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1992

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

STATES GRANTS (RURAL ADJUSTMENT)
AMENDMENT BILL 1992

EXPLANATORY MEMORANDUM

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

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STATES GRANTS (RURAL ADJUSTMENT) AMENDMENT BILL 1992

GENERAL OUTLINE

1. This Bill gives effect to changes to the Rural Adjustment Scheme (RAS) which were introduced to provide special assistance measures to farmers suffering from extreme drought conditions. The measures were announced by the Minister for Primary Industries and Energy as part of the 1992-93 Federal Budget.
2. The changes provide for drought-stricken farmers in New South Wales and Queensland to obtain carry-on finance, restructure debt, and finance restocking programs and productivity improvements. The support will be made available to farmers who are assessed to have long term prospects in the rural industry.
3. The governments of the Commonwealth, New South Wales and Queensland are parties to an amended Agreement which gives effect to strategies in favour of farmers in those States who are suffering hardship caused by drought.
4. Under clause 27 of the amended Agreement, amendments can be introduced through agreement between the Commonwealth and the relevant States prior to amendment of the legislation.

FINANCIAL IMPACT STATEMENT

5. The Commonwealth will make available a total of \$14 million. This amount is to be halved between New South Wales and Queensland so that each State receives \$7 million. The assistance became available to the States on 1 September 1992, and the special measures include:
 - up to a 75 per cent subsidy on farmers' interest for debt restructuring, carry-on finance, re-stocking and productivity improvements
 - the States may choose to top the interest subsidy up to 100 per cent.

NOTES ON INDIVIDUAL CLAUSES

Clause 1 - Short title etc

6. Provides for this Bill to be called the States Grants (Rural Adjustment) Amendment Act 1992. It further defines the "Principal Act" as the States Grants (Rural Adjustment) Act 1988.

Clause 2 - Commencement

7. Provides for this bill to come into effect on the day it receives Royal Assent.

Clause 3 - Approval of execution of amending agreement

8. This clause provides approval for the execution of an agreement, which is contained in the Schedule, between the Commonwealth and either or both of the States of New South Wales and Queensland.

Clause 4 - Insertion of Schedule 5

9. This clause amends the Principal Act, by adding the Schedule from this Bill to the end of Schedule 4 of the Principal Act.

SCHEDULE 5

Clause 1

10. This clause specifies that 1 September 1992 is the date that this Amending Agreement is deemed to have come into force between the Commonwealth and the State of either New South Wales or Queensland.
11. The clause also specifies that this third Amending Agreement will operate fully and effectively between the Commonwealth and each of the two respective signatories to the Agreement, and if a State withdraws from the Agreement, the Agreement will continue to operate between the Commonwealth and the other signatory State.

Clause 2

12. This clause provides that finance to acquire livestock, restructure debt and improve productivity shall be available to farmers experiencing financial difficulties arising from drought. The clause also identifies the specific form of assistance to be used in relation to the provision of drought assistance to New South Wales and Queensland.

Clause 3

13. Confirms that, other than the amendments in this schedule, the previous amendments to the Act will apply.