

RURAL FINANCE AND SETTLEMENT COMMISSION (AMENDMENT) BILL 1977

EXPLANATORY MEMORANDUM.

This Bill proposes amendments to Acts administered by the Rural Finance and Settlement Commission in order to meet changing circumstances. The Acts are :—

- the *Rural Finance and Settlement Commission Act 1961*
- the *Rural Finance Act 1958*
- the *Land Settlement Act 1959*

The principal proposals deal with :

- the change of name of the Commission to Rural Finance Commission ;
- changes to the operation of the Rural Finance Fund to enable the inclusion of Government Agency moneys within the operations of the Rural Finance Fund ;
- the granting of power to the Commission to raise money with the consent of the Treasurer by the issue of inscribed stock or debentures ;
- an increase in the borrowing authorization of the Commission under the Rural Finance Act from \$40 million to \$55 million and an increase in the amount which is authorized to be issued from the Works and Services Account from \$40 million to \$50 million within the total borrowing ;
- an increase in the amounts which may be issued out of the Works and Services Account for the purposes of the *Land Settlement Act 1959* from \$40 million to \$45 million ;
- the provision for additional methods of disposing of developed land held by the Commission under the *Land Settlement Act 1959*.

An opportunity has also been taken to propose some minor amendments required.

The following notes concerning individual Clauses may make examination of the Bill easier.

Clause 1 (1) This sub-clause contains the usual citation provision.

(2) The “ Principal Act ” referred to throughout the Bill is the *Rural Finance and Settlement Commission Act 1961* which formed the present Commission.

(3) This sub-clause enables individual provisions of the Bill to be brought into operation on a day or the respective days to be fixed by proclamation of the Governor in Council.

Clause 2 (1) This sub-clause changes the name of the Commission to Rural Finance Commission.

(2 and 3) Provides that the change of name shall not affect any action taken or contract entered into by the Commission.

(4) Provides for consequential amendments deleting the words “ and Settlement ” from the name Rural Finance and Settlement Commission where it appears in several Clauses throughout the Principal Act.

Clause 3 proposes several amendments to section 25 of the Principal Act which established the Rural Finance and Settlement Fund, the main operating Fund of the Commission. The general effect of these amendments will be to combine in one fund all the activities of the Commission apart from activities under the Soldier Settlement and Land Settlement Acts.

Sub-clause (1) deletes the words “ and Settlement ” from the title of the Fund which then becomes the Rural Finance Fund, which is to be deemed to be the same Fund as the one it replaces.

Sub-clause (2) (a) (i) provides for the substitution of the words "Public Account" for the words "Loan Fund" in sub-section 2 of section 25 of the Principal Act. At present monies provided by the Treasurer from the Loan Fund for the purposes of the *Rural Finance Act* 1958 may be paid into the Rural Finance Fund. Special funds provided under the "Agency direction" provisions of the Rural Finance Act (section 35) may not necessarily be applied from the "Loan Fund". The substitution of "Public Account" for Loan Fund will allow all "Agency" funds to flow into and out of the Rural Finance Fund.

Sub-clause (2) (a) (ii) specifically refers to the payment into the Rural Finance Fund of the special Agency funds referred to above.

Sub-clause (2) (b) provides for payment into the Fund of money raised by the Commission by the issue of debentures or inscribed stock under the Rural Finance Act. At present the Commission has no authority to raise funds by these means but such authority is included in sub-clause (4) of clause 7 of this Bill.

Sub-clause (2) (c) provides for payment into the Rural Finance Fund of repayments and other monies received by the Commission in respect of loans and other payments made with funds provided by the Treasurer under the "Agency direction" contained in the Rural Finance Act (Section 35).

Sub-clause (3) amends sub-section 25 (3) of the Principal Act which sets out how money in the Rural Finance Fund may be applied.

Sub-clause (3) (a) amends the existing legislation by providing for a general oversight by the Treasurer of the Commission's lending programme under Part III. of the Rural Finance Act.

Sub-clause (3) (b) provides for the Commission to make loans and other payments out of the Rural Finance Fund from money provided by the Treasurer in accordance with directions given by him under the "Agency" provisions of the Rural Finance Act (section 35).

Sub-clause (3) (c) provides for the Commission to pay money out of the Rural Finance Fund—for sinking fund repayments and principal repayments on any moneys borrowed by the Commission for the purposes of the Rural Finance Act. At present the Act only makes provision for repayment of interest on borrowed monies. The reference to "sinking fund repayments" is necessary in the light of the provision later in the Bill (clause 7) for the Commission to borrow money by issue of debentures and inscribed stock, the repayment terms of which may include the establishment of a sinking fund.

Sub-clause (3) (d) provides for payment out of the Rural Finance Fund to the Treasurer of such amounts as he requires from section 35 Agency receipts, for debt servicing and the like of the particular Agency agreement or arrangement.

Clause 4 (1) enables the Commission to meet the cost of premiums to insure members of the Commission against accidents or sickness during the performance of their duties, and

(2) requires the Commission to meet the cost of any workers compensation premiums for members of the Commission out of the funds.

Clause 5 deletes the words "and Settlement" from the name of the Rural Finance and Settlement Insurance Fund established by section 29 of the Principal Act. The new name will therefore be "Rural Finance Insurance Fund".

Clause 6 provides for amendments to the *Land Settlement Act* 1959 including provision of an alternative method of disposal of land developed pursuant to the provisions of the *Land Settlement Act* 1959.

Sub-clauses (1 and 3) amend the headings in the *Land Settlement Act* 1959, which relate to the acquisition setting apart and improvement of land, by including the word "Sale" so that the headings will read "Division 1—Acquisition Setting Apart Improvement and Sale of Land".

Sub-clause (2) deletes the words "and Settlement" from the interpretation of the Commission in section 3 of the *Land Settlement Act* 1959 changing the name of the Commission to the new abridged form "Rural Finance Commission".

Sub-clause (4) adds a new section to the Land Settlement Act providing for the procedures which should be followed for the sale of land which had been set aside or acquired for settlement.

- (1) provides for the Governor-in-Council to direct that the special procedures for disposal of land shall apply when he is satisfied on certification by the Commission because of changed conditions in primary industry that such land should not be made available for settlement in the way provided under existing legislation,
- (2) enables the Governor-in-Council, on the recommendation of the Commission to sell any such land to any person on such terms and conditions as he may determine,
- (3) requires the Commission in making its recommendations as to the price to be paid for such land to have regard to current market values for land in the locality of the land being sold,
- (4) requires the Commission before making its recommendation regarding sale to place a notice in the *Government Gazette*, newspapers circulating in the district where the land is situated to the effect that certain land is not being made available for settlement in the normal way and inviting offers for purchase of the land. The notice may set out details of any preferred use for the land and any other conditions pertaining to the offer.
- (5) provides that when the full purchase money is paid a Crown Grant will issue subject to such covenants and conditions as the Governor-in-Council determines,
- (6) provides for the issue of a Crown Grant to a purchaser under a terms Contract of Sale, prior to the payment of the full purchase price where the Commission is satisfied there is adequate security available for repayment of the outstanding liability. In these circumstances the issue of a Crown Grant would be subject to the purchaser executing a first mortgage in favour of the Commission over the land being purchased and any additional security the Commission may require,
- (7) provides for the Governor-in-Council to fix the covenants and conditions of any Crown Grant issued pursuant to sub-clause 6,
- (8) provides for the Commission to fix the terms covenants and conditions of any mortgage executed pursuant to sub-clause 6,
- (9) provides that the proceeds of sale of the land are to be paid into Consolidated Revenue.

Sub-clause (5) amends section 41 (1) of the Land Settlement Act by authorizing expenditure of a further \$5 million under the Act. This is an increase from \$40 million which has nearly been expended, to \$45 million to enable the Commission to continue to effect a program of pasture maintenance on unallocated developed land, pending its disposal. This includes the running of beef cattle on land still under the control of the Commission.

Clause 7 (1) deletes the words "and settlement" from the definition of the Commission contained in section 3 of the Rural Finance Act changing the name of the Commission to the new abridged Rural Finance Commission.

(2) provides for an increase from \$40 million to \$55 million in the amount which the Commission may borrow for the purposes of the Rural Finance Act. Expenditure under this Act is nearing the \$40 million mark and the increase is appropriate at this time.

(3) provides for an increase from \$40 million to \$50 million in the amount which the Treasurer is authorized to issue and apply for the Loan Fund for the purposes of the Rural Finance Act. The difference of \$5 million between this amount and the amount the Commission may borrow is the supplementary funding which sub-clause 4 of this clause authorizes the Commission to undertake by the issue of debentures and stock.

(4) amends the *Rural Finance Act 1958* by the provision of four new sections 22, 23, 24 and 25 to that Act. These sections provide as follows:—

Section 22 Authority for the Commission, with the approval of the Treasurer and subject to the terms and conditions imposed by him to raise loans—

(a) by issuing debentures

(b) by creation and issue of inscribed stock to be known as " Rural Finance Commission Inscribed Stock "

(c) partly by either.

Section 23 (1) provides for all debentures and stock issued, together with interest to be secured against the revenues of the Commission,

(2) provides for the Government of Victoria to guarantee the repayment of principal and interest secured by the debentures or stock issued by the Commission,

(3) provides the Treasurer of Victoria with the authority to appropriate out of Consolidated Revenue any sums which may be required to fulfil any such guarantee,

(4) provides for the investment in securities as directed by the Treasurer of any money required to be placed by the Commission in a sinking fund as a condition of approval of the raising of loans by the issue of debentures or inscribed stock.

Section 24 sets out provisions relating to the power to invest in debentures and stocks.

Sub-section (1) provides for giving a trustee power to invest trust funds in debentures or stock issued by the Commission.

Sub-section (2) provides for debentures and stocks issued by the Commission to be regarded as a lawful investment by a company or body corporate.

Sub-section (3) provides that a trustee, company or body corporate may convert debentures into stock.

Sub-section (4) provides that the Commission is not bound by any notice of trust express or implied in connection with any debenture or inscribed stock of the Commission.

Sub-section (5) provides that a person investing in stocks or debentures is not bound to enquire into the manner in which the moneys he invests is applied by the Commission.

Section 25 provides for the incorporation of a new Schedule Two to the Rural Finance Act setting out the provisions to apply to debentures and inscribed stock issued by the Commission and also provides for the making of regulations relating to such issues which will include the prescribing of any fees which may be payable in relation thereto.

(5) provides for amendments to section 37 of the Rural Finance Act to strengthen the Commission's authority to provide loans to the fishing industry. Under the existing provisions of section 37 fishermen based within the metropolis may be precluded from receiving loans. The additional words to be added will expand the persons to whom loans may be made under the Rural Finance Act to read as follows : The additional words are shown in italics.

Section 37 (1) Subject to this Act the Commission may, in any case where it thinks that such a course would assist country industry or promote decentralization of industry throughout the State *or assist the fishing industry*, grant a loan under this Part to any person or body establishing or carrying on any country industry *or a fishing industry* and in addition to any loan to any such person or body may make such other financial provisions as may enable such person or body to obtain any necessary machinery, plant or equipment.

(2) Such persons or bodies may include

(a) persons or bodies of persons carrying on agricultural, horticultural, pastoral, viticultural or other rural pursuits *or a business of catching, processing, marketing or distribution of fish* ;

(b) persons or bodies of persons establishing or carrying on outside the metropolis any agricultural industry (including any industry for the trading, processing, packing or making or marketing of any kind of rural product) ;

(c) Associations, Societies, Pools or bodies of any kind formed for the main purposes of the Co-operative manufacture or marketing of rural products.

(6) Inserts in the Schedule to the *Rural Finance Act 1958* a new schedule—Schedule Two which determines the provisions relating to issue of debentures and inscribed stock including the form of debenture which is to be prescribed by Regulations.