

# Schedule 1

[sections 3 and 12]

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.

#### 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, 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

#### 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 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.

## 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.
- (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

### Provision of 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.

### Allocation of Financial Assistance between States

12. (1) Subject to subclauses (2) and (3) of this clause the financial assistance shall be allocated to the States as follows: —
- |                   | \$         |
|-------------------|------------|
| 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.

#### Advances

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.
- (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.

#### Repayments by the State with interest

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.
- (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.

#### Prepayments by the State

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.
- (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 Administration 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.

#### Other Financial Arrangements

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.

### IV — GENERAL

#### Review

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.
- (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.

#### Exchange of Information

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.

### 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 arrangement 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 undertaking 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  $\frac{6}{4}$  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 Minister 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 Honourable 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 VICTORIA 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 QUEENSLAND 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.





## Schedule 2

[sections 3 and 12]

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.

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 authorize 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.
- (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.

## Allocation of Financial Assistance

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

}

D.A. DUNSTAN

J. A. WHITE

Signed for and on behalf of The State of  
Western Australia by The Honourable John  
Trezise Tonkin, Premier, in the presence  
of —

}

JOHN T. TONKIN

R. S. SEDDON

Signed for and on behalf of The State of  
Tasmania by The Honourable Eric Elliott  
Reece, Premier, in the presence of

}

ERIC REECE

C.W. HALLAM



## Schedule 3

[sections 3 and 12]

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;
- 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).
- (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 5 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.
- (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 provision 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 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 authorized 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.
- (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.

#### 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.

#### 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.
- (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 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.
- (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, live-stock 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.

#### 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 advance 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.
- (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.  
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.

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 —

MALCOLM FRASER

K.E. HEYDON

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

R.J. HAMER

K.D. GREEN

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





## Schedule 4

[sections 3 and 12]

AN AGREEMENT made the 31st day of March One thousand nine hundred and eighty 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;  
THE STATE OF TASMANIA of the seventh part; and  
THE NORTHERN TERRITORY OF AUSTRALIA of the eighth part;

which are in this agreement referred to respectively as the Commonwealth, as a State or collectively as the States, and as the Territory.

WHEREAS

- (A) the Commonwealth and the States are parties to an agreement made the 1st January 1977 (in this agreement referred to as “the Principal Agreement”) under which a Scheme has been established to provide assistance to persons engaged in rural industries throughout Australia;
- (B) the execution of the Principal Agreement on behalf of the Commonwealth was approved by the *States Grants (Rural Adjustment) Act 1976* which also authorized the making to a State, by way of financial assistance, on the terms and conditions contained in the Principal Agreement, of the payments by the Commonwealth to that State provided for in the Principal Agreement;
- (C) the Commonwealth and the States are desirous of varying the provisions of the Principal Agreement;
- (D) following the establishment of the Territory as a body politic by the *Northern Territory (Self-Government) Act 1978*, the Commonwealth and the Territory have proposed, and the States have agreed, that the operation of the Scheme be extended to persons engaged in rural industries in the Territory and that the Territory should accordingly become a party to the Principal Agreement;
- (E) the Commonwealth and the States are desirous of making provision for and in relation to the expenditure, upon all or any of the forms of financial assistance specified in clause 5 of the Principal Agreement as proposed to be varied by this agreement, of certain moneys held by, or repayable by certain persons to, the States, being moneys that were granted or deemed to have been granted to the States under the *Loan (Farmers’ Debt Adjustment) Act 1935* or under that Act as amended and in force from time to time; and
- (F) 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:

1. (1) Except for the purposes of clause 2, 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) This agreement shall, as between the Commonwealth and the Territory, come into force when it has been entered into by the Commonwealth and the Territory.
  - (3) Notwithstanding that all the States of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania and the Northern Territory of Australia are named as parties to this agreement, this agreement —
    - (a) 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; and
    - (b) when it has come into force in respect of the Territory, whether or not it has come into force in respect of a State or States, shall operate as an agreement between the Commonwealth and the Territory as fully and effectually as if the Commonwealth and the Territory were the only parties named as parties to the agreement.
  - (4) 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. (1) The Territory shall on and as from the 1st July 1980 become a party with the Commonwealth and the States to the Principal Agreement as varied by this agreement as if the Territory were named as a party to the Principal Agreement.
  - (2) For the purposes of the operation of this clause —
    - (a) references in the Principal Agreement as varied by this agreement to a State shall include the Territory and the expression “the States” shall have a corresponding construction;
    - (b) the Minister in relation to the Territory shall be the Minister of the Territory who for the time being has executive authority in respect of the matters to which the Principal Agreement as varied by this agreement relates; and
    - (c) any reference in a geographical sense to a State shall be construed as including a reference to the Northern Territory.
3. (1) The following sub-clause is inserted in clause 11 of the principal Agreement immediately after sub-clause (1):
    - (1A) The amount to be made available to a State during a financial year determined under sub-clause (1) may, at any time the Commonwealth so considers fit, after consultation with the other States, be increased by the addition of a supplementary amount determined by the Commonwealth at that time.

- (2) The following sub-clause is inserted in clause 11 after sub-clause (2):
- (3) When an amount of financial assistance determined in respect of a State under the preceding sub-clauses will not be required by the State during the period for which the amount is determined, the amount, or such part of that amount as the Commonwealth determines, may, with the consent of that State, be allocated by the Commonwealth to another State and the respective amounts of financial assistance to which those States are entitled under this clause during the relevant period shall be adjusted accordingly.
4. The following heading and clause are inserted in the Principal Agreement immediately after clause 11:

*Pre-commitment of Assistance*

- 11A. (1) Where the Minister for Primary Industry of the Commonwealth has, upon the State establishing to his satisfaction that the circumstances so warrant, authorized the State during a financial year to commit to the Scheme financial assistance to be received under this agreement during the next succeeding financial year, the Authority of the State may approve the provision of assistance under the Scheme to the extent of the amount or amounts that have been so authorized by the Minister.
- (2) Any amounts that are approved by the Authority of the State under sub-clause (1) shall be included in the amount of financial assistance to be made available by the Commonwealth to the State for the purposes of the Scheme as determined under clause 11 in respect of the financial year for which the amounts have been approved.
5. The Schedule to the Principal Agreement is amended as follows:
- (a) by inserting in paragraph (a) of Part 1 after “pastoral industries” the words “the apicultural industry”;
- (b) by deleting paragraph (2) (a) of Part 4 and inserting in its place the following paragraph:
- (a) The applicant must be able to demonstrate to the satisfaction of the Authority that he is an established *bona fide* farmer who intends remaining on his property and that the proposed improvements are of such a kind as to offer sound prospects of long term commercial viability if assistance under the Scheme were provided.
- (c) by deleting from the second sentence of paragraph (3) (a) of Part 7 the words “two years” and inserting in their place the words “three years”;
- (d) by deleting from paragraph (3) (1) of Part 7 the words “six months” and inserting in their place the words “twelve months”; and

- (e) by deleting from paragraph (3) (1) of Part 7 the sum “\$3 000” and inserting in its place the sum “\$5 000”.
6. (1) Each State shall expend, in such manner and at such times as the State may from time to time determine, upon such of the forms of financial assistance to persons engaged in rural industries in the State specified in clause 5 of the Principal Agreement as varied by this Agreement as the State may from time to time determine, moneys that were held by the State at the time of the execution of this agreement by the State, and moneys repaid to the State that, at that time, were repayable to the State, being moneys that were granted or deemed to have been granted to the State under the *Loan (Farmers’ Debt Adjustment) Act 1935* or under that Act as amended and in force from time to time.
- (2) Moneys expended by a State in accordance with sub-clause (1) shall not be taken to be financial assistance made available by the Commonwealth to the State for the purposes of the scheme established and operated by the State in accordance with clause 4 of the Principal Agreement as varied by this Agreement.
7. The Principal Agreement is confirmed to the intent that its operation prior to the date upon which the variations made by this agreement take effect shall not be affected and that as from that date it shall have effect as varied by this agreement.

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

SIGNED by the Honourable PETER  
JAMES NIXON, Minister for Primary  
Industry of Australia, in the presence of — } PETER NIXON

PAUL DAVEY

SIGNED by the Honourable JOHN  
BROPHY RENSHAW, Treasurer of the  
State of New South Wales, in the presence  
of — } J.B. RENSHAW

N. OAKES

SIGNED by the Honourable RUPERT  
JAMES HAMER, Premier of the State of  
Victoria, in the presence of — } R.J. HAMER

K.D. GREEN

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

J. GRIFFIN

SIGNED by the Honourable DAVID  
OLIVER TONKIN, Premier of the State of  
South Australia in the presence of — } DAVID TONKIN

J. HOLLAND

SIGNED by the Honourable RICHARD  
CHARLES OLD, Minister for Agriculture  
of the State of Western Australia, in the  
presence of — } R.C. OLD

H. E. PHIPPS

SIGNED by the Honourable NEIL  
LEONARD CHARLES BATT, Minister for  
Finance and Treasurer of the State of  
Tasmania, in the presence of — } N.L.C. BATT

KEVIN L. MOREY

SIGNED by the Honourable ROGER  
MICHAEL STEELE, Minister for Industrial  
Development of the Northern Territory, in  
the presence of — } ROGER STEELE

G. J. NANCARROW



## Schedule 5

[sections 3 and 12]

AN AGREEMENT made 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 WESTERN AUSTRALIA of the fifth part,

THE STATE OF SOUTH AUSTRALIA of the sixth part,

THE STATE OF TASMANIA of the seventh part,

THE NORTHERN TERRITORY OF AUSTRALIA of the eighth part,

WHEREAS —

- (A) The Commonwealth, the States and the Northern Territory of Australia entered into an Agreement dated 26 September 1985 and an Amending Agreement dated 8 December 1986 relating to rural adjustment (“the amended Agreement”);
- (B) The recommendations of a review, undertaken on behalf of those governments, of the amended Agreement are that the scheme for which it provides be redirected towards enabling rural industries to better contribute to the national economy through increased efficiency and consequent international competitiveness and to this end to enhance the role and thereby the responsibility of the States and the Northern Territory in relation to the scheme;
- (C) It has been decided to adopt these recommendations by continuing the payment of financial assistance to the States and the Northern Territory under this agreement; and
- (D) The Parliament of the Commonwealth has authorised the execution of this agreement by and on behalf of the Commonwealth and the provision of financial assistance to the States and the Northern Territory of Australia as provided in this agreement.

NOW IT IS HEREBY AGREED as follows:

### I — INTRODUCTION

#### *Operation of Agreement*

1. (1) In this agreement, each State and the Northern Territory of Australia 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 and the Northern Territory of Australia in respect of which for the time being the agreement is in force.
- (2) This agreement shall, as between the Commonwealth and a State executing this agreement on or before 1 January 1989, come into force on that date, or if executed thereafter, on that later date and the



amended Agreement shall thereupon cease as between the Commonwealth and that State.

- (3) Notwithstanding that in this agreement all the States of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania and the Northern Territory of Australia are named as parties, this agreement shall operate as an agreement between the Commonwealth and the party or parties in respect of which it comes into force as fully and effectually as if the party or parties in respect of which it comes into force were the only party or parties so named other than the Commonwealth.
- (4) In the event that a State ceases to be a party this agreement shall nevertheless continue in force with respect to the Commonwealth and the States which are parties when the cessation takes effect.

#### *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 —
  - “aquaculture” means industries which conduct systematic farming of plants and animals in water involving the use of man-made infrastructure on or adjacent to land, but excludes harvesting-type industries where farming or cultivating is not an integral part of the operation;
  - “authority” means an authority of a State which has from time to time the administration of the Scheme on behalf of the State;
  - “farm enterprise” means an enterprise carried on by a primary producer within any rural industry in a State or in the Northern Territory;
  - “farmer” means a person engaged in a rural industry in a State or in the Northern Territory;
  - “financial year” means:
    - (a) where the agreement does not come into force with a State on 1 July, in relation to that State the period from the date it comes into force up to and including 30 June which next occurs after this agreement comes into force and thereafter each succeeding period of twelve months; and
    - (b) where this agreement does so come into force, a period of twelve months ending on 30 June;
  - “the Minister” means the Minister for Primary Industries and Energy;
  - “rural industry” means any of the agricultural, horticultural, pastoral, apicultural and aquacultural industries; and

“the Scheme” means the scheme of assistance to be established and operated by a State in accordance with clause 9.

- (2) A 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 or to a Minister who has taken over the responsibilities of the Minister under this agreement.
- (3) A reference in this agreement to a State shall include a reference to an authority or authorities of a State that has or have the administration of the Scheme on behalf of the State.
- (4) In this agreement, except where the context otherwise requires —
  - (a) a reference to a clause refers to the relevant clause of this agreement; and
  - (b) a reference to a sub-clause refers to the relevant sub-clause of the clause in which the reference appears.

## II — THE SCHEME

### *Purpose of Scheme*

4. (1) The purpose of the Scheme is to assist in maintaining and improving the efficiency of Australian rural industry and so better place the industry to meet international competition and contribute to the national economy.
- (2) In this context the Scheme is to contribute to the process of promoting an efficient and competitive rural sector through providing assistance and services to help farmers adjust to changing technical, economic and institutional circumstances by:
  - (a) promoting, facilitating and encouraging better financial and technical performance and structure of rural industry to meet emerging needs;
  - (b) assisting those farmers whose farm enterprises have the capacity to become profitable in the long-term but which are experiencing financial problems arising from circumstances beyond their control;
  - (c) assisting farmers without prospects in the rural industry to leave it.
- (3) In pursuit of this purpose, it is recognised that:
  - (a) structural adjustment encompasses the longer-term and more permanent ways in which farmers respond to change in the economic, technical and institutional environment;
  - (b) the appropriate response for assistance from the Scheme will vary from time to time according to the particular circumstances facing rural industries; and
  - (c) the Authorities administering the Scheme will need to identify problems and trends in rural industry, regions and on individual farms to provide the appropriate assistance measures so that farmers become financially independent of the assistance within a reasonable period.

### *Objectives*

5. The objectives of the Scheme are to provide incentives, in the form of funds and services, in an efficient and effective manner, to enable farmers to:
- (a) overcome financial difficulties arising from causes beyond their control;
  - (b) improve their performance by changing the size of their farms, improving managerial and financial skills, or by the adoption of improved practices and technology;
  - (c) make an orderly exit if, after all options have been considered, the farmers are without prospects in the rural industry.

### *Strategies*

6. (1) The strategies to be adopted to overcome financial difficulties arising from causes beyond a farmer's control shall be to facilitate:
- (a) carry-on finance; and
  - (b) capital restructuring.
- (2) The strategies to be adopted to improve farm performance shall be to facilitate:
- (a) the acquisition of improved skill levels;
  - (b) the adoption of technological developments;
  - (c) increase in farm size or capital intensity;
  - (d) farm program changes; and
  - (e) access to information on technological developments and their application, training needs and opportunities and appropriate farm programs.
- (3) The strategies to be adopted to permit farmers to make an orderly exit from rural industry if, after all options have been considered, the farmers are without prospects in the rural industry, shall be to:
- (a) alleviate personal hardship prior to departure;
  - (b) assist farmers to realise farm assets in an orderly manner; and
  - (c) assist farmers to re-establish post-farming.
- (4) For the purposes of sub-clauses 6 (2) and 6 (3) trading in land by a State is permissible only where:
- (a) the trading does not distort the market for land;
  - (b) large land stocks are not accumulated by the State; and
  - (c) proceeds of transactions are retained for use in the operation of the Scheme.
- (5) From time to time it may be necessary to develop other strategies to meet changing circumstances.

### *Operations*

7. (1) Given the nature of the assistance to be provided and that the application of funds provided under the Scheme will be most effective when the operations of States are responsive to the specific circumstances pertaining to the recipient, decisions on the form of assistance to be provided to an applicant will be taken at the State level, with full knowledge of local and regional situations.
- (2) To achieve this the Commonwealth's role will be to:
  - (a) provide clear policy guidelines within which the scheme is to operate; and
  - (b) establish an appropriate reporting mechanism to permit the monitoring and assessment of the efficiency and effectiveness with which the Scheme is operating.
- (3) The Commonwealth in consultation with the State will, where appropriate, establish policy guidelines concerning:
  - (a) criteria to be adopted in assessing eligibility for assistance;
  - (b) outcomes expected from assistance under the Scheme;
  - (c) requirements for review of assisted farmers; and
  - (d) determination of funding.
- (4) The State's role will be to:
  - (a) manage funds provided under the Scheme;
  - (b) be responsible and accountable for the achievement of the objectives of the Scheme.
- (5) With a view to achieving the purposes and objectives of the Scheme, the principal functions of the State authorities in administering the Scheme will be to:
  - (a) assess the eligibility of farmers for assistance;
  - (b) determine, after full consideration of each individual case, the form of assistance, or combination of forms of assistance, if any, most appropriate to the particular circumstances facing the farmers;
  - (c) deliver funds and services in accordance with policy guidelines established by the Commonwealth from time to time;
  - (d) review the effectiveness of assistance provided to farmers on a periodic basis;
  - (e) account to the Commonwealth at a frequency, and in a manner, determined from time to time by the Commonwealth in consultation with the States, as to the:
    - (i) disbursement of funds in compliance with the purpose for which they were voted;
    - (ii) effectiveness with which the funds have been used to achieve the objectives of the Scheme;
    - (iii) efficiency with which Commonwealth funds have been administered;
  - (f) promote the purpose and scope of the Scheme to the farming and financial communities and other interested persons.

### *Eligibility*

8. (1) A person is engaged in a rural industry if under normal circumstances the principal source of income of that person is from a farm enterprise to which the person contributes a significant part of his or her labour and capital.
- (2) The State may decide that in respect of the same farm enterprise more than one member of a family or group is to be considered as being engaged in a rural industry.

## III — ADMINISTRATION OF SCHEME

### *State to Operate Scheme*

9. (1) Each State will use the financial assistance provided by the Commonwealth in accordance with this agreement, to establish and operate a scheme of assistance to persons engaged in a rural industry in that State.
- (2) The Scheme shall consist of the forms of assistance referred to in clause 10 and shall be operated in conformity with the objectives and other provisions set out in Part II.

### *Forms of Assistance to those engaged in rural industries*

10. (1) For the purposes of paragraph (b) of sub-clause 6 (1), sub-clause 6 (2) and paragraph (b) of sub-clause 6 (3), assistance under the Scheme, to be known as Part A assistance, shall be by way of:
  - (a) grants by the State for the purpose of interest subsidies both of interest payable on, and associated costs of, loans, whether the loan is provided by the State or others; and
  - (b) grants or loans by the State for the above purposes other than those of paragraph (a).
- (2) For the purposes of paragraph (a) of sub-clause 6 (1) assistance under the Scheme, to be known as Part B assistance, shall be by way of grants by the State for the purpose of interest subsidies both of interest payable on, and associated costs of, loans, whether by the State or others. Subsidies paid under this sub-clause shall not exceed 50% of the interest payable on, and associated costs of, such loans and the State shall bear half the cost of the subsidies out of its own funds.
- (3) For the purposes of paragraphs (a), (b) and (c) of sub-clause 6 (3), assistance under the Scheme, to be known as Part C assistance, shall be by way of grants or loans by the State.
- (4) Part A assistance may also be used, subject to sub-clause 6 (4), for transactions involving the land of farmers.

### *Conditions*

11. The Minister may from time to time subject to this agreement, and after consultation with the Minister or Ministers of the relevant State or States, determine policy guidelines applying to forms of assistance under the Scheme.

*Terms of loans by a State*

12. (1) The rates of interest at which money is advanced by the State under the Scheme in providing Part A, Part B and Part C assistance, whether from financial assistance provided under this agreement or otherwise shall be as determined by the State authority.
- (2) The length of loans and the period during which an interest subsidy applies in respect of loans shall be as determined by the State authority.
- (3) The State 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 move to commercial credit as soon as circumstances permit.

#### IV — FINANCIAL ASSISTANCE

*Provision of Financial Assistance*

13. Subject to, and to the performance by a State of, the provisions of this agreement, the Commonwealth will make financial assistance available to the States for the purposes of the Scheme.

*Amount of Financial Assistance*

14. (1) Subject to this agreement, the amounts of financial assistance to be made available by the Commonwealth to each State for Part C assistance and, except as to amounts provided for by paragraph 2 (a), Part A assistance during a financial year shall be separately determined for each of those Parts by the Commonwealth after consultation with the States. Before the commencement of the financial year the Minister and State Ministers will consult taking into account such matters as are set out in clauses 4 and 5.
- (2) The amount payable by the Commonwealth in relation to Part A assistance in respect of any financial year shall not be less than —
  - (a) in respect of each of the first seven financial years of this agreement as is a financial year within the first six financial years:
    - (i) after the first financial year of the amended Agreement, the amount of any Determination or Determinations of Part A assistance made in that first financial year under the amended Agreement;

- (ii) after the second financial year of the amended Agreement, the incremental part of any Determination or Determinations of Part A assistance made in that second financial year under the amended Agreement; and
  - (iii) after the third or any subsequent financial year of the amended Agreement, the incremental part of any Determination or Determinations of Part A assistance made in that third or subsequent financial year as the case may be under the amended Agreement;
- (b) in respect of each of the first seven financial years of this agreement the amount of Part A assistance determined under this agreement by the Minister as payable in respect of an immediately preceding financial year of this agreement; and
- (c) in respect of each succeeding period of seven financial years of this agreement:
  - (i) as to the first year, the sum of the increments of amounts of Part A assistance determined under this agreement in respect of the second to the seventh inclusive of the immediately preceding seven financial years; and
  - (ii) as to the remaining six years, the sum of the increments of those amounts so determined in respect of the immediately preceding six financial years of this agreement.
- (3) The amount to be made available to a State during a financial year determined under sub-clause (1) may, at any time the Commonwealth so considers fit, after consultation with the other States, be increased by the addition of a supplementary amount determined by the Commonwealth at that time.
- (4) The amount of financial assistance to be made available by the Commonwealth to a State for Part B assistance shall be determined at the time the Commonwealth and the State agree that the provision of such assistance is warranted.

#### *Administration Expenses*

- 15. The Commonwealth will make monthly payments in advance to a State towards administration expenses of the State in providing assistance under the scheme as agreed, between the Minister and the Minister of each State.

#### *Provision for losses*

- 16. The Commonwealth shall not be liable to reimburse a State for any losses of that State which result from the operation under this agreement of this Scheme but financial assistance made available by the Commonwealth, or income earned on that assistance, may be used by the State to make provision for any losses likely to result from the operation by it of the Scheme.

### *Payments of Financial Assistance*

17. (1) The Commonwealth shall, subject to this agreement, make monthly payments to the State of the financial assistance to be provided to it under this agreement.
- (2) The Commonwealth may, at such time and in such amounts as the Minister thinks fit, make advances on account of the payment that may be made by the Commonwealth under sub-clause (1).
- (3) An amount or part of an amount advanced by the Commonwealth under this clause may be deducted by the Commonwealth from an amount that subsequently becomes payable under sub-clause (1) or, if no further amounts will become payable under that sub-clause, shall be refunded by the State to the Commonwealth at the request of the Minister.

### *Use of Advances and Other Moneys*

18. (1) 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 used or applied for the operation of the Scheme.
- (2) A State shall ensure that:
- (a) any financial assistance paid by the Commonwealth under the Scheme is used or applied for the operation of the Scheme;
  - (b) any money earned by it under the Scheme on financial assistance provided by the Commonwealth to the State under this agreement is used or applied for the operation of the Scheme; and
  - (c) any repayment of, or payment of interest on, loans made by the State funded from paragraph (a) or (b) are used or applied in the operation of the Scheme.

### *Pre-commitment of Assistance*

19. (1) Where the Minister has, upon the State establishing to the Minister's satisfaction that the circumstances so warrant, authorised the State during a financial year to commit to the Scheme financial assistance to be received under this agreement during the next succeeding financial year, the State may approve the provision of assistance under the Scheme to the extent of the amount or amounts that have been so authorised by the Minister.
- (2) Any amounts that are approved by the State under sub-clause (1) shall be included in the amount of financial assistance to be made available by the Commonwealth to the State for the purposes of the Scheme as determined under clause 14 in respect of that next financial year.

### *Supporting Financial Evidence*



20. (1) A State shall furnish to the Minister such documents and other evidence to justify payment of any moneys to the State under the Scheme as the Minister may from time to time reasonably request, whether the request by the Minister is made before or after the Commonwealth has made the advance or a payment pursuant to the request by the State.
- (2) Information furnished by a State pursuant to sub-clause (1) shall include details of accounts of borrowers from the State or otherwise under the Scheme, but not so as to identify borrowers, in a format agreed from time to time by Commonwealth and State Ministers.

*Repayments of Part C Assistance*

21. Each State shall, by way of repayment of Part C assistance, 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 July next succeeding the receipt of those moneys by the State.

*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 carried out in accordance with Australian auditing standards by a registered company auditor or, if required by the State, the Auditor-General of the State or his or her appointee.
- (2) A report on the audits in respect of each financial year shall be furnished to the Minister by that auditor or Auditor-General of the State, as the case may be, as soon as possible after the completion of the financial year and no later than 31 December of the succeeding 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 relevant Commonwealth and State Ministers responsible for such financial arrangements.

V — FINANCIAL ASSISTANCE FOR RELATED PURPOSES

*Conditions*

24. Subject to clause 25, the Commonwealth will provide, on conditions determined by the Commonwealth Minister but outside the Scheme, financial

assistance to the States for expenditure by them in causing the Scheme to be the more effective.

*Provisions Applicable*

25. (1) The amount of financial assistance to be made available by the Commonwealth to each State for expenditure under clause 24 during a financial year shall be determined by the Commonwealth after consultation with the States.
- (2) Clauses 17, 18, 20, 22, 27, 28 and 29 shall apply in relation to this Part as if it formed part of the Scheme.

VI — TRANSITIONAL

*Transitional*

26. (1) Funds provided to the State by the Commonwealth under the amended Agreement which:
- (a) are held by the State on the date on which this agreement comes into force; or
  - (b) become subsequently available to it
- together with interest earned on the funds referred to in paragraphs (a) and (b) whether before or after that date and not disbursed are to be used by the State for the purposes of this agreement.
- (2) The State hereby foregoes any accrued right existing at the date at which this agreement comes into force
- (a) to a contribution from the Commonwealth for any losses; and
  - (b) to a payment by the Commonwealth of administration expenses
- in relation to the Scheme established under the amended Agreement but the Commonwealth shall pay those administration expenses as if they arose under this agreement.
- (3) Where the amended Agreement ceases prior to 30 June, action taken under the provisions of this agreement equivalent to clauses 19 and 25 and sub-clause 20 (2) of the amended Agreement shall be considered to satisfy also those clauses and that sub-clause if that action is taken in relation to the financial year ending on the date which, otherwise than for its cessation, would be the date on which a financial year of the amended Agreement would end.

VII — GENERAL

*Review*

27. (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.
- (2) Where on a review of the operation of the Scheme the Ministers of the Commonwealth and of the States consider an amendment to the agreement should be made the Commonwealth Minister will seek to have the agreement so amended.

*Exchange of Information*

28. State and 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, including trends in adjustment assistance being provided to persons in rural industries having regard to the outlook for those industries.

*Provision of Information and Review*

29. The State will supply to the Commonwealth from time to time such information regarding the operation of the Scheme by the State for purposes of monitoring and accountability as agreed by the Commonwealth and the State.

*Report to Parliament*

30. The Minister shall on the basis of the information supplied by the States no later than 31 December of each financial year submit an annual report to the Parliament of the Commonwealth relating to the operation and effectiveness of the Scheme.

*Loan Council*

31. In the event that the Loan Council decides to include borrowings by the State for the purposes of Parts A and B assistance in borrowings subject to Loan Council control or oversight on terms which a State considered unacceptable, the Commonwealth and the States shall consult to determine whether any amendments should be made to this agreement.

*Cessation of Agreement by a State*

32. A State may, on giving at least a period of sixty days notice in writing to the Commonwealth, cease, subject to its performance thereafter of any outstanding obligation, to be a party to this agreement at the expiry of that period of notice.

IN WITNESS WHEREOF this agreement has been respectively signed for and on behalf of the parties hereto.

SIGNED by the Honourable JOHN CHARLES KERIN, Minister for Primary Industries and Energy, for the Commonwealth of Australia on the day of 19 in the presence of —

}

JOHN KERIN

SIGNED by the Honourable IAN MORTON ARMSTRONG, Minister for Agriculture and Rural Affairs, for the State of New South Wales on the day of 19 in the presence of —

}

SIGNED by the Honourable ROBERT ALLEN JOLLY, Treasurer, for the State of Victoria on the day of 19 in the presence of —

}

SIGNED by the Honourable BRIAN DOUGLAS AUSTIN, Minister for Finance and Minister assisting the Premier and Treasurer, for the State of Queensland on the day of 19 in the presence of —

}

SIGNED by the Honourable JULIAN FLETCHER GRILL, Minister for Agriculture, for the State of Western Australia on the day of 19 in the presence of —

}

JULIAN GRILL

SIGNED by the Honourable MILTON KYM MAYES, Minister for Agriculture, for the State of South Australia on the day of 19 in the presence of —

}

SIGNED by the Honourable NICHOLAS  
CLIVE KENT EVERS, Minister for  
Primary Industry, for the State of Tasmania  
on the day of 19 in the presence of —

}

SIGNED by the Honourable BARRY  
FRANCIS COULTER, Minister for  
Industries and Development, for the  
Northern Territory on the day of 19 in  
the presence of —

}



## Schedule 6

[sections 3 and 12]

THIS AMENDING AGREEMENT is made the            day of  
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 WESTERN AUSTRALIA of the fifth part,

THE STATE OF SOUTH AUSTRALIA of the sixth part,

THE STATE OF TASMANIA of the seventh part,

THE NORTHERN TERRITORY OF AUSTRALIA of the eighth part,

WHEREAS —

- (A) The Commonwealth, the States and the Northern Territory of Australia entered into an Agreement relating to rural adjustment dated by the parties with various dates in December 1988 and January 1989, (“the Agreement”);
- (B) It is desired to amend that Agreement, pursuant to clause 27, to give effect to changes recently agreed by the relevant Ministers of the Governments party to this Amending Agreement.

NOW IT IS HEREBY AGREED as follows:

- 1.
  - (1) In this Amending Agreement, each State and the Northern Territory of Australia in respect of which the Amending Agreement has come into force is referred to as a "State", and the expression of "the States" means, except where the context otherwise requires, all of the States and the Northern Territory of Australia in respect of which for the time being the Amending Agreement is in force.
  - (2) This Amending Agreement shall, as between the Commonwealth and a State executing it, be deemed to have come into force on the 1st July 1991.
  - (3) Notwithstanding that in this Amending Agreement all the States of New South Wales, Victoria, Queensland, Western Australia, South Australia and of Tasmania and the Northern Territory of Australia are named as parties, this Amending Agreement shall operate as an agreement between the Commonwealth and the party or parties in respect of which it comes into force as fully and effectually as if the party or parties in respect of which it comes into force were the only party or parties so named other than the Commonwealth.
  - (4) In the event that a State ceases to be a party this Amending Agreement shall nevertheless continue in force with respect to the Commonwealth and the States which are parties when the cessation takes effect.
- 2. The Agreement is amended —
  - (a) by deleting the full stop at the end of paragraph 6 (1) (b) and inserting in its place a semi-colon and then the word “and”;

- (b) by adding to sub-clause 6 (1) the following paragraph —  
“(c) debt restructuring with interest subsidies;”;
- (c) by deleting from sub-clause 10 (1) the words —  
“For the purposes of paragraph (b) of sub-clause 6 (1)” and  
inserting in their place the words “In relation to  
paragraphs (b) and (c) of sub-clause 6 (1)”;
- (d) paragraph 10.1 (b) is omitted and the following paragraph is  
inserted in its place —  
“(b) except for assistance under paragraph 6 (1) (c),  
grants or loans by the State for purposes other than  
the purpose referred to in paragraph (a).”;
- (e) sub-clause 10 (2) is amended by deleting the word “half” and  
inserting in its place the words “a third”;
- (f) by inserting in sub-clause 10 (4) after the word “assistance”,  
the words “, except that provided for by paragraph 6(1)(c).”;
- and
- (g) by inserting in sub-clause 14 (2) after “Part A assistance”  
where first appearing in that sub-clause, the words —  
“except that provided for by paragraph 6 (1) (c)”;
- (h) by adding to clause 14 the following sub-clause —  
“(5) Notwithstanding anything to the contrary in this  
agreement, the amount of Part A assistance  
described in paragraph 6(1)(c) as determined by the  
Commonwealth pursuant to sub-clause (1) shall be  
payable only for the financial years commencing on  
1 July 1991 and 1 July 1992 and for any subsequent  
year for which the Commonwealth determines  
pursuant to this Agreement such assistance to be  
payable. ”.

3. The Agreement is, save for the foregoing amendments, confirmed in all other respects.

IN WITNESS WHEREOF this Amending Agreement has been signed for and on behalf of the Parties as at the day and year first above written.

SIGNED by the Honourable SIMON  
CREAN, Minister for Primary Industries  
and Energy of the Commonwealth of  
Australia

}

SIMON CREAN

SIGNED by the Honourable IAN  
MORTON ARMSTRONG, Minister for  
Agriculture and Rural Affairs of the State of  
New South Wales

}

SIGNED by the Honourable THOMAS  
WILLIAM ROPER, Treasurer of the State  
of Victoria

}



SIGNED by the Honourable LYNN MAURICE FERGUSON ARNOLD, Minister for Agriculture and Fisheries of the State of South Australia

}

SIGNED by the Honourable DAVID EDWARD LLEWELLYN, Minister for Primary Industry of the State of Tasmania

}

SIGNED by the Honourable MICHAEL ANTHONY REED, Minister for Primary Industry and Fisheries of the Northern Territory

}

SIGNED by the Honourable ERNEST FRANCIS BRIDGE, Minister for Agriculture of the State of Western Australia

}

E BRIDGE

SIGNED by the Honourable KEITH ERNEST DE LACY, Treasurer of the State of Queensland

}



## Schedule 7

[sections 3 and 12]

THIS AGREEMENT is made the            day of            One thousand nine hundred and ninety

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 WESTERN AUSTRALIA of the fifth part,

THE STATE OF SOUTH AUSTRALIA of the sixth part,

THE STATE OF TASMANIA of the seventh part,

THE NORTHERN TERRITORY OF AUSTRALIA of the eighth part,

WHEREAS —

- (A) The Commonwealth, the States and the Northern Territory of Australia entered into an Agreement relating to rural adjustment on or about December 1988 which has been amended by an Amending Agreement dated 20 December 1991 (which Agreement as so amended is herein called the “amended Agreement”); and
- (B) It is desired to further amend the amended Agreement to give effect to certain initiatives in favour of the rural sector announced by the Prime Minister in his Statement to the Commonwealth Parliament on 26 February 1992.

NOW IT IS HEREBY AGREED as follows:

- 1.
  - (1) In this Amending Agreement each State and the Northern Territory of Australia in respect of which the Amending Agreement has come into force is referred to as a “State”, and the expression “the States” means, except where the expression otherwise requires, all of the States and the Northern Territory of Australia in respect of which for the time being the Amending Agreement is in force.
  - (2) This Amending Agreement shall, as between the Commonwealth and a State executing it, be deemed to have come into force on the 1<sup>st</sup> March 1992.
  - (3) Notwithstanding that in this Amending Agreement all the States are named as parties, this Amending Agreement shall operate as an agreement between the Commonwealth and the party or parties in respect of which it comes into force as fully and effectually as if the party or parties in respect of which it comes into force were the only party or parties so named other than the Commonwealth.
  - (4) In the event that a State ceases to be a party, this Amending Agreement shall nevertheless continue in force with respect to the Commonwealth and the States which are parties when the cessation takes effect.
- 2. The amended Agreement is amended by:—
  - (a) inserting into sub-clause 3 (1) the following definitions:

“broadacre crops” means cereals, coarse grains, oilseeds, peanuts and grain legumes; and

“sugar crops” means sugar and cane sugar;

(b) adding to paragraph 6 (1) (a) the words “including finance to establish for the year ending 31 December 1992 broadacre and sugar crops; and

(c) deleting the last sentence of sub-clause 10(2) and inserting in its place the following:

“Subsidies paid under this sub-clause shall not exceed —

(a) as to those to establish broadacre and sugar crops — 75%; and

(b) otherwise — 50%,

of the interest payable on, and associated costs of, such loans and the State shall bear a third of the cost of the subsidies referred to in paragraph (b) out of its own funds.”

3. The amended Agreement is, save for the foregoing amendments, confirmed in all other respects.

IN WITNESS WHEREOF this Amending Agreement has been signed for and on behalf of the Parties as at the day and year first above written.

SIGNED by the Honourable SIMON  
CREAN, Minister for Primary Industries  
and Energy of the Commonwealth of  
Australia

}

SIMON CREAN

SIGNED by the Honourable IAN  
MORTON ARMSTRONG, Minister for  
Agriculture and Rural Affairs of the State of  
New South Wales

}

SIGNED by the Honourable ANTHONY  
JOHN SHEEHAN, Treasurer of the State of  
Victoria

}

SIGNED by the Honourable LYNN  
MAURICE FERGUSON ARNOLD,  
Minister for Agriculture and Fisheries of the  
State of South Australia

}

SIGNED by the Honourable ROBIN  
TREVOR GRAY, Minister for Primary  
Industry of the State of Tasmania

}

SIGNED by the Honourable MICHAEL  
ANTHONY REED, Minister for Primary  
Industry and Fisheries of the Northern  
Territory

}

SIGNED by the Honourable ERNEST  
FRANCIS BRIDGE, Minister for  
Agriculture of the State of Western  
Australia

}

E BRIDGE

SIGNED by the Honourable KEITH  
ERNEST DE LACY, Treasurer of the State  
of Queensland

}



## Schedule 8

[sections 3 and 12]

THIS SUPPLEMENTAL AGREEMENT is made the \_\_\_\_\_ day of  
One thousand nine hundred and ninety two.

BETWEEN

the Commonwealth of Australia (“the Commonwealth”) of the one part; and  
the Australian Capital Territory of the other part.

WHEREAS:

- (A) the Commonwealth, all the States and the Northern Territory entered into an Agreement relating to rural adjustment dated variously of December 1988 and January 1989 (“the Agreement”);
- (B) those parties have entered or are shortly to enter into an Amending Agreement and a Further Amending Agreement in relation to rural adjustment;
- (C) assistance in relation to rural adjustment for the Australian Capital Territory has been provided by the Commonwealth hitherto without the government of the Australian Capital Territory being a party to the Agreement; and
- (D) it is considered appropriate that the Australian Capital Territory become a party to the Agreement as amended and further amended by the Agreements referred to in Recital (B) (“the amended Agreement”).

NOW IT IS HEREBY AGREED as follows:

1. On and from the \_\_\_\_\_ day of \_\_\_\_\_ 1992, the Australian Capital Territory is to be a party to the amended Agreement.
2. In order that financial assistance be payable thereunder on and from the date specified in clause 1 of this Supplemental Agreement to the Australian Capital Territory by the Commonwealth there are to be inserted the words
  - (a) “and the Australian Capital Territory” in sub-clause 1(1) and 1(3) of the amended Agreement immediately after the words “of Australia”; and
  - (b) “or the Australian Capital Territory” in sub-clause 3(1) of the amended Agreement after the word “State” in the definition of both “farm enterprise” and “farmer”.
3. The Australian Capital Territory agrees to use any financial assistance so provided by the Commonwealth in accordance with the terms and conditions set out therein.
4. The amended Agreement is, save for the foregoing, confirmed in all other respects.

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

SIGNED by the Honourable SIMON  
CREAN, Minister for Primary Industries  
and Energy of the Commonwealth of  
Australia

}

SIGNED by the Honourable  
Minister for  
for the Australian Capital Territory

}





## Schedule 9

[sections 3 and 12]

### THIRD AMENDING AGREEMENT

THIS AGREEMENT is made the ..... day of ..... One Thousand nine hundred and ninety two

### 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, and

THE STATE OF QUEENSLAND of the third part,

### WHEREAS

- (A) The States of New South Wales and Queensland are among the States parties to an Agreement with the Commonwealth dated variously of December 1988 and January 1989 as amended by the First Amending, the Second Amending and Supplemental Agreements dated 20 December 1991, 13 March 1992 and 26 June 1992 respectively, relating to rural adjustment (“the amended Agreement”); and
- (B) It is desired to further amend the amended Agreement as between those two States and the Commonwealth in order to give effect to certain initiatives in favour of those in the rural sector who are suffering hardship by reason of drought in those two States.

### NOW IT IS HEREBY AGREED as follows:

1.
  - (1) This Third Amending Agreement shall, as between the Commonwealth and either the State of New South Wales or Queensland executing it, be deemed to have come into force on the 1st September 1992.
  - (2) Notwithstanding that in this Third Amending Agreement two States are named as parties, this Third Amending Agreement shall operate as an agreement between the Commonwealth and either State in respect of which it comes into force as fully and effectually as if the State in respect of which it comes into force were the only party so named other than the Commonwealth.
  - (3) In the event that a State ceases to be a party, this Third Amending Agreement shall nevertheless continue in force with respect to the Commonwealth and the other State which is a party when the cessation takes effect.
2. The amended Agreement is amended by: —
  - (a) adding to paragraph 6(1)(a) the words “and also in relation to drought, finance to acquire livestock, restructure debt and improve productivity for the ten months of the year ending 30 June 1993”;
  - (b) inserting into paragraph 10 (2) (a) after the word “crops” the words “and in relation to drought under paragraph 6 (1) (a)”;
  - and
  - (c) adding in sub-clause 10 (2) the words — “The State of New South Wales or Queensland may provide the remaining 25% of the subsidy in relation to drought in its State.”.

3. The amended Agreement is, save for the foregoing amendments, confirmed in all other respects.

IN WITNESS WHEREOF this Third Amending Agreement has been signed for and on behalf of the Parties as at the day and year first above written.

SIGNED by the Honourable SIMON  
CREAN, Minister for Primary Industries  
and Energy of the Commonwealth of  
Australia, in the presence of  
.....

}

SIMON CREAN

SIGNED by the Honourable IAN  
MORTON ARMSTRONG Minister for  
Agriculture and Rural Affairs of the State of  
New South Wales, in the presence of  
.....

}

SIGNED by the Honourable KEITH  
ERNEST DE LACY, Treasurer of the State  
of Queensland, in the presence of  
.....

}

K E DE LACY



# Schedule 10

[sections 3 and 12]

AN AGREEMENT made the            day of            One thousand nine hundred and ninety            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 WESTERN AUSTRALIA of the fifth part,

The STATE OF SOUTH AUSTRALIA of the sixth part,

The STATE OF TASMANIA of the seventh part,

The AUSTRALIAN CAPITAL TERRITORY of the eighth part,

The NORTHERN TERRITORY OF AUSTRALIA of the ninth part,

WHEREAS:

- (A) The Commonwealth, the States, the Northern Territory and the Australian Capital Territory are parties to an Agreement dated variously of December 1988 and January 1989 as amended by First Amending, Second Amending, Supplemental and Third Amending Agreements dated 20 December 1991, 13 March 1992, 26 June 1992 and 7 October 1992 respectively, relating to rural adjustment ('the amended Agreement').
- (B) Following a review, agreement has been reached between the Commonwealth and the States that the Scheme be altered to support farmers and thereby enable them to increase efficiency and productivity and thereby enhance their international competitiveness.
- (C) It has been decided to continue the payment of financial assistance to the States, the Northern Territory and the Australian Capital Territory under this Agreement.
- (D) The Parliament of the Commonwealth has authorised the execution of an Agreement by and on behalf of the Commonwealth and the provision of financial assistance to the States, the Northern Territory, and the Australian Capital Territory as provided in this Agreement.

NOW IT IS HEREBY AGREED as follows:

## PART I — INTRODUCTION

### Operation of Agreement

1. (1) In this Agreement, each State, the Northern Territory and the Australian Capital Territory 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, the Northern Territory and the Australian Capital Territory in respect of which for the time being the Agreement is in force.
- (2) This Agreement shall, as between the Commonwealth and a State executing this Agreement on or before 1 January 1993, come into

force on that date or, if executed later, on that later date and the amended Agreement shall at that time, except for:

- (a) paragraph 6(1)(a) in relation to drought which shall cease on 30 June 1993;
  - (b) paragraphs 6(1)(b), (c) and 6(2) which shall cease on 31 December 1993, where a farmer is currently receiving assistance which is due to cease in the twelve months commencing 1 January 1993;
  - (c) paragraph 6(3)(a)-which shall cease on the proposed Farm Household Support Scheme Act coming into force;
  - (d) the provisions of subclause 1(3) of this Agreement; cease as between the Commonwealth and that State.
- (3) In order to enable a State to meet contractual commitments entered into before 1 January 1993 by it under the amended Agreement, the Commonwealth shall hereunder provide such financial assistance to that State as is required to meet those contractual commitments in accordance with the amended Agreement as, with funds provided to the State by the Commonwealth under the amended Agreement, which:
- (a) are held by the State on the date on which this Agreement comes into force; or
  - (b) become subsequently available to it whether before or after that date and not disbursed; or
  - (c) interest earned on those funds whether before or after that date and not disbursed;

will enable that State to meet those commitments. Where a State has entered into contractual commitments of that kind before 1 January 1993, the terms and conditions of support for farmers by the State, and the obligations of the State and the Commonwealth under the amended agreement, will be preserved.

- (4) Notwithstanding that in this Agreement all of the States are named as parties, this Agreement shall operate as an Agreement between the Commonwealth and the party or parties in respect of which it comes into force as fully and effectually as if the party or parties in respect of which it comes into force were the only party or parties so named other than the Commonwealth.
- (5) If a State ceases to be a party, this Agreement continues in force with respect to the Commonwealth and the States which remain parties when the cessation takes effect.

#### 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:  
'Act' means the Act of the Commonwealth under which the execution, on behalf of the Commonwealth, of this Agreement is approved;

- ‘applicant’ means a person who applies for support under the Scheme;
- ‘aquaculture’ means industries which conduct systematic farming of plants and animals in water involving the use of man-made infrastructure on or adjacent to land, but excludes harvesting-type industries where farming or cultivating is not an integral part of the operation;
- ‘Authority’ means an authority of a State which has, from time to time, the administration of the Scheme on behalf of the State;
- ‘farm enterprise’ means an enterprise carried on by a farmer within the farm sector in a State, the Northern Territory or the Australian Capital Territory;
- ‘farmer’ means a person engaged in the farm sector in a State, the Northern Territory or the Australian Capital Territory, but does not include a person whose business consists principally of the provision of services;
- ‘farm sector’ means the sector comprising the agricultural, horticultural, pastoral, apicultural and aquacultural industries;
- ‘financial year’ means:
- (a) when the Agreement does not come into force in relation to a State on 1 July, from the date it comes into force up to and including 30 June which next occurs after this Agreement comes into force and thereafter each succeeding period of twelve months; and
  - (b) where this Agreement does come into force on 1 July, a period of twelve months ending on 30 June;
- ‘Minister’ means the Commonwealth Minister of State for Primary Industries and Energy;
- ‘Scheme’ means the scheme of support to be established and operated by a State in accordance with clause 8.

- (2) A reference in this Agreement to a Minister of the Commonwealth or of a State includes a reference to a Minister for the time being acting for or on behalf of the Minister referred to or to a Minister who has taken over the responsibilities of the Minister under this Agreement.
- (3) A reference in this Agreement to a State shall include a reference to an authority or authorities of a State that has or have the administration of the Scheme on behalf of the State.

## PART II — THE SCHEME

### Objectives

4. (1) The objectives of the Scheme are:
  - (a) to foster the development of a more profitable farm sector that is able to operate competitively in a deregulated financial and market environment: and
  - (b) to improve the competitiveness of the farm sector in a sustainable manner.
- (2) In order to achieve those objectives, the Scheme will

- (a) promote a better financial, technical and management performance from the farm sector; and
- (b) provide support to farmers who have prospects of sustainable long-term profitability with a view to improving the productivity of their farm units; and
- (c) provide that support in a way that ensures that the farmers who are supported become financially independent of that support within a reasonable period; and
- (d) support farmers who do not have prospects of sustainable long-term profitability to leave the farm sector.

### Strategies

5. (1) The strategies to be adopted to facilitate sustainable long-term profitability of the farm sector by improving farm productivity and helping the sector to become more self-reliant include:
  - (a) the acquisition of improved skill levels;
  - (b) the adoption of sustainable farming systems;
  - (c) the adoption of technological developments;
  - (d) obtaining access to information on technological developments and their application, training opportunities and appropriate farm programs;
  - (e) increasing farm size or capital intensity;
  - (f) farm program changes;
  - (g) debt restructuring; and
  - (h) capital restructuring.
- (2) The strategies to be adopted to overcome difficulties due to exceptional circumstances where farmers have long-term prospects of profitability, are to facilitate one or more of the following:
  - (a) the provision of carry-on finance;
  - (b) debt restructuring;
  - (c) improvements in productivity.
- (3) The strategies to be adopted to encourage farmers to make an orderly exit from the farm sector if the farmers are without prospects in the farm sector shall be to:
  - (a) assist farmers to realise farm assets in an orderly manner; and
  - (b) assist farmers to re-establish post-farming.
- (4) In achieving the strategies referred to in subclauses 5(1) and 5(3), trading in land by a State is permissible only where:
  - (a) the trading does not distort the market for land;
  - (b) large land stocks are not accumulated by the State; and
  - (c) proceeds of transactions are retained for use in the operation of the Scheme.
- (5) From time to time it may be necessary to develop other strategies to meet changing circumstances.

### Operations



6. (1) Given the nature of the support to be provided, and that the application of funds provided under the Scheme will be most effective when the operations of States are responsive to the specific circumstances pertaining to an applicant, decisions on the form and level of support to be provided to an applicant will be taken at the State level, with full knowledge of local, regional and industry conditions.
- (2) The Commonwealth, in consultation with the States, will, where appropriate, establish policy guidelines concerning:
  - (a) criteria to be adopted in assessing eligibility for support;
  - (b) outcomes expected from support under the Scheme;
  - (c) requirements for review of supported farmers; and
  - (d) determination of funding.
- (3) The role of the Commonwealth will be to:
  - (a) provide policy guidelines within which the Scheme will operate; and
  - (b) establish a reporting mechanism to permit the monitoring and assessment of the efficiency and effectiveness of the operation of the Scheme.
- (4) The role of the States will be to:
  - (a) manage funds provided under the Scheme; and
  - (b) be responsible and accountable for the achievement of the objectives of the Scheme in accordance with the Commonwealth's policy guidelines.
- (5) With a view to achieving the objectives of the Scheme in accordance with the Commonwealth's policy guidelines, the principal functions of the State Authorities in administering the Scheme will be to:
  - (a) assess the eligibility of farmers for support;
  - (b) determine, after full consideration of each individual case, the form and level of support, or combination of forms and levels of support, if any, most appropriate to the particular circumstances facing the farmers;
  - (c) deliver funds and services in accordance with policy guidelines established by the Commonwealth from time to time;
  - (d) review the effectiveness of support provided to farmers on a periodic basis;
  - (e) account to the Commonwealth at a frequency, and in a manner, determined from time to time by the Commonwealth, in consultation with the States, as to the:
    - (i) disbursement of funds in compliance with the policy guidelines;
    - (ii) effectiveness and efficiency with which the funds have been applied; and
  - (f) promote the purpose and scope of the Scheme to the farming and financial communities and other interested persons.

## Eligibility

7. (1) An individual who operates a farm enterprise is eligible for support under the Scheme only if:
  - (a) under normal circumstances the person contributes a significant proportion of his or her labour to the farm enterprise; and
  - (b) the farm and non-farm income and assets of the person are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise.
- (2) Two or more individuals who operate a farm enterprise in partnership are eligible for support under the Scheme only if:
  - (a) under normal circumstances, significant proportion of the total labour of those persons is contributed to the farm enterprise and;
  - (b) the farm and non-farm income and assets of those persons are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise.
- (3) A company that operates a farm enterprise is eligible for support under the scheme only if:
  - (a) under normal circumstances, significant proportion of the total labour of the shareholders of the company is contributed to the farm enterprise and;
  - (b) the farm and non-farm income and assets of those shareholders are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise.”
- (4) A trust estate that operates a farm enterprise is eligible for support under the Scheme only if:
  - (a) under normal circumstances, significant proportion of the total labour of the beneficiaries of the trust is contributed to the farm enterprise and;
  - (b) the farm and non-farm income and assets of the beneficiaries are not deemed to be in excess of those needed for the management of the risk faced by the farm enterprise.

## PART III — ADMINISTRATION OF SCHEME

### State to Operate Scheme

8. (1) Each State will use the financial assistance in accordance with this Agreement to establish and operate a Scheme of support to persons engaged in the farm sector in that State.
- (2) The Scheme shall consist of the forms of support referred to in clause 9 and shall be operated in conformity with the objective and other provisions set out in Part II.

### Forms of Support to those engaged in the farm sector

9. (1) In relation to paragraphs 5 (1) (b), (c), (e), (f), (g) and (h), support under the Scheme shall be primarily by way of grants by the State for the purpose of subsidies for interest payable on, and associated costs of, loans, whether made by the State or another party. Grants may be made by the State for purposes referred to in paragraphs 5 (1) (a) and (d).
- (2) Except where subclause 5 (2) applies, interest subsidies under this clause are not to exceed 50% of interest payable on, and associated costs of, the loans. The State shall bear 10% of those subsidies and the Commonwealth 90%.
- (3) Where subclause 5 (2) applies, interest subsidies may exceed 50% of that interest and associated costs. The State and the Commonwealth shall each bear 50% of so much of those subsidies as exceeds 50% of that interest and associated costs.
- (4) The State shall bear 10% of grants under the Scheme for purposes other than interest subsidies and the Commonwealth 90%.
- (5) For the purpose of paragraphs 5 (3) (a) and (b), support under the Scheme shall be by way of grants or loans by the State. The State shall bear 10% of those grants or loans and the Commonwealth 90%.
- (6) Subject to subclause 5(4), support identified in subclause 9(1) may also be used for transactions involving the land of farmers.

#### Conditions

10. The Minister may from time to time, subject to this Agreement and after consultation with the Minister or Ministers of the relevant State or States, determine policy guidelines applying to forms of support under the Scheme.

#### Terms of loans by a State

11. (1) The rates of interest at which money is advanced by the State under the Scheme shall be as determined by the State Authority.
- (2) The length of loans and the period during which an interest subsidy applies in respect of loans shall be as determined by the State Authority.
- (3) The State Authority shall have the right to review and change 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 encouraging borrowers to move to commercial credit as soon as circumstances permit.

### PART IV — FINANCIAL ASSISTANCE

#### Provision of Financial Assistance

12. Subject to, and to the performance by a State of its obligations under, this Agreement, the Commonwealth will make financial assistance available to the States for the purposes of the Scheme.

#### Amount of Financial Assistance

13. (1) Subject to this Agreement, the amount of financial assistance to be made available by the Commonwealth to each State for the strategies specified in clause 5, other than subclause 5 (2), during a financial year shall be determined by the Minister after consultation with the

State Ministers. Before the commencement of the financial year the Minister and the State Ministers will consult taking into account the objectives of the Scheme.

- (2) Of the total financial assistance to be made available in a State under this agreement, other than financial assistance referred to in subclause 5 (2), the Commonwealth will contribute 90% and the State 10%.
- (3) In respect of subclause 5(2) the Commonwealth shall bear 90% and the State shall bear 10% of the interest subsidies which do not exceed 50% of the interest payable. The State and the Commonwealth shall each bear 50% of the interest subsidies which exceed 50% of the interest payable.
- (4) The amount to be made available to a State during a financial year determined under subclause (1) may, at any time the Commonwealth so considers fit, be increased by the addition of a supplementary amount determined by the Commonwealth at that time.
- (5) The amount of financial assistance to be made available by the Commonwealth to a State for the strategies set out in paragraph 5(2) shall be as determined at the time the Commonwealth and the State agree that the provision of such support is warranted.

#### Administration Expenses

14. The Commonwealth will reimburse each State on a quarterly basis for 90% of the agreed administration expenses of the State in performing its functions under the Scheme.

#### Provision for losses

15. The Commonwealth shall not be liable to reimburse a State for any losses of that State which result from the operation under this Agreement of the Scheme, but income earned on financial assistance made available by the Commonwealth, under the amended Agreement or this Agreement, may be used by the State to make provision for any losses likely to result from the operation of the Scheme.

#### Payments of Financial Assistance

16.
  - (1) The Commonwealth shall, subject to this Agreement, make quarterly payments to the States on an acquittals basis of the financial assistance to be provided to them under this Agreement.
  - (2) The Commonwealth may, at such time and in such amounts as the Minister thinks fit, make advances on account of the payment that may be made by the Commonwealth under subclause (1).
  - (3) An amount or part of an amount advanced by the Commonwealth under this clause may be deducted by the Commonwealth from an amount that subsequently becomes payable under subclause (1) or, if no other amounts become payable under that subclause, shall be

refunded by the State to the Commonwealth at the request of the Minister.

#### Use of Advances and Other Moneys

17. (1) A State shall ensure that an amount or any part of an amount advanced to the State and not refunded under subclause 16(3) is used or applied for the operation of the Scheme.
- (2) A State shall ensure that:
- (a) any financial assistance paid by the Commonwealth under the Scheme is used or applied for the operation of the Scheme;
  - (b) any profit made by it in relation to the operation of the Scheme is used or applied for the operation of the Scheme or as mentioned in clause 15;
  - (c) any repayment of, or payment of interest on, loans made by the State and funded by the Commonwealth under the amended Agreement, and any recovery of money under that agreement, are used or applied in the operation of the Scheme.

#### Pre-commitment of Assistance

18. (1) Where the Minister has, upon the State establishing to the Minister's satisfaction that the circumstances so warrant, authorised the State during a financial year to commit to the Scheme financial assistance to be received under this Agreement during succeeding financial years, the State may approve the provision of support under the Scheme to the extent of the amount or amounts that have been so authorised by the Minister.
- (2) Any amounts that are approved by the State under subclause (1) shall be included in the amount of financial assistance to be made available by the Commonwealth to the State for the purposes of the Scheme as determined under clause 13 in respect of succeeding financial years.

#### Supporting Financial Evidence

19. (1) A State shall furnish to the Minister such documents and other evidence to justify payment of any moneys to the State under the Scheme as the Minister may from time to time reasonably request, whether the request by the Minister is made before or after the Commonwealth has made the advance or a payment pursuant to the request by the State.
- (2) Information furnished by a State pursuant to subclause (1) shall include details of applicants from the State or otherwise under the Scheme, but not so as to identify applicants, in a format agreed from time to time by Commonwealth and State Ministers.

## Audit

20. (1) The accounts, books, vouchers, documents and other records of a State relating to the operation of the Scheme shall be subject to audit carried out in accordance with Australian auditing standards by a registered company auditor or, if required by the State, the Auditor-General of the State or his or her appointee.
- (2) A report on the audits in respect of each financial year shall be furnished to the Minister by that auditor or Auditor-General of the State, as the case may be, as soon as possible after the completion of the financial year and no later than 31 October in the succeeding financial year.

## Other Financial Arrangements

21. 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 relevant Commonwealth and State Ministers responsible for such financial arrangements.

## PART V — FINANCIAL ASSISTANCE FOR RELATED PURPOSES

### Diagnostic Activities

22. Subject to clause 23, the Commonwealth will provide, on conditions determined by the Commonwealth Minister, financial assistance to the States equal to 90% of their expenditure in causing the Scheme to be more effective.

### Provisions Applicable

23. (1) The amount of financial assistance to be made available by the Commonwealth to each State for expenditure under clause 22 during a financial year shall be determined by the Commonwealth after consultation with the State.
- (2) Clauses 16, 17, 19, 21, 25, 26 and 27 shall apply in relation to this Part as if it formed part of the Scheme.

## PART VI — TRANSITIONAL

### Transitional

24. (1) To the extent the amended Agreement ceases prior to 30 June of a year, action taken under the provisions of this Agreement equivalent to clause 30 and subclause 22 (2) of the amended Agreement shall be considered to satisfy also those clauses and that subclause if that action is taken in relation to the financial year ending on the date

which, otherwise than for its cessation, would be the date on which a financial year of the amended Agreement would end.

- (2) Funds provided to a State by the Commonwealth under the amended agreement that:
- (a) are held by the State when this agreement comes into force;  
or
  - (b) subsequently become available to it;
- and any interest earned on those funds are to be used by the State for the purposes of this agreement.

## PART VII — General

### Expiry and Review

25. (1) This Agreement shall, subject to earlier termination under subclause (2), terminate on 31 December 2000.
- (2) Six months before 31 December 1996, the parties shall complete a review of the operation of the Scheme in relation to all those then party to it in the light of experience of its administration and, if they unanimously resolve to terminate it, this Agreement shall terminate on that date.
- (3) Where, on a review from time to time of the operation of the Scheme, the Ministers of the Commonwealth and of the States consider an amendment to the Agreement should be made, the Commonwealth Minister will seek to have the Agreement so amended.
- (4) Where support for farmers by a State under contractual commitments entered into by the State pursuant to this Agreement extends beyond the date on which this Agreement terminates, the terms and conditions of that support, and the obligations of the State in relation to that support, will be preserved until those contractual commitments expire.

### Exchange of Information

26. State and Commonwealth Officers associated with the Scheme will meet together as appropriate and at least twice in each year and exchange information on any matters pertinent to the Scheme, including trends in adjustment support being provided to persons in the farm sector having regard to the outlook for that sector.

### Provision of Information

27. The State will supply to the Commonwealth from time to time such information regarding the operation of the Scheme by the State for purposes of monitoring and accountability as agreed by the Commonwealth and the State.

### Loan Council

28. In the event that the Loan Council decides to include borrowings by the State for the purposes of this Scheme in borrowings subject to Loan Council control or oversight on terms which a State considers unacceptable, the Commonwealth and the States shall consult to determine whether any amendments should be made to this Agreement.

Cessation of Agreement by a State

29. A State may, on giving at least sixty days notice in writing to the Commonwealth, subject to its performance thereafter of any outstanding obligation, cease to be a party to this Agreement at the expiry of that period of notice.

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

SIGNED by the Honourable SIMON  
CREAN, Minister for Primary Industries  
and Energy of the Commonwealth of  
Australia, in the presence of

}

SIMON CREAN

RICHARD ECKERSLEY

SIGNED by the Honourable IAN  
MORTON ARMSTRONG, Minister for  
Agriculture and Rural Affairs of the State of  
New South Wales, in the presence of

}

SIGNED by the Honourable ALAN  
ROBERT STOCKDALE Treasurer of the  
State of Victoria, in the presence of

}

SIGNED by the Honourable KEITH  
ERNEST DE LACY, Treasurer of the State  
of Queensland, in the presence of

}

SIGNED by the Honourable ERNEST  
FRANCIS BRIDGE, Minister for  
Agriculture of the State of Western  
Australia, in the presence of

}

E. BRIDGE

JOHN DEDMAN



SIGNED by the Honourable TERENCE  
ROBERT GROOM Minister of Primary  
Industries of the State of South Australia, in  
the presence of

}

SIGNED by the Honourable ROBIN  
TREVOR GRAY, Minister for Primary  
Industry of the State of Tasmania, in the  
presence of

}

SIGNED by the Honourable MICHAEL  
ANTHONY REED, Minister for Primary  
Industry and Fisheries of the Northern  
Territory, in the presence of

}

SIGNED by BILL WOOD, Minister for the  
Environment, Land and Planning for the  
Australian Capital Territory, in the presence  
of

}