

RURAL RECONSTRUCTION SCHEME.

No. 17 of 1971.

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 by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and the Legislative Assembly of Western Australia, in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the *Rural Reconstruction Scheme Act, 1971*.

Short title.

Commence-
ment.

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

Definitions.

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

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

“Authority” means The Rural Reconstruction 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 a kind last referred to in paragraph (d) of Part I of The Schedule to the Agreement;

“Fund” means The Rural Reconstruction Fund established under this Act;

“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;

“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;

“Scheme” means The Rural Reconstruction Scheme mentioned in section 6 of this Act and referred to in clause 4 of the Agreement as a scheme of financial assistance to persons engaged in rural industries in the State.

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

Crown
bound.

5. (1) The 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.

Agreement
approved.

(2) Without affecting the operation of subsection (1) of this section, all acts, matters and things that, by the 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 other person specified therein, whether named as a party to the Agreement or not, are hereby sanctioned, authorized and confirmed.

6. There shall be a Rural Reconstruction Scheme as provided for in the Agreement.

Rural Re-
construction
Scheme.

7. The Rural Reconstruction Authority shall administer the Scheme on behalf of the State as the Authority under the Agreement.

Administra-
tion of the
Scheme.

8. (1) There is hereby established a corporation to be called “The Rural Reconstruction Authority”.

Establis-
hment of
Authority.

(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.

(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.

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;
- (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.

(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.

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

Resignation
of member
and
vacancies in
membership
of the
Authority.

(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.

Remuneration 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.

(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.

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

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

Staff of the Authority.

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.

15. (1) The function of the Authority is to operate the 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.

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

(3) For the purpose of assisting the Authority to operate the Scheme, the Authority may, with 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.

16. (1) For the purposes of this Act there shall be established in a special account in the Treasury a fund to be known as "The Rural Reconstruction Fund" and that fund shall, subject to such directions as may be given by the Minister, be administered and controlled by the Authority.

Rural Recon-
struction
Fund.

(2) There shall be paid into the Fund—

- (a) the payments made by the Commonwealth to the State provided for in the Agreement;
- (b) all moneys received from time to time for the repayment of advances made under the 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 Scheme; and
- (d) all other payments that may be lawfully paid into the Fund.

(3) There shall be paid out of the Fund—

(a) all moneys granted under the Scheme as financial assistance in whatever form to persons engaged in rural industries in the State; and

(b) all moneys that under the Agreement are to be repaid to the Commonwealth.

(4) The Fund may be operated upon in such manner as the Authority by resolution from time to time determines.

(5) Each payment out of the Fund 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 the Fund.

(7) The records referred to in subsection (6) of this section shall be subject to the Audit Act, 1904.

Reports.

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 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.

18. (1) A farmer who considers himself eligible for financial assistance under the Scheme may apply to the Authority for such assistance.

Application
for assist-
ance under
the Scheme.

(2) Applicants shall apply to participate under the 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 Agreement 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 the Scheme and interest thereon shall be secured by the best and most appropriate security that is available

Security for
advances.

in the circumstances of the particular case, notwithstanding that such security may have to rank in priority after any existing security.

(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 Fund for the purpose of providing financial assistance under the Scheme.

Power of
Authority
to grant
protection
orders.

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.

(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 the 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 the 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.

Effect of
protection
order.

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—

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

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 the 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.

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

Duration and
cancellation
of protec-
tion order.

(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.

Continuation
of proceed-
ings, etc.,
after protec-
tion order
ceases to
be operative.

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.

(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 protec-
tion 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
administra-
tion.

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 state-
ments.

27. (1) A farmer who wilfully makes any false statement or wilfully furnishes any false information—

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

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

commits an offence.

Penalty: Two hundred dollars or three months' imprisonment.

(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 farmer who has applied for assistance under the Scheme or a creditor of such farmer 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.

(2) Any farmer or creditor to whom such a request is made who 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 and the 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 the Scheme, and for prescribing penalties not exceeding one hundred dollars for offences against the regulations.

Regulations.

(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.

SCHEDULE.

Section 3.

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

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 Agree-
ment.

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

Interpre-
tation.

"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.

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(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. 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.

Administra-
tion 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.

(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. 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) 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.

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(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.

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.

- (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.

- (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 $6\frac{1}{4}$ 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 $6\frac{1}{4}$ per centum per annum for carry-on expenses, plant, livestock, and property development in respect of the additional land where not available from other sources.

(4) 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.

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 Hon-
ourable 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 WEST-
ERN 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 TAS-
MANIA by the Honourable
WALTER ANGUS BETHUNE,
the Premier of the State, in
the presence of—

} W. A. BETHUNE.

B. COWLING.
