



Rural Adjustment Amendment Bill 2009

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Law and Bills Digest Section

Contents

Purpose	2
Background	2
Basis of policy commitment	3
Financial implications	3
Main provisions	4
Concluding comments	4

Rural Adjustment Amendment Bill 2009

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Portfolio: Agriculture, Fisheries and Forestry

Commencement: Royal Assent

Links: The [relevant links](#) to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

Purpose

The Bill amends the *Rural Adjustment Act 1992* (the Rural Adjustment Act) to permit members of the National Rural Advisory Council (NRAC) to be re-appointed twice after the expiry of their initial term.

Background

NRAC was established in December 1999 as a statutory body under the Rural Adjustment Act. It is the successor to the Rural Adjustment Scheme Advisory Council, albeit with a more expanded role. It is largely a skills-based advisory council that provides the Minister for Agriculture, Fisheries and Forestry (the Minister) with such advice and information as he or she requests on rural issues, including applications for Exceptional Circumstances (EC) relief and extensions to EC declarations.¹

EC events are defined as ‘rare and severe events outside those a farmer could normally be expected to manage using responsible farm management strategies’.² Specifically, the event:

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1. Department of Agriculture, Fisheries and Forestry (DAFF), ‘National Rural Advisory Council’, <http://www.daff.gov.au/agriculture-food/drought/ec/nrac>, viewed 26 May 2009. The functions of NRAC are set out more fully in section 8 of the Rural Adjustment Act and include advising the Minister about rural adjustment generally; regional issues (including agreements with States); matters relating to declarations of exceptional circumstances; and training issues, particularly the Farm Business Improvement Program.
 2. DAFF, ‘Exceptional Circumstances: Background—Definition of EC’, <http://www.daff.gov.au/agriculture-food/drought/ec/background>, viewed 26 May 2009.

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- must be rare, that is, it must not have occurred more than once on average in every 20 to 25 years
- must result in a rare and severe downturn in farm income over a prolonged period of time (eg. greater than 12 months)
- cannot be planned for or managed as part of farmers' normal risk management strategies, and
- must be a discrete event that is not part of long-term structural adjustment processes or of normal fluctuations in commodity prices.³

Currently, NRAC consists of a chairperson and not more than seven other members.⁴ The members are appointed by the Minister on a part-time basis.⁵ At least one member is appointed to represent the States; at least one member is an officer of the Department of Agriculture, Fisheries and Forestry who is appointed to represent the Commonwealth; one member is appointed to represent the National Farmers' Federation; and the other members are appointed because of their expertise in 'economics, financial administration, banking, sustainable agriculture, regional adjustment, regional development, farm management or training'.⁶

Basis of policy commitment

Four of the eight current members' second terms expire on 30 June 2009, and without the proposed amendment will be unable to serve a third term.⁷ The amendment will mean that current members 'who have developed considerable expertise in undertaking EC assessments can continue to make significant contributions to NRAC by serving a third term'.⁸

Financial implications

There is no financial impact.⁹

3. DAFF, 'Exceptional Circumstances: Background—Definition of EC'.

4. Subsection 6(1) of the Rural Adjustment Act.

5. Subsection 6(2) of the Rural Adjustment Act.

6. Subsection 6(3) of the Rural Adjustment Act.

7. T Burke (Minister for Agriculture, Fisheries and Forestry), 'Second reading speech: Rural Adjustment Amendment Bill 2009', House of Representatives, *Debates*, 14 May 2009, p. 4.

8. T Burke, 'Second reading speech'.

9. Explanatory Memorandum, Rural Adjustment Amendment Bill 2009, p. 2.

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Main provisions

Under subsection 7(2) of the Rural Adjustment Act as it presently stands, a member can be re-appointed to NRAC only once. That is, a member can serve his or her initial term, and be re-appointed for a further term. **Item 1** of Schedule 1 to the Bill proposes to amend this rule to permit a member to be appointed to the Board for a maximum of three periods.

Currently, under subsection 7(1) of the Rural Adjustment Act, each period of appointment is not to exceed three years. The Bill does not affect this provision.

Concluding comments

The re-appointment of members of NRAC for a maximum of three periods (or a total of up to nine years) is considered necessary by the Government to ensure that NRAC retains the benefit of the considerable expertise of its current members, particularly in EC assessments. However, assuming that the amendment is passed, half of the present members will need to retire in 2012. It is not clear what succession planning is needed, or will need to occur, before then in order to ensure that the other four members (or possible appointees) gain the experience necessary to advise the Minister properly in place of the four members who will be ineligible for re-appointment.

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