**RURAL INDUSTRY ASSISTANCE (RATIFICATION OF AGREEMENT) BILL 1985**

**Legislative Council, 17 September 1985, page 914**

**Second** reading

The Hon. FRANK BLEVINS (Minister of Agriculture)obtained leave and introduced a Bill for an Act to approve execution on behalf of the State of an agreement between the Commonwealth, the States and the Northern Territory relating to the provision of assistance to persons engaged in rural industries. Read a first time.

The Hon. FRANK BLEVINS: Imove:

That this Bill be now read a second time.

In introducing this Bill to Parliament, the Government is again demonstrating its commitment to agriculture in South Australia. The Bill ratifies the Commonwealth-States Rural Adjustment Agreement 1985 which is authorised under the auspices of the States and Northern Territory Grants (Rural Adjustment) Act 1985 of the Commonwealth.

The new agreement and Commonwealth legislation followed a review of the previous rural adjustment scheme and an inquiry by the Industries Assistance Commission. The agreement will allow assistance to be provided to primary producers along the lines of previous rural adjustment schemes. Assistance falls into three broad categories.

Part A assistance provides for concessional loans or interest rate subsidies to be provided to primary producers, including apiculturalists and aquaculturalists, to assist with farm build-up, farm improvement and debt reconstruction. To be eligible for this type of assistance primary producers must be unable to obtain adequate commercial credit on affordable terms and must have good prospects for longterm viability after being assisted. Interest rates on loans will be regularly reviewed and increased to commercial rates once a farm business has achieved an acceptable level of profits. Interest rate subsidies will stay in place for a max­imum of seven years.

Part B assistance provides for carry-on assistance to those farmers whose businesses become unviable, in the short term, through severe downturn in market prices for their products. Again, assistance will only be provided to those businesses which cannot obtain appropriate commercial credit and which have good prospects for the future.

Part C assistance is a welfare package designed to minimise hardship for those primary producers whose businesses will not support normal family living expenses. Household support provides for a family at the same rate as unemployment benefits, for up to three years. Rehabilitation grants provide up to $8 000 as a lump sum payment for primary producers who have to sell their properties and who are left with no cash resources after repaying debts.

The assistance package provides excellent support for those farmers who need to make adjustments to their businesses in order to survive and also for those people who are unable to survive in rural industries.

A fundamental change in funding arrangement has been introduced for the new rural adjustment scheme. For previous schemes the Commonwealth has provided capital funds to States for on-lending to farmers. These funds have been provided as 20-year loans bearing interest rates of 7 and 8 per cent per annum. Fifteen or 25 per cent of annual allocations have been provided to States as a grant. The new scheme requires States to borrow funds to finance loans to primary producers for Part A and Part B assistance. TheCommonwealth provides annual allocations of interest subsidy to cover half of the borrowing costs incurred by States for Part A assistance and 25 per cent of borrowing costs for Part B assistance. The Commonwealth also provides contributions towards the administrative costs of the scheme. Part C assistance is wholly funded by theCommonwealth.

Whilst less generous than previous schemes the new rural adjustment scheme provides a worthwhile assistance package for primary producers. In summary, this Bill adds significant support to previous Government initiatives which will support South Australian agriculture into the future. I seek leave to have the detailed explanation of clauses inserted in Hansard without my reading it.

Leave granted.

Explanation of Clauses

Clause 1 is formal. Clause 2 provides that the measure is deemed to have come into operation on the first day of July 1985. Clause 3 defines ‘the agreement’ as the agreement between the Commonwealth, the States and the Northern Territory in the form of the schedule.

Clause 4 provides that the execution on behalf of the State of the agreement is approved. Any act done by the Minister in anticipation is ratified. Clause 5 provides that the Rural Industry Assistance Act 1985 applies to the agreement.

The Hon. PETER DUNN secured the adjournment of the debate.