

1995

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

PRIMARY INDUSTRIES AND ENERGY LEGISLATION
AMENDMENT (NO.3) BILL 1994

FURTHER SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendments to be Moved on Behalf of the Government

(Circulated by authority of the Minister for Primary
Industries and Energy,
Senator the Hon Bob Collins)

**AMENDMENTS TO THE PRIMARY INDUSTRIES AND ENERGY
LEGISLATION AMENDMENT BILL (NO.3) 1994**

GENERAL OUTLINE

1. The amendments to the *Farm Household Support Act 1992*, provide for the Commonwealth to reimburse the costs incurred by State Rural Adjustment Scheme (RAS) authorities in issuing drought exceptional circumstances certificates. These certificates are used for the purposes of Drought Relief Payment and concessions under the Austudy assets test as evidence that farm enterprises are affected by drought exceptional circumstances.
2. To assist restructuring within the Northern Prawn Fishery (NPF), the Commonwealth Government guaranteed a loan obtained from the Queensland Treasury Corporation (QTC) to a maximum of \$40.9 million. The loan moneys were paid to the Queensland Fish Management Authority, which was established by the *Fishing Industry Organisation and Marketing Act 1982* (Qld).
3. The borrowing was guaranteed by the Commonwealth under s 5 of the *Northern Prawn Fishery Voluntary Adjustment Scheme Loan Guarantee Act 1985*.
4. The *Fisheries Act 1994* (Qld) dissolved the abovenamed Authority and established a new body corporate, the Queensland Fisheries Management Authority, which took over the previous body's assets, rights and liabilities from 27 January 1995, including liability to repay some \$13.3m outstanding on the loan from QTC.
5. Because of this change in the Authority's name and legislative base, the QTC lost the benefit of the Commonwealth guarantee of the loan, and the Queensland Government has sought urgent action by the Commonwealth to reinstate the guarantee.
6. The principal effects of these additional amendments to the *Rural Adjustment Act 1992*, are to make it an explicit requirement for agreements between the Commonwealth and persons other than States, to be subject to a memorandum of understanding between the Commonwealth and the State in which the adjustment activity is to occur.
7. In addition, the amendments make it clear that the *Rural Adjustment Act 1992* does not limit the capacity of the Commonwealth's other payment powers.
8. The provision for support for regional RAS activities, and flexible cost sharing arrangements under all elements of RAS, is retained.

FINANCIAL IMPACT STATEMENT

9. The payment to the State RAS authorities for the issue of drought exceptional circumstances certificates is expected to amount to \$0.24 million in 1994-95. Future payments will be negotiated with State RAS authorities depending on the occurrence of drought exceptional circumstances events.
10. The amendment to the *Northern Prawn Fishery Voluntary Adjustment Scheme Loan Guarantee Act 1985* reinstates a guarantee previously existing in law, the proposal will have no impact on the Commonwealth Budget.
11. The amendment to the Rural Adjustment Act 1992 will have no financial impact.

NOTES ON CLAUSES**Clause 2 - Commencement**

12. The amendments to the *Northern Prawn Fishery Voluntary Adjustment Scheme Loan Guarantee Act 1985* are taken to have commenced on 27 January 1995.

SCHEDULE**PART 3 - FARM HOUSEHOLD SUPPORT ACT 1992****After section 57: Payments to RAS authorities - reimbursement of costs of issuing drought exceptional circumstances certificates**

13. The amendment inserts a new item 21A into the Primary Industries and Energy Legislation Amendment Bill (No. 3) 1994 which, in turn, inserts a new section into the *Farm Household Support Act 1992*, to provide for the Minister for Primary Industries and Energy to authorise payments to a RAS authority that has incurred costs in connection with the issue of drought exceptional circumstances certificates, whether these costs were incurred before or after the commencement of this amendment.

PART 4A - NORTHERN PRAWN FISHERY VOLUNTARY ADJUSTMENT SCHEME LOAN GUARANTEE ACT 1985**Section 3**

14. This clause deletes the definition of the "Authority" as the Queensland Fish Management Authority constituted by the *Fishing Industry Organisation and Marketing Act 1982* of Queensland and substitutes the Queensland Fisheries Management Authority constituted by the *Fisheries Act 1994* of Queensland.

Transitional - change of entity that is the Authority

15. This clause continues the effect, after the change in Queensland legislation, of the *Northern Prawn Fishery Voluntary Adjustment Scheme Loan Guarantee Act 1985* and guarantees given under that Act to the Queensland Treasury.

PART 5 - RURAL ADJUSTMENT ACT 1992**Section 4 (definition of "Rural Adjustment Scheme")**

16. Item 31 replaces the proposed paragraph (b) 'the non-State component of the Rural Adjustment Scheme', with two new paragraphs (b) and (c) which together with paragraph (a) defines the Rural Adjustment Scheme as the State component of the Rural Adjustment Scheme and the scheme embodied in Division 1 of Part 3. Division

1 of Part 3 provides for agreements with persons other than States subject to certain terms and conditions. These conditions include a provision requiring that agreements with persons other than States may only be entered into where they relate to any activity in a particular State and where there is a memorandum of understanding with the State concerned.

Section 4

17. Item 32 omits the proposed definition of the 'non-State component of the Rural Adjustment Scheme'.

Part 3 (heading)

18. Item 37 omits the proposed Division 1 heading and replaces it with a new heading which specifies that Division 1 deals with 'Agreements with persons other than States'. This Division sets out the conditions whereby the Commonwealth may enter into an agreement to pay money to a person other than a State.

Before section 21

19. Item 38 adds paragraph (5) to section 20A, which requires that agreements between the Commonwealth and persons other than States as set out in section 20A, may only have effect subject to a new section 20AA - 'Memorandum of understanding about section 20A powers'.
20. Section 20AA is inserted to set out the terms and conditions by which the Commonwealth may enter into agreements with persons other than States under section 20A. These conditions include provisions requiring that agreements with persons other than States may only be entered into where they relate to any activity in a particular State and there is a memorandum of understanding with the State concerned; that the Minister must comply with the terms of the memorandum of understanding with the State when entering into an agreement with persons other than States; and that the memorandum of understanding may be set out in the same document as an agreement with a State for making payments to the State.
21. In proposed sections 20B and 20C, the words "this division" are replaced, to indicate that the conditions contained in these sections relate to section 20A.

After section 22

22. Item 46 inserts a new Part 5 heading 'Other Payment Powers not Limited', and a new subsection 22A. Item 46 also renumbers the heading 'Regulations' as Part 6.

23. Subsection 22A provides that the conditions on payments under the *Rural Adjustment Act 1992* for the Rural Adjustment Scheme, do not limit the capacity, or place conditions on, the Commonwealth's ability to make payments under other programs or legislation.



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