

Rural Finance Bill

EXPLANATORY MEMORANDUM

The Bill proposes the establishment of the Rural Finance Corporation of Victoria as successor to the Rural Finance Commission. The Bill contains a complete statement of the constitution, objectives, functions and powers of the Corporation, its operations and its financial structure, powers and obligations. The *Rural Finance and Settlement Commission Act 1961* and the *Rural Finance Act 1958* are to be repealed. The Corporation succeeds to the administrative responsibilities of the Rural Finance Commission under the *Land Settlement Act 1959* and *Soldier Settlement Act 1958* and special provision is made to preserve the rights conferred on settlers and other persons by these Acts, both of which are also being repealed.

PART 1—PRELIMINARY

Clause 1 states the purpose of the Act.

Clause 2 provides for the commencement of the Act.

Clause 3 contains definitions.

PART 2—ADMINISTRATION

Clause 4 establishes a new body to be known as the Rural Finance Corporation of Victoria as a statutory corporation.

Clause 5 expresses the objectives of the Corporation. They include the promotion of rural industries in Victoria, the promotion of growth in regional Victoria and the provision of financial and other services to rural industries.

Clause 6 outlines the functions of the Corporation. In addition to providing financial services, the Corporation will be required to administer government and other schemes, to service the remaining leases, mortgages and contracts of sale issued and entered into under the *Land Settlement Act 1959* and the *Soldier Settlement Act 1958*, to provide services to government in rural matters and to undertake promotional activities where appropriate.

Clause 7 empowers the Corporation to do all things necessary or convenient for achieving its objectives and performing its functions. The Corporation may exercise certain of its powers only in accordance with guidelines issued by the Treasurer. These powers relate to the formation of companies, trusts, partnerships and other bodies, becoming a shareholder or member of a company, holding units in a trust or an interest in a partnership or other body, entering into partnerships and business ventures and acquiring, developing and disposing of land for use for rural industries.

Clause 8 provides that the exercise of the Corporation's powers is subject to the direction and control of the Minister generally and to the direction and control of the Treasurer in financial matters including co-operation between the Corporation, the State Bank and the Victorian Economic Development Corporation.

Clause 9 provides for the delegation by the Corporation of its powers.

Clause 10 establishes a Board of Management of the Corporation. It consists of a minimum of five and a maximum of seven persons and the Chief Executive Officer of the Corporation (see clause 15).

Clause 11 identifies the general conditions applying to the appointment of members of the Board.

Clause 12 makes provision for acting members in the event of a member being unable to perform the duties of office.

Clause 13 contains the statutory provisions relating to meetings of the Board.

Clause 14 provides that if a member has an interest in a contract involving the Corporation, a property interest in conflict with a member's duties to the Corporation or holds an office which would give rise to a conflict of interest, the member shall declare his or her interest at a meeting of the Board. Disclosure is not necessary in every case and the exceptions are specified. The requirements for disclosure are set out in detail.

Clause 15 establishes the office of Chief Executive Officer and the conditions of that office.

Clause 16 empowers the Corporation to employ staff.

Clause 17 provides that Board members are not subject to the *Public Service Act 1974* and preserves certain rights of Board members and Corporation employees.

PART 3—OPERATIONS AND FINANCIAL PROVISIONS

Clause 18 authorises the Corporation to make loans and provide finance accommodation, to give guarantees and to provide other services for the purposes of promoting rural industries. Special provision is made for assistance to young persons entering primary industry.

Clause 19 contains a statement of the Corporation's agency powers. The Treasurer may direct the Corporation to administer moneys provided for a special purpose or to establish and operate State or Federal schemes of assistance. The Corporation may use moneys borrowed by it or Commonwealth funds in the administration of such schemes.

Clause 20 establishes and defines the capital of the Corporation and allows for additions to the capital of the Corporation.

Clause 21 empowers the Corporation to take deposits for limited purposes.

Clause 22 contains the Corporation's fund-raising powers to be exercised with the approval of the Treasurer.

Clause 23 states that the liabilities of the Corporation are guaranteed by the Government of Victoria. The incidents of the Government's guarantee are set out in this clause.

Clause 24 contains protection for trustees dealing with the Corporation. The Corporation is not required to take notice of any trusts.

Clause 25 empowers the Treasurer to make advances to the Corporation from the Public Account, to require their repayment and to declare that an advance shall form part of the capital of the Corporation.

Clause 26 requires the Corporation to pay the Treasurer annually an amount equivalent to income tax for which the Corporation would be liable if the Corporation were not a State-owned commercial enterprise. The Corporation is also required to pay the Treasurer an annual dividend from profits.

Clause 27 establishes detailed requirements with regard to the keeping of accounts and records of the Corporation's financial operations and position.

Clause 28 contains the annual reporting requirements of the Corporation. The Corporation reports to the Minister who presents the Corporation's annual report to

Parliament. There is provision for the Corporation to report in accordance with the *Annual Report Act* 1983 should that Act be extended to apply to the Corporation.

Clause 29 contains the audit requirements with regard to the financial operations and statements of the Corporation.

PART 4—LAND SETTLEMENT AND SOLDIER SETTLEMENT

The Bill proposes the repeal of the *Land Settlement Act* 1959 and the *Soldier Settlement Act* 1959. Rights conferred by both Acts on soldier settlers and land settlers, persons who have executed mortgages under either Act and purchasers of land sold pursuant to the *Land Settlement Act* 1959 have been preserved. The provisions of both Acts conferring these rights have been re-enacted in this Part, as have those provisions required to enable the Corporation, as successor to the Rural Finance Commission, to administer land dealt with under both Acts in accordance with existing law.

Clause 30 states that the repeal of the *Land Settlement Act* 1959 and the *Soldier Settlement Act* 1958 does not affect the rights of purchase lessees, mortgagors and purchasers whose land is subject to those Acts.

Clause 31 states the following provisions are intended to add to and not detract from the rights of those persons under their purchase leases, mortgages and contracts.

Clause 32 sets out the continuing rights of settlers to transfer the land comprised in their purchase leases within the current limits imposed by the provisions of the *Land Settlement Act* 1959 and the *Soldier Settlement Act* 1958 as at the commencement of this Act.

Clause 33 deals with the rights of soldier settlers to obtain a Crown grant of their purchase lease land, their rights to deal with the land as freehold land and the conditions which apply to the exercise of those rights.

Clause 34 is concerned with the rights of a settler under a land settlement purchase lease to a Crown grant of the land.

Clauses 35 and *36* contain general provisions with regard to the exercise of the rights of settlers under purchase leases.

Clause 37 deals with the surrender of a purchase lease.

Clause 38 confirms a settler's right to a Crown grant to the land in a purchase lease upon payment in full of the purchase lease liability.

Clause 39 deals with the provisions of Crown grants to be issued under clauses 33, 34 and 38. Any encumbrances registered on the purchase lease are to be transferred to the Crown grant of the land.

Clause 40 provides that settlers are owners and occupiers for the purposes of certain public Acts.

Clause 41 enables purchase lease instalments to be recovered as rent.

Clauses 42 and *43* contain the provisions which are to apply upon forfeiture of a purchase lease arising out of a breach of the covenants of the lease.

Clause 44 protects the continuing rights of persons who have loans secured by mortgages entered into under Part VII of the *Soldier Settlement Act* 1958. Their rights to transfer and deal with the land subject to the mortgage are set out in detail.

Clause 45 requires the payment of interest on overdue instalments under purchase leases and mortgages. Interest may be waived in cases of hardship.

Clause 46 reproduces the provisions of section 5A of the *Land Settlement Act 1959* relating to land sold under that section which is still subject to contract of sale. The clause preserves the purchaser's rights to a Crown Grant of the land upon payment in full or earlier, subject to the execution of a first mortgage to secure the balance owing under the contract.

Clause 47 provides that land which ceases to be subject to a purchase lease or contract of sale will vest in the Corporation.

Clause 48 deals with land under the provisions of the *Land Settlement Act 1959* and the *Soldier Settlement Act 1958* which remains undisposed of under those Acts. The land concerned will vest in the Corporation in fee simple.

Clause 49 relates to the procedures for vesting land referred to in Clauses 47 and 48 in the Corporation. The Corporation may deal with land vested in it under these clauses in accordance with its general powers.

PART 5—MISCELLANEOUS

Clause 50 empowers the Corporation to require any person to whom Part 4 of the Bill applies to insure any land in a purchase lease, mortgage or contract of sale to which that Part applies. The Corporation may also require a borrower to ensure any property which is security for a loan. Insurance may be undertaken privately or with the Corporation and the Corporation is empowered to undertake such insurance on terms and conditions determined by it.

Clause 51 requires the Corporation to make payments in lieu of rates in respect of land vested in the Corporation.

Clause 52 allows the Corporation to appoint attorneys under seal.

Clause 53 creates an offence to misuse or misapply any money provided by the Corporation and imposes a penalty.

Clause 54 confers immunity from legal liability for any actions done in good faith in the course of duty by a member, employee or person acting on behalf of the Corporation.

Clause 55 imposes an obligation of confidentiality on members, employees and persons acting on behalf of the Corporation.

Clause 56 provides that the Corporation is not a prescribed authority for the purposes of the *Freedom of Information Act 1982*.

Clause 57 is the Corporation's regulation-making power.

PART 6—TRANSITIONAL PROVISIONS, REPEALS AND AMENDMENTS

Clause 58 provides that the Corporation is the successor in every respect to the Rural Finance Commission.

Clause 59 repeals the *Rural Finance and Settlement Commission Act 1961*, the *Rural Finance Act 1958*, the *Land Settlement Act 1959*, and the *Soldier Settlement Act 1958*.

Clause 60 makes amendments to certain Acts which contain references to the Rural Finance Commission.