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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

RURAL ADJUSTMENT BILL 1992

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Primary Industries and Energy,
the Hon Simon Crean MP)

RURAL ADJUSTMENT BILL 1992

GENERAL OUTLINE

1. This Bill gives effect to major changes to the Rural Adjustment Scheme (RAS). The changes are the result of a review, undertaken on behalf of the Commonwealth Government, and extensive consultations with the State governments and with rural industries. The new scheme is focussed on the development of a more sustainable and profitable farm sector which is to operate competitively in a deregulated financial and market environment. To this end the provisions of the new Scheme will provide support to farmers to achieve productivity growth and more effective management of the farm business.
2. To provide strategic focus to the Rural Adjustment Scheme and improve accountability, the Bill provides for the establishment of the Rural Adjustment Scheme Advisory Council which will advise the Minister on future directions for the Scheme and on matters related to its operation.
3. The Bill establishes the administrative arrangements, including the terms and conditions of appointment of members, the establishment of specialist committees, staffing and meetings of the Council.

FINANCIAL IMPLICATIONS

4. The new Scheme will operate within the forward estimates for the Rural Adjustment Scheme over the period 1992-93 to 1995-96. No extra funding is being sought in the current Bill.
5. This Bill provides for payments by the Commonwealth to the States under the terms of an agreement with the States. Commonwealth funding for this Bill is by appropriation.
6. The States will be responsible for 10% of the costs of interest subsidies and grants under the Scheme, except for exceptional circumstances where the Commonwealth and States share equally the costs of interest subsidies above 50%.
7. The Commonwealth will be able to move funds between financial years over the period 1992-93 to 1995-96. The Commonwealth, in conjunction with the States will also review the funding requirements for the Scheme on a six monthly basis.

NOTES ON INDIVIDUAL CLAUSES

PART 1 - PRELIMINARY

Clause 1: Short title

8. Provides for the Bill to be called the Rural Adjustment Act 1992.

Clause 2: Commencement

9. The Act commences on 1 January 1993.

Clause 3: Objectives of this Act

10. This clause provides that the objectives of the Bill are to facilitate the development of a sustainable, more profitable and competitive farm sector. The Bill aims to upgrade farm management skills and improve productivity.
11. This clause also provides for the methods of financial support to include interest subsidies on commercial loans, and grants for farm training, planning, appraisal, support services, and rural adjustment research. It also provides for farmers without prospects to leave the sector.

Clause 4: Interpretation

12. Provides definitions for terms used in the Bill.

PART 2 - THE RURAL ADJUSTMENT SCHEME ADVISORY COUNCIL

Division 1 - Establishment of the Council

Clause 5: Establishment of the Council

13. This clause provides for the establishment of the Rural Adjustment Scheme Advisory Council.

Clause 6: How the Council is to be constituted

14. This clause provides for the Council to consist of a Chairperson and a maximum of seven other members to be appointed by the Minister on a part time basis. At least one member is to represent the States, at least one the Commonwealth, one the National Farmers' Federation, and three others will be experts in economics, financial administration, banking, sustainable agriculture, farm management or training.

Clause 7: Period of appointment of members

15. This clause provides for members to be appointed for no more than 3 years although they may be re-appointed on one occasion.

Division 2 - Functions of the Council

Clause 8: Functions of the Council

16. This clause outlines the functions of the Council. The Council is to: provide the Minister with an ongoing 3 year plan for broad strategic directions for the Rural Adjustment Scheme (RAS); proposed annual program and budget for RAS.
17. The clause also provides that the Council respond to requests from the Minister for advice. In particular, the Minister may request advice on whether exceptional circumstances exist in some part or the whole of the farm sector and if so, whether changes should be made to the funding arrangements under RAS.

Clause 9: Committees

18. This clause provides for the Council to form specialist committees to assist it.

Clause 10: Staff

19. This clause provides for the Council to arrange with the Secretary of the Department for the services of Departmental staff.

Division 3 - Administrative provisions

Clause 11: Remuneration and allowances

20. This clause provides for all Council members, except for the Commonwealth representative, to be paid remuneration as determined by the Remuneration Tribunal.

Clause 12: Terms and conditions of appointment not provided for by Act

21. This clause provides for the Minister to determine conditions of appointment for Council members not provided for by this Bill.

Clause 13: Leave of absence

22. This clause provides for the Minister to grant leave of absence to the Chairperson of the Council and the Chairperson to grant leave of absence to other members.

Clause 14: Resignation

23. This clause provides for members to resign by providing the Minister with a signed notice of resignation.

Clause 15: Acting appointments

24. This clause provides for the Minister to appoint a person to act in the position of Chairperson or other position on the Council. Such acting is not to continue for more than 12 months.

Clause 16: Disclosure of interests

25. This clause provides for a member of the Council to disclose any conflicts of interest in the performance of the member's duties.

Clause 17: Termination of appointment

26. This clause outlines the circumstances under which the Minister is able to terminate the appointment of a member.

Clause 18: Meetings

27. This clause outlines the requirements for operation of meetings of the Council and provides for other person(s) to be invited to meetings.

Clause 19: Resolutions without meetings

28. This clause provides for resolutions to be passed by a majority of members without having a meeting.

Clause 20: Application of Division 3 of Part XI of the Audit Act

29. This clause provides for the Council to submit an annual report which shall include a report on the operation of the Rural Adjustment Scheme.

Clause 21: Payments by the Commonwealth under the Agreement

30. This clause provides for payments to be made by the Commonwealth to the States under an agreement between the Commonwealth and the States. The States will be responsible for 10% of the costs of interest subsidies and grants under the Scheme, except for exceptional circumstances where the Commonwealth and States share equally the costs of interest subsidies above 50%.

Clause 22: Support under the Rural Adjustment Scheme to be inalienable

31. This clause provides that support provided under the Scheme can not be transferred to another by, or as a result of sale, assignment, execution, charge, bankruptcy or otherwise.

Clause 23: Regulations

32. This clause provides for any regulations under this Bill.





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