chairman or member, as the case may be.

Deputies.

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(2) Any such deputy of the Chairman or deputy of a member shall, while he acts as such, be deemed to be the Chairman or member of the Authority and has respectively all the powers, authorities, duties and functions of the Chairman or member for whom he is acting as deputy.

(3) The Minister may at any time cancel an appointment made by him under this section.

Resignation
of member
and
vacancies in
membership
of the
Authority.

11. (1) A member of the Authority may resign his office by written notice given to the Governor.

(2) If any member of the Authority dies, or resigns, or otherwise ceases to be a member, the vacancy created shall be filled by the appointment by the Governor of some person so that the Authority is constituted as provided in section 9 of this Act.

Remunera-
tion and
allowances
of members
of the
Authority.

12. Each member of the Authority is entitled to receive—

- (a) such remuneration for his services as is fixed by the Governor; and
- (b) such travelling expenses as are prescribed, with respect to him.

Meetings
of the
Authority.

13. (1) Meetings of the Authority shall be held at such times and places as the Authority may, from time to time, determine.

(2) The Minister may at any time call a meeting of the Authority.

(3) At any meeting of the Authority the quorum necessary for the transaction of business is three members.

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(4) The Chairman of the Authority shall preside at all meetings thereof at which he is present.

(5) In the absence of the Chairman from any such meeting the Deputy Chairman shall preside thereat.

(6) Where, at a meeting of the Authority, the members are divided in opinion on a question, that question shall be decided according to the decision of the majority, but where the opinion is evenly divided the decision shall be made by the Minister.

(7) Subject to this Act, the Authority may regulate its procedure in such manner as it thinks fit.

"This Act"
Vide s. 4
Act No. 30
of 1918.

14. The Authority shall have under its control and direction a chief executive officer to be known as the Administrator and such number of other officers as the Authority determines is necessary to enable it to effectually carry out its functions under this Act, and of which the Minister approves.

Staff of the
Authority.

15. (1) The function of the Authority is to operate the Rural Reconstruction Scheme and the Rural Adjustment Scheme and for that purpose the Authority has all such powers, rights and privileges as may be reasonably necessary to enable it to carry out that function.

Functions
and powers
of the
Authority.
Amended
by No. 31 of
1977, s. 8.

(2) The Authority may carry out, subject to the agreements, such other functions as may be prescribed.

(3) For the purpose of assisting the Authority to operate the Rural Reconstruction Scheme and the Rural Adjustment Scheme, the Authority may, with

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the consent of the Minister having the administration of the Act relating to a department of the Public Service of the State or an instrumentality or agency of the Crown, make use of the services of any officer of that department, instrumentality or agency.

The Funds.
Amended
by No. 31 of
1977, s. 9.

16. (1) For the purposes of this Act there shall be established in the Treasury in separate special accounts two funds to be known respectively as "The Rural Reconstruction Fund" and "The Rural Adjustment Fund" and those funds shall, subject to such directions as may be given by the Minister, be administered and controlled by the Authority.

(2) There shall be paid into the Rural Reconstruction Fund—

- (a) the payments made by the Commonwealth to the State provided for in the first agreement and in the second agreement;
- (b) all moneys received from time to time for the repayment of advances made under the Rural Reconstruction Scheme and interest from time to time paid on such advances;
- (c) all moneys standing to the credit of The Rural Relief Fund constituted under the Rural Relief Fund Act, 1935, that are capable of being used for a form of assistance included in the Rural Reconstruction Scheme; and
- (d) all other payments that may be lawfully paid into the Rural Reconstruction Fund.

(2a) There shall be paid into the Rural Adjustment Fund—

- (a) the payments made by the Commonwealth to the State provided for in the third agreement;

- (b) all moneys received from time to time for the repayment of advances made under the Rural Adjustment Scheme and interest from time to time paid on such advances; and
 - (c) all other payments that may be lawfully paid into the Rural Adjustment Fund.
- (3) There shall be paid out of the relevant Fund—
- (a) all moneys granted under the Rural Reconstruction Scheme or the Rural Adjustment Scheme, as the case may be, as financial assistance in whatever form to persons engaged in rural industries in the State; and
 - (b) all moneys that under the first agreement or the second agreement, or under the third agreement, as the case may be, are to be repaid to the Commonwealth.
- (4) A Fund established pursuant to this section may be operated upon in such manner as the Authority by resolution from time to time determines.
- (5) Each payment out of a Fund established pursuant to this section shall be authorized by prior resolution of the Authority or shall be submitted to the Authority for authorization at its next meeting.
- (6) The Authority shall cause to be kept in such manner and form as the Treasurer approves, records relating to the operation of a Fund established pursuant to this section.
- (7) The records referred to in subsection (6) of this section shall be subject to the Audit Act, 1904.

17. (1) The Authority shall, as soon as practicable after each thirtieth day of June, prepare and furnish to the Minister, a report in writing of its Reports.

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operations during the year ended on that date, together with financial statements in respect of that year in such form as the Treasurer approves.

(2) Before furnishing the financial statements to the Minister the Authority shall submit them for examination to the Auditor General appointed under the Audit Act, 1904.

(3) The Minister shall cause the report and financial statements, together with the report of the Auditor General thereon, to be laid before each House of Parliament within twelve sitting days of that House after their receipt by the Minister.

(4) In addition to the report to be prepared by the Authority under subsection (1) of this section, the Authority shall, as soon as practicable after the end of each month, furnish to the Minister a written report of its operations under this Act during that month.

Applications
for
assistance.
Amended
by No. 31 of
1977, s. 10.

18. (1) A person or company who or which may be eligible as a farmer for assistance under a scheme may apply to the Authority for such assistance.

(2) Applicants shall apply to participate under a scheme in such form and manner as the Authority requires.

(3) The Authority may require any statement in such an application to be verified by statutory declaration.

(4) The applicant, upon request in writing by the Authority, shall furnish such further information and such accounts, documents and papers as the Authority may require for the purpose of considering the application and issuing a protection order either on the application of the applicant or its own motion.

(5) Subject to the agreements the Authority may—

- (a) grant the application on such terms and conditions as it thinks fit, including a condition that the applicant shall work and manage the land whereon he is engaged in a rural industry to which the application relates, to the satisfaction of the Authority; or
- (b) refuse the application.

19. (1) Repayment of advances made under a scheme and interest thereon shall be secured by the best and most appropriate security that is available in the circumstances of the particular case, notwithstanding that such security may have to rank in priority after any existing security.

Security for advances. Amended by No. 31 of 1977, s. 11.

(2) The security for the repayment of the advances and interest thereon referred to in subsection (1) of this section may be taken in favour of the Authority or The Rural and Industries Bank of Western Australia if such advances are made by that Bank through one of its departments as agent for the Authority, out of moneys available to the Bank from the Rural Reconstruction Fund or the Rural Adjustment Fund, as the case may require, for the purpose of providing financial assistance under a scheme.

20. (1) Subject to subsection (4) of this section, the Authority may on the application of a farmer grant him a protection order on such terms and conditions as it thinks fit, including a condition that the protection order may be cancelled by the Authority, if the protected farmer fails to comply with any term or condition to which the application granted under section 18 of this Act is subject by virtue of subsection (5) thereof.

Power of Authority to grant protection orders. Amended by No. 31 of 1977, s. 12.

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(2) An application for, and a protection order shall be in the prescribed form.

(3) The farmer making the application for a protection order shall if requested by the Authority so to do, furnish such information and such accounts, documents and papers as the Authority may require for the purpose of considering the application.

(4) The Authority may, subject to such conditions (if any) as it thinks fit, grant a protection order if it is satisfied that—

- (a) the farmer has applied for financial assistance under a scheme;
- (b) the application by the farmer for the assistance is likely to be granted;
- (c) the purpose for which the assistance is sought is such as to warrant the granting of the order; and
- (d) unless the protection order is granted it is unlikely that the farmer—
 - (i) will be able to carry on being engaged in the rural industry in relation to which the assistance is sought; or
 - (ii) will be able to benefit from the assistance,

because a creditor has commenced or threatened to commence an action or other proceeding against the farmer for or in relation to a debt due by him to the creditor.

(5) On the granting of a protection order the Authority shall, forthwith, cause—

- (a) a copy of the protection order to be filed with the Registrar of Titles, the Registrar of Deeds and the Minister for Lands;

- (b) a notice to be published in the *Government Gazette* stating that the protection order has been granted;
- (c) a copy of the protection order to be given to the protected farmer; and
- (d) particulars of the protection order to be entered in a register which shall be kept for the purpose by the Authority.

(6) The register kept by the Authority shall be open at all reasonable times for inspection by any person without fee.

(7) The Master of the Supreme Court, Registrar and each Deputy Registrar of The District Court of Western Australia and Clerk of each Local Court shall keep in the office of the Court a list of each protection order, notice of the granting of which has been so published in the *Government Gazette*, and that list may be inspected during the hours the office is open to the public, by any person without fee.

(8) (a) Notwithstanding the foregoing provisions of this section the Authority may grant, with the approval of the Minister, a protection order to a farmer who has applied for assistance under a scheme in any case if it considers that in the particular circumstances of that case it is proper and desirable that the order should be granted.

(b) A protection order may be granted under this subsection notwithstanding that a protection order has been previously granted to that farmer.

21. (1) Subject as otherwise provided in this Act but notwithstanding any other enactment, rule of law or agreement to the contrary, during the operation of a protection order—

Effect of
protection
order.

- (a) no action, execution, process or proceeding, whether judicial or extra judicial, on default or for or upon any breach of any

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covenant under, or provision in, a mortgage or other security for money or under an agreement for sale or purchase of land or other process or proceeding shall, except with the prior permission in writing of the Authority and to the extent permitted thereby, be commenced or proceeded with or put in force against the protected farmer named in the protection order or against his estate or effects by any person;

- (b) the owner of a chattel that has been delivered to the protected farmer under a hire purchase agreement and which is in the possession of the protected farmer at the time the protection order is granted, shall not, except with the written permission of the Authority, take any action to terminate the hire purchase agreement or to take the chattel out of the possession of the protected farmer.

(2) Any such action, execution, process or proceeding as is referred to in subsection (1) of this section that is commenced or proceeded with, or put in force, in contravention of the provisions of that subsection is void and of no effect.

(3) A protection order does not affect the rights or remedies of a mortgagee or secured creditor of the protected farmer if he or any mortgagee subsequent to him has been in possession of the property subject to the mortgage or other security for at least two months before the date on which the protection order was granted.

(4) (a) A protection order is void as against any person taking title from, through or under a person against whom the protection order operates, unless the protection order is registered in the register kept by the Authority under section 20 of this Act.

(b) No person shall be affected with notice of any protection order by reason of omission to make any inquiry or any search other than search in the register so kept by the Authority.

(5) A protection order shall continue in operation notwithstanding that the protected farmer dies or becomes an incapable person within the meaning of the Mental Health Act, 1962.

(6) A protection order does not prevent a person—

(a) from instituting and proceeding to judgment in any action, suit or other proceeding against a protected farmer (but so that judgment shall not be entered or any further proceeding taken therein) for the purposes of determining the liability of the protected farmer—

(i) for any tort committed by him;

(ii) for any injury suffered by a worker in his employ;

(iii) under the Child Welfare Act, 1947, or the Married Persons and Children (Summary Relief) Act, 1965;

(iv) in respect of any unliquidated demand not being such a demand arising out of default or for or upon a breach of covenant under any mortgage or other security for money or under an agreement for sale or purchase or lease of any real or personal property or under a hire-purchase agreement; or

(b) from prosecuting any suit or other proceeding against a protected farmer for the administration of the trusts of any will,

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deed or other instrument or for any breach of any such trust or for the removal of the protected farmer from the position of executor, administrator or trustee.

Protection
of property.
Amended
by No. 31 of
1977, s. 13.

22. (1) Where the Authority is satisfied that any property of a protected farmer is being or is likely to be unlawfully dealt with or dealt with in contravention of any term or condition subject to which his application for financial assistance under a scheme was granted or in contravention of any regulation, the Authority may by instrument in writing directed to the bailiff of the Local Court held nearest to the place where the property is situated, require the bailiff to seize the property and to hold and deal with it in such manner as the Authority directs.

(2) A bailiff who is so directed is hereby authorized to and shall forthwith seize the property to which the instrument in writing relates and deal with it in such manner as the Authority from time to time in writing directs.

(3) The sum of all fees and expenses properly incurred by the bailiff in carrying out his duties under this section is a charge upon the property.

Duration and
cancellation
of protec-
tion order.

23. (1) Subject to subsections (2) and (3) of this section, a protection order shall continue in operation for a period of three months.

(2) (a) The Authority may extend the period of the operation of a protection order by not more than three months, but the total period of operation thereof shall not exceed six months.

(b) Where the period of the operation of a protection order is so extended, the provisions of subsections (5) and (7) of section 20 of this Act apply with such adaptations as circumstances require, to such extension as though it were a grant of the order.

(3) The Authority may at any time cancel a protection order—

- (a) on the application of the protected farmer named in the protection order;
 - (b) on the application of any creditor of the protected farmer; or
 - (c) of its own motion,
- and thereupon the protection order shall cease to operate.

(4) Where a protection order is cancelled under subsection (3) of this section or ceases to operate, the Authority shall forthwith—

- (a) give notice of the cancellation or cessation of the protection order to each person mentioned in paragraphs (a) and (b) of that subsection and to the Registrar of Titles, the Registrar of Deeds and the Minister for Lands;
- (b) publish notice of the cancellation or cessation in the *Government Gazette*; and
- (c) enter particulars of the cancellation or cessation in the register of protection orders kept by the Authority pursuant to section 20 of this Act.

24. (1) When a protection order ceases to be operative any action, execution, process or proceeding that was pending or in course of being put into operation at the time the order was granted may be continued and proceeded with, and in computing the time for taking any step in connection therewith, no account shall be taken of the period during which the order was operative.

Continuation of proceedings, etc., after protection order ceases to be operative.

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(2) In computing the time limited by any statute of limitation in relation to any right, claim or remedy affected by a protection order, no period of time during which any action, execution, process or proceeding relating to that right, claim or remedy, is prohibited from being commenced, proceeded with or put in force, shall be taken into account.

Evidence of granting or cancellation of protection order.

25. A copy of—

(a) a protection order;

(b) an order cancelling a protection order, certified or purporting to be certified by the Chairman, Deputy Chairman or Administrator, to be a copy thereof, is evidence of the granting or making of the protection order or the order cancelling a protection order, as the case may be.

Cost of administration.

26. The costs and expenses incurred in the administration of this Act shall be defrayed out of moneys to be provided by Parliament for that purpose.

False statements. Amended by No. 31 of 1977, s. 14.

27. (1) A person who wilfully makes any false statement or wilfully furnishes any false information for any purpose under or in relation to this Act—

(a) in connection with any application under this Act or a scheme; or

(b) as to the amount or nature of any assets belonging to such an applicant or in regard to any debt due by the applicant or any claim against the applicant or the estate of the applicant,

commits an offence.

Penalty: Two hundred dollars or three months' imprisonment.

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(2) A person who is knowingly concerned in the preparation of any such false statement, or in the furnishing of such false information commits an offence.

Penalty: Two hundred dollars or three months' imprisonment.

28. (1) A person that applies for assistance under a scheme or a creditor of such person shall upon request in writing by the Authority produce such documents, including any document of title, and furnish such information and such accounts as the Authority may require for the purposes of this Act.

Production
of docu-
ments.
Amended
by No. 31 of
1977, s. 15.

(2) Where a request is made pursuant to subsection (1) of this section, any person that fails or refuses, without reasonable excuse, to comply with the request within the time specified therein commits an offence.

Penalty: Two hundred dollars.

29. (1) The Authority may, with the approval of the Governor make regulations not inconsistent with this Act prescribing all matters necessary or convenient to be prescribed for the carrying out of or giving effect to this Act or a scheme including prescribing fees to be paid in respect of anything done under this Act, the procedure to be adopted in regard to any application or proceeding under this Act and the duties and conduct of applicants for financial assistance under a scheme, and for prescribing penalties not exceeding one hundred dollars for offences against the regulations.

Regulations.
Amended
by No. 31 of
1977, s. 15.

(2) Any such regulation may confer upon a specified person or body a discretionary authority and may require any matter or thing to be verified by statutory declaration.

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Heading
substituted
by No. 88 of
1973, s. 5.

THE SCHEDULES.

Section 3.

FIRST SCHEDULE.

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

The Commonwealth of Australia (in this agreement called "the Commonwealth") of the first part,
The State of New South Wales of the second part,
The State of Victoria of the third part,
The State of Queensland of the fourth part,
The State of South Australia of the fifth part,
The State of Western Australia of the sixth part,
and
The State of Tasmania of the seventh part.

Whereas—

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

Now it is hereby agreed as follows:—

I.—INTRODUCTORY.

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.

(2) Notwithstanding that all the States of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania are named as parties to this

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agreement, this agreement shall operate as an agreement between the Commonwealth and each State in respect of which it has come into force as fully and effectually as if the State or States in respect of which it has come into force were the only State or States named as a party or as parties to the agreement.

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

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

Performance of Agreement.

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

Interpretation.

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

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

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

"the Treasurer" means the Treasurer of the Commonwealth.

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

II.—ADMINISTRATION OF SCHEME.

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.

State to operate Scheme.

Rural Reconstruction and Rural Adjustment Schemes.

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

Components of Scheme.

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

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

Allocation of Financial Assistance.

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

Farmers' Debt Adjustment Funds.

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

Interest Rates under Scheme.

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

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

Administration Costs.

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

Amendment of the Schedule.

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

¹ See clause 5 of Second Schedule.

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

III.—FINANCIAL ASSISTANCE.

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

Provision of Financial Assistance.

12.¹ (1) Subject to subclauses (2) and (3) of this clause the financial assistance shall be allocated to the States as follows:—

Allocation of Financial Assistance between States.

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

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

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

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

Advances.

¹ See clause 4 of Second Schedule.

*Rural Reconstruction and Rural Adjustment
Schemes.*

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

**Use of
Advances.**

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

**Payments of
Financial
Assistance.**

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

**Supporting
Financial
Evidence.**

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

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

Interest.

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

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

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

Repayments
by the State
with
Interest.

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

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

Prepayments
by the State.

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

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

*Rural Reconstruction and Rural Adjustment
Schemes.*

Financial
Administra-
tion and
Adjustments.

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

(2) Should a State certify that, without taking into account its administrative costs, it has incurred losses under the Scheme from circumstances beyond its control arising after the date of this agreement and disadvantageous compared with past experience and normal expectations as to factors that affect farmers' incomes referred to in subclause (1) of this clause, the Commonwealth agrees to review the position with the State with a view to adjusting amounts payable to the Commonwealth by the State under this agreement to the extent of such losses.

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

Financial
Estimates.

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

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

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

Other
Financial
Arrange-
ments.

IV.—GENERAL.

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

Review.

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

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

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

Exchange of
Information.

THE SCHEDULE.

Rural Reconstruction—Outline of Proposals.

Part I.—General Principles.

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

Rural Reconstruction and Rural Adjustment Schemes.

- (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 from the company for their livelihood, considers it appropriate to provide assistance.
- (e) In cases of assistance under the heading of debt reconstruction or by way of advances for carry-on expenses, plant, livestock and property development in farm build-up cases, it is an essential part of the scheme that adequate supervision of property management and the financial affairs of the assisted farmer is maintained. If the Authority deems it necessary it may require that moneys receivable on account of the property will be received by the Authority or its agent or a body nominated by the Authority, payments within the approved budgets being made through normal channels.
- (f) Repayment of advances made by the Authority and interest due thereon will be secured by the best and most appropriate security available, recognising that this may involve ranking after existing securities.
- (g) A transfer of the property before advances made by the Authority are repaid will be permitted only with the consent of the Authority, which will upon transfer, or upon succession on the death of the borrower, have the right to review its arrangements in respect of the property.
- (h) The arrangements with the assisted farmer are subject to regular review by the Authority from time to time and are liable to termination in the event of the farmer ceasing to be personally in working occupation of the property, failing to observe his obligations and undertakings under the arrangements or in the event of the Authority arriving at the conclusion that for any reason he lacks prospects of successful occupation. Otherwise the arrangements shall be terminable when the Authority arrives at the conclusion that his prospects of successful occupation are no longer dependent on the extension of concessional finance. Upon termination of the arrangements, all debts will then become due and payable.

PART II.—DEBT RECONSTRUCTION.

(1) Purpose

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

(2) Tests of Eligibility

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

(3) Nature of Assistance

The assistance to be provided may encompass where necessary:—

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

(4) Method of Operation

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

Rural Reconstruction and Rural Adjustment Schemes.

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

(5) Limits

The Authority shall have discretion to determine:—

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

PART III.—FARM BUILD-UP.

(1) Purpose

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

(2) Tests of Eligibility

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

(3) Nature of Assistance

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

*Rural Reconstruction and Rural Adjustment
Schemes.*

(4) Method of Operation

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

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

(5) Limits

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

PART IV.—REHABILITATION.

(1) Purpose

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

(2) Conditions of Eligibility

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

(3) Nature of Assistance

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

(4) Method of Operation

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

*Rural Reconstruction and Rural Adjustment
Schemes.*

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

SIGNED for and on behalf
of THE COMMONWEALTH
OF AUSTRALIA by the
Right Honourable WILLIAM
McMAHON, the Prime Min-
ister of the Commonwealth,
in the presence of—

WILLIAM McMAHON.

I. GRIGG.

SIGNED for and on behalf
of THE STATE OF NEW
SOUTH WALES by the Hon-
ourable ROBIN WILLIAM
ASKIN, the Premier of the
State, in the presence of—

R. W. ASKIN.

G. M. GRAY.

SIGNED for and on behalf
of THE STATE OF VIC-
TORIA by the Honourable
SIR HENRY EDWARD
BOLTE, the Premier of the
State, in the presence of—

HENRY BOLTE.

L. W. CARVER.

SIGNED for and on behalf
of THE STATE OF QUEENS-
LAND by the Honourable
JOHANNES BJELKE-
PETERSEN, the Premier of
the State, in the presence
of—

JOH. BJELKE-PETERSEN.

KEITH SPANN.

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

D. A. DUNSTAN.

J. S. WHITE.

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

JOHN T. TONKIN.

W. S. LONNIE.

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

W. A. BETHUNE.

B. COWLING.

SECOND SCHEDULE.

Section 3

Second
Schedule.
Added by
No. 88 of
1973, s. 6.

THIS AGREEMENT made the fifth day of November One thousand nine hundred and seventy-three between—

The Commonwealth of Australia 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

is supplemental to the agreement in relation to the provision of financial assistance for persons engaged in rural industries in the States (in this agreement called 'the Principal Agreement') that was approved by the States Grants (Rural Reconstruction) Act 1971 and was made between the Commonwealth and all the States the fourth day of June 1971.

Rural Reconstruction and Rural Adjustment Schemes.

WHEREAS—

- (a) the Commonwealth and the States are desirous of varying the terms and conditions upon which financial assistance is provided by the Commonwealth to the States under the Principal Agreement and of extending the period during which financial assistance is to be provided;
- (b) the Parliament of the Commonwealth will be requested to approve this agreement and to authorise the grant of financial assistance to the States in accordance with the provisions of the Principal Agreement as varied by this agreement,

NOW IT IS HEREBY AGREED as follows:—

Approval of Agreement.

1. This agreement shall have no force or effect and shall not be binding upon any party until it has been approved by the Parliament of the Commonwealth.

Commencement of Agreement.

2. Upon being approved by the Parliament of the Commonwealth, this agreement shall be deemed to have come into force and to have commenced on the first day of July 1973 so that the Principal Agreement shall be regarded as having been varied on that date and as providing for and giving effect to acts done on and from that date as if it had been so varied.

Construction and Operation of Agreements.

3. (1) In this agreement, each State that is a party is referred to as a 'State', and the expression 'the States' means, except where the context otherwise requires, all of the States that are for the time being parties.

(2) The Principal Agreement as varied by this agreement shall be construed as if this agreement were incorporated in and formed part of the Principal Agreement and so that, except where the context otherwise requires, references in the Principal Agreement to that agreement were references to that agreement as varied by and incorporating the provisions of this agreement.

(3) Except where the contrary intention appears, expressions used in this agreement that are expressions to which meanings are attributed in the Principal Agreement have in this agreement the respective meanings so attributed to them.

Provision of Financial Assistance.

4. (1) On and from the first day of July 1973, the provisions of clauses 11 and 12 of the Principal Agreement shall cease to apply in respect of the provision of financial assistance by the Commonwealth and the provisions set out hereafter in this clause shall apply in their place.

*Rural Reconstruction and Rural Adjustment
Schemes.*

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(2) Subject to, and to the performance by a State of, the provisions of the Principal Agreement as varied by this agreement, the Commonwealth will during the financial years commencing on the first day of July in the years 1973, 1974 and 1975 make financial assistance available to the States for the purposes of the Scheme.

(3) The amount of the financial assistance to be made available by the Commonwealth to each State 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 the February last preceding the financial year and will have regard to such other criteria as the Commonwealth considers appropriate.

5. (1) Clause 6 of the Principal Agreement shall not apply to financial assistance made available by the Commonwealth during the financial years specified in sub-clause (2) of clause 4 of this agreement.

Allocation
of Financial
Assistance

(2) Subject to the provisions of the Principal Agreement as varied by this agreement, the financial assistance made available by the Commonwealth to a State after the first day of July 1973 shall be applied to the forms of assistance under the Scheme, namely debt reconstruction, farm build-up and rehabilitation as referred to in accordance with clause 5 of the Principal Agreement.

(3) The allocation by a State of the financial assistance during a financial year between the forms of assistance shall be in accordance with a determination made by the Commonwealth prior to the commencement of the financial year after consultation with the State, in which determination shall be specified a target percentage for commitments on farm build-up which the State should endeavour to achieve and a maximum percentage of commitments on debt reconstruction which the State may not exceed without the prior approval of the Commonwealth.

(4) The consultations referred to in sub-clause (3) of this clause shall extend to establishing by agreement between the Commonwealth and the State a firm programme of commitments of the financial assistance month by month during the year.

(5) 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 programme of commitments in respect of the year should be varied,

*Rural Reconstruction and Rural Adjustment
Schemes.*

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 sub-clause (3) of this clause should the Commonwealth see fit to do so or varying the programme of commitments for the purposes of sub-clause (4) of this clause, as the case may be.

Title of
Agreements.

6. The Principal Agreement as varied by this agreement shall be known as 'the 1971-1973 Rural Reconstruction Agreement'.

IN WITNESS WHEREOF this agreement has been executed as at the day and year first above written.

Signed for and on behalf of
The Commonwealth of Australia by The Honourable Edward Gough Whitlam, Prime Minister, in the presence of—

} E. G. WHITLAM

PETER S. WILENSKI

Signed for and on behalf of
The State of New South Wales by The Honourable Sir Robert William Askin, Premier, in the presence of—

} R. W. ASKIN

B. DAVIES

Signed for and on behalf of
The State of Victoria by The Honourable Rupert James Hamer, Premier, in the presence of—

} R. J. HAMER

KEVIN A. HALL

Signed for and on behalf of
The State of Queensland by The Honourable Johannes Bjelke-Petersen, Premier, in the presence of—

} JOH. BJELKE-PETERSEN

C. M. BYCROFT

Signed for and on behalf of
The State of South Australia
by The Honourable
Donald Allan Dunstan,
Premier, in the presence of—
J. A. WHITE } D. A. DUNSTAN

Signed for and on behalf of
The State of Western Australia
by The Honourable
John Trezise Tonkin,
Premier, in the presence of—
R. S. SEDDON } JOHN T. TONKIN

Signed for and on behalf of
The State of Tasmania by
The Honourable Eric Elliott
Reece, Premier, in the presence of—
C. W. HALLAM } ERIC REECE

Section 3.

THIRD SCHEDULE.

Third
Schedule.
Added by
No. 31 of
1977, s. 17.

AN AGREEMENT made the first day of January One thousand and 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;

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- 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.

(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.

(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).

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(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

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 sub-clause (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.

(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.

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(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.

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.

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

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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 authorised 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.

(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 (1) 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.

(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.

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(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.

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.

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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.

(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.

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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.

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.

- (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.

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(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, 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.

(4) Method of Operation

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

- (b) 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.

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.

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(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.
- (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 program 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.

(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.

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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.

(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 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.

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(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 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.

(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.

(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.

Rural Reconstruction and Rural Adjustment Schemes.

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.
- (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.

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.

*Rural Reconstruction and Rural Adjustment
Schemes.*

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

SIGNED by the Right Honourable JOHN MALCOLM FRASER, Prime Minister of the Commonwealth of Australia, in the presence of—
K. E. HEYDON

MALCOLM FRASER

SIGNED by the Honourable NEVILLE KENNETH WRAN, Premier of the State of New South Wales, in the presence of—

NEVILLE WRAN

D. G. DARLOW

SIGNED by the Honourable RUPERT JAMES HAMER, Premier of the State of Victoria, in the presence of—
K. D. GREEN

R. J. HAMER

SIGNED by the Honourable JOHANNES BJELKE-PETERSEN, Premier of the State of Queensland, in the presence of—

JOH. BJELKE-PETERSEN

I. I. MAYZE

SIGNED by the Honourable DONALD ALLAN DUNSTAN, Premier of the State of South Australia, in the presence of—

DON DUNSTAN.

A. L. McMAHON.

SIGNED by the Honourable SIR CHARLES COURT, Premier of the State of Western Australia, in the presence of—

CHARLES COURT.

B. V. JOHNSON.

SIGNED by the Honourable WILLIAM ARTHUR NEILSON, Premier of the State of Tasmania, in the presence of—

W. A. NEILSON.

R. GRIERSON.