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1992

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

STATES AND NORTHERN TERRITORY GRANTS (RURAL ADJUSTMENT)  
AMENDMENT BILL 1992

EXPLANATORY MEMORANDUM

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

## **STATES AND NORTHERN TERRITORY GRANTS (RURAL ADJUSTMENT) AMENDMENT BILL 1992**

### **GENERAL OUTLINE**

- 1 This Bill gives effect to changes in the provisions of the Rural Adjustment Scheme (RAS) which were introduced to provide additional assistance measures to farmers experiencing or facing financial difficulties during the rural downturn. These amendments were announced in media statements made by the Minister for Primary Industries and Energy in April and October 1991 and by the Prime Minister in his Economic Statement of 26 February 1992.
- 2 The amendments provide for additional assistance under Part A and Part B of the Scheme as well as altering the funding contributions by the Commonwealth and the States/Northern Territory for Part B.
- 3 Under section 27 of the Agreement, these amendments can be introduced through agreement between the Commonwealth and the States prior to amendment of the legislation.
- 4 The amendments also make provision to formally extend the Scheme to the Australian Capital Territory (ACT) following the granting of self government for the Territory.

### **FINANCIAL IMPACT STATEMENT**

- 5 The level of funding provided by the Commonwealth has been increased with the availability of these additional assistance measures. The funding provided for each of these measures in 1991-92 is as follows:
  - . Debt Reconstruction with Interest Subsidy (DRIS) - \$40.47 million - assistance is provided to those farmers, who are not in a position to take on additional debt, in the form of a 50% interest subsidy on their existing debts. Assistance is provided under Part A of the Scheme with funding to the States/NT provided on a minimum 2 year commitment basis rather than for 7 years as for existing Part A provisions.
  - . Crop Planting Scheme (CPS) - \$13.29 million (\$6.5 million being provided in 1992-93) - assistance is provided in the form of a 75% interest subsidy for farmers to raise commercial borrowings to plant winter and summer broadacre and sugar crops in the 1992 calendar year. Assistance is provided under Part B of the Scheme but this measure will be fully funded by the Commonwealth.
- 6 It was also agreed by the Commonwealth and the State and Territory Ministers responsible for RAS in October 1991 that the funding contribution for the Part B component would be altered from 50/50 sharing to two dollars Commonwealth for each one dollar provided by the States.

## NOTES ON INDIVIDUAL CLAUSES

### Clause 1 : Short title

- 7 Provides for the Act to be cited as the States and Northern Territory Grants (Rural Adjustment) Amendment Act 1992. It also provides for any reference to the "Principal Act" to mean the States and Northern Territory Grants (Rural Adjustment) Act 1988.

### Clause 2 : Commencement

- 8 Provides that the Act shall come into operation on the day it receives Royal Assent, sections 6 and 7, subsection 10(1) and sections 11 and 12 commenced on 20 December 1991. Section 8, subsection 10(2) and section 13 commenced on 1 March 1992.

### Clause 3 : Long title

- 9 Provides for the inclusion of the "Australian Capital Territory" in the long title.

### Clause 4 : Short title

- 10 Provides for the Principal Act to be cited as the States Grants (Rural Adjustment) Act 1988.

### Clause 5 : Interpretation

- 11 Stipulates that the term "State" is to be taken to include the Northern Territory and the Australian Capital Territory.

### Clause 6 : Approval of execution of agreement

- 12 Provides for the execution on behalf of the Commonwealth of the Agreement between the Commonwealth and participating States/Northern Territory.

### Clause 7: Approval of execution of first amending agreement

- 13 Provides for the execution on behalf of the Commonwealth of the first Amending Agreement between the Commonwealth and participating States/Northern Territory.

### Clause 8 : Approval of execution of second amending agreement

- 14 Provides for the execution on behalf of the Commonwealth of the Agreement between the Commonwealth and participating States/Northern Territory.

### Clause 9 :Approval of execution of supplementary agreement with the Australian Capital Territory

- 15 Provides for the execution on behalf of the Commonwealth of the Agreement between the Commonwealth and the Australian Capital Territory.

**Clause 10 : Payments by Commonwealth**

- 16 Provides for the Commonwealth to make payments to the participating States for the provision of financial assistance to farmers under the Scheme on the terms and conditions set out in Schedule 1 and as amended by Schedule 2 and subsequently by Schedule 3.

**Clause 11 : Heading to Schedule**

- 17 Provides for the heading to the Schedule to the Principal Act to be changed to "Schedule 1".

**Clause 12 : Insertion of Schedule 2**

- 18 Provides for the amendments of the Principal Act by adding at the end Schedule 1 of the Amendment Bill which is to be known as Schedule 2 of the Principal Act.

**Clause 13 : Insertion of Schedule 3**

- 19 Provides for the amendments of the Principal Act by adding at the end Schedule 2 of the Amendment Bill which is to be known as Schedule 3 of the Principal Act.

**Clause 14 : Insertion of Schedule 4**

- 20 Provides for the amendments of the Principal Act by adding at the end Schedule 3 of the Amendment Bill which is to be known as Schedule 4 of the Principal Act.

**SCHEDULE 3**

**Clause 1**

**Sub-clause 1(1)**

- 21 Sets out the meaning of the term "State" in that it is taken to mean, either individually or collectively, all participating States and the Northern Territory.

**Sub-clause 1(2)**

- 22 The purpose of this clause is to specify that 1 July 1991 is the date that this Amending Agreement is deemed to have come into force between the Commonwealth and the States.

**Sub-clause 1(3)**

- 23 Specifies that this Amending Agreement will operate fully and effectively between the Commonwealth and each of the respective signatories to the Agreement.

**Sub-clause 1(4)**

- 24 Specifies that if a State withdraws from the Agreement, the Agreement will continue to operate between the Commonwealth and the other signatory States.

**Clause 2**

**Sub-clauses 2(a), (b), (c), (d) and (f)**

- 25 These sub-clauses identify the specific form of assistance that can be used for the purpose of "debt restructuring with interest subsidies" as a strategy to be adopted to overcome financial difficulties arising from causes beyond a farmer's control.

**Sub-clause 2(e)**

- 26 Stipulates that the States shall bear one third of the cost of interest subsidies payable under Part B assistance.

**Sub-clauses 2(g) and (h)**

- 27 These clauses define the payment of funds by the Commonwealth for the purposes of "debt restructuring with interest subsidies" which excludes the Commonwealth from payment to the States for this provision from the seven year funding commitment payable for other forms of Part A assistance.

**Clause 3**

- 28 Provides for the confirmation in all other respects of the existing Agreement other than the amendments stipulated in this Schedule.

**SCHEDULE 3**

**Clause 1**

**Sub-clause 1(1)**

- 29 Sets out the meaning of the term "State" in that it is taken to mean, either individually or collectively, all participating States and the Northern Territory.

**Sub-clause 1(2)**

- 30 The purpose of this clause is to specify that 1 March 1992 is the date that this Amending Agreement is deemed to have come into force between the Commonwealth and the States.

**Sub-clause 1(3)**

- 31 Specifies that this Further Amending Agreement will operate fully and effectively between the Commonwealth and each of the respective signatories to the Agreement.

**Sub-clause 1(4)**

- 32 Specifies that if a State withdraws from the Agreement, the Agreement will continue to operate between the Commonwealth and the other signatory States.

**Clause 2**

- 33 This clause defines the terms for the provision of assistance under the Crop Planting Scheme within Part B. Assistance is available until 31 December 1992 and is in the form of a 75% interest subsidy to plant broadacre and sugar crops as defined.

**Clause 3**

- 34 Provides for the confirmation in all other respects of the existing Agreement other than the amendments stipulated in this Schedule.

**SCHEDULE 4**

**Clause 1(a)**

- 35 Establishes that the Australian Capital Territory will become party to the Agreement on the day it is executed.

**Sub-clause 2(a)**

- 36 Establishes that the Australian Capital Territory will be included in the definition of a "State" and that it will become a party to the Agreement from the date of execution of the Agreement.

**Sub-clause 2(b)**

- 37 Establishes the definition of 'farmer' and 'farm enterprise' to those in the Australian Capital Territory.

**Clause 3**

- 38 Establishes that the Australian Capital Territory agrees to use any financial assistance provided by the Commonwealth in accordance with the terms and conditions as set out in the Agreement and its amendments.

**Clause 4**

- 39 Provides for the confirmation in all other respects of the existing Agreement other than the amendments stipulated in this Schedule.





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