

AUSTRALIAN RURAL BANK ACT 1977

No. 156 of 1977

An Act relating to the proposed Australian Rural Bank to be established for the purpose of assisting in the financing of primary production.

BE IT ENACTED by the Queen, and the Senate and House of Representatives of the Commonwealth of Australia, as follows:

PART I—PRELIMINARY

1. This Act may be cited as the *Australian Rural Bank Act 1977*.¹ Short title

2. (1) Subject to sub-section (2), this Act shall come into operation on the day on which it receives the Royal Assent.¹ Commencement

(2) Part III shall come into operation on a date to be fixed by Proclamation, being a date not earlier than the date on which the Governor-General grants an authority under section 4 to the Rural Bank to carry on banking business.

3. In this Act, unless the contrary intention appears— Interpretation

“lender” means a person (other than a bank) whose business is or includes the making of loans to primary producers;

“primary producer” means a person carrying on the business of primary production;

“primary production” means production resulting directly from—

- (a) the cultivation of land;
- (b) the maintenance of animals or poultry for the purpose of selling them or their bodily produce, including natural increase;
- (c) fishing operations; or
- (d) forest operations,

and includes the manufacture of dairy produce by the person who produces the raw material used in that manufacture;

“Rural Bank” or “Bank” means the company referred to in sub-section 4 (1);

“share”, in relation to the Bank, means a share in the share capital of the Bank, and includes stock.

PART II—THE AUSTRALIAN RURAL BANK

Grant of
authority to
Bank to
carry on
banking
business

4. (1) Upon the incorporation, under the law of a State or Territory relating to companies, of a company by the name of the Australian Rural Bank Limited, the Governor-General may, subject to section 5, grant to the company an authority in writing to carry on banking business in Australia, and the company may, notwithstanding section 8 of the *Banking Act 1959*, carry on banking business in accordance with that authority.

(2) Subject to sub-sections (5) and (6), the authority may be granted subject to such conditions as are specified in the authority.

(3) The Governor-General may at any time amend the authority by varying or revoking any conditions or imposing conditions.

(4) Conditions imposed under sub-section (2) or (3) may include—

- (a) conditions to be imposed by the Bank with respect to loans to be made by banks and lenders to primary producers by means of finance provided by the Bank, and, in particular, conditions with respect to the purpose for which any such loan may be made and the period within which any such loan is to be repaid; and
- (b) such other conditions as are appropriate for the achievement of the objects of the Bank.

(5) In imposing conditions under sub-section (2) or (3), the Governor-General shall have regard to the provision to be made by the Bank for a return on its capital.

(6) Nothing in this section authorizes the imposition of a condition with respect to—

- (a) a particular transaction of the Bank; or
- (b) a particular transaction by a bank or lender by means of finance provided by the Bank.

(7) The Governor-General may revoke the authority if he is satisfied that—

- (a) the Bank has contravened or failed to comply with a condition of the authority or a requirement of this Act or the regulations; or
- (b) the memorandum or articles of association of the Bank have ceased to comply with section 5.

(8) Sections 7 and 9 do not apply to or in relation to the Bank unless the authority referred to in sub-section (1) has been granted to the Bank and has not been revoked.

(9) In this section, “authority” means the authority referred to in sub-section (1).

5. An authority shall not be granted under section 4 to the Rural Bank unless the memorandum and articles of association of the Bank include provision, to the satisfaction of the Treasurer, to the effect set out in the Schedule. Memorandum and articles of association

6. Notwithstanding anything contained in any other Act, the Treasurer may, on behalf of the Commonwealth, subscribe for or otherwise acquire shares in the Rural Bank. Commonwealth may acquire shares in Bank

7. (1) Notwithstanding anything contained in any other Act, but subject to sub-section 4 (8), the Treasurer may, from time to time, on behalf of the Commonwealth, make grants or loans to the Rural Bank on such terms and conditions as he determines. Commonwealth may provide funds for Bank

(2) Terms and conditions determined under sub-section (1) may include arrangements for the provision of finance by the Bank to banks and lenders to enable those banks and lenders to make loans of a kind referred to in clause 1 in the Schedule on terms more favourable to the borrowers than would otherwise be practicable, and such terms and conditions may fix, or otherwise make provision with respect to, rates of interest to be payable in respect of such loans.

(3) Terms and conditions determined under this section shall not be inconsistent with regulations made for the purposes of sub-section 8 (3).

8. (1) Subject to sub-section (2), moneys required for the purposes of— Sources of funds provided by Commonwealth

(a) making payments in respect of shares in the Rural Bank subscribed for or otherwise acquired by the Treasurer under section 6; and

(b) making grants or loans to the Bank under section 7, shall be paid out of moneys provided by the Parliament.

(2) Moneys required for the purpose of making loans to the Bank under section 7 may, notwithstanding anything in the *Loan (Income Equalization Deposits) Act 1976*, but subject to sub-section (3), be paid out of the Income Equalization Deposits Trust Account.

(3) Moneys shall not be paid out of the Income Equalization Deposits Trust Account under sub-section (2) except in accordance with regulations made for the purposes of this sub-section that—

(a) prescribe maximum limits with respect to the amounts that may from time to time be paid out of that Account under sub-section (2); and

(b) prescribe rates of interest to be payable in respect of loans made to the Bank by means of moneys paid out of that Account under sub-section (2).

(4) Regulations made for the purposes of sub-section (3) may, in addition to prescribing the matters referred to in that sub-section, prescribe other terms and conditions to which loans referred to in paragraph (3) (b) are to be subject.

Policies of
Bank

9. (1) Subject to sub-section (3), the Rural Bank may adopt such policy as it determines with respect to any matter related to the conduct of its business.

(2) The Bank shall keep the Treasurer informed as to its policies and proposed policies.

(3) If the Treasurer so requests, the Bank shall consult the Treasurer in relation to any policy or proposed policy with respect to the object of the Bank referred to in clause 1 in the Schedule.

(4) This section has effect subject to sub-section 4 (8).

Reports

10. (1) The Rural Bank shall, as soon as practicable after the expiration of each financial year of the Bank, prepare and furnish to the Treasurer a report on its operations during that year, and the Treasurer shall cause the report to be laid before each House of the Parliament within 15 sitting days of that House after its receipt by the Treasurer.

(2) The Treasurer shall, at least once in each year, cause to be laid before each House of the Parliament a report on the operation of this Part.

Regulations

11. (1) The Governor-General may make regulations, not inconsistent with this Part, prescribing all matters that are required or permitted by this Part to be prescribed or are necessary or convenient to be prescribed for carrying out or giving effect to this Part, including provision for and in relation to—

- (a) the supply by the Rural Bank of statistical and other information to the Treasurer and to other prescribed persons; and
- (b) the publication of any such information.

(2) Regulations made by virtue of paragraph (1) (b) shall not be made so as to—

- (a) require information to be furnished with respect to the affairs of a particular customer of the Bank or of a particular customer of a bank or lender; or
- (b) permit the publication of details of particular transactions.

PART III—AMENDMENTS OF THE BANKING ACT 1959

Principal Act

12. The *Banking Act* 1959² is in this Part referred to as the Principal Act.

13. Section 5 of the Principal Act is amended—

Interpretation

- (a) by inserting in sub-section (1), after the definition of “Australian Resources Development Bank Limited”, the following definition:

“‘Australian Rural Bank Limited’ means the company of that name referred to in section 4 of the *Australian Rural Bank Act 1977*;” and

- (b) by omitting from the definition of “bank” in sub-section (1) “and the Australian Resources Development Bank Limited” and substituting “, the Australian Resources Development Bank Limited and the Australian Rural Bank Limited”.

14. Section 10 of the Principal Act is amended by omitting sub-section (4) and substituting the following sub-section:

Treasurer to be supplied with certain documents

“(4) Sub-section (3) applies in relation to the Australian Resources Development Bank Limited and the Australian Rural Bank Limited as if they were banks specified in the First Schedule.”.

15. Section 17 of the Principal Act is amended by inserting in sub-section (2) “or the Australian Rural Bank Limited” after “the Australian Resources Development Bank Limited”.

Interpretation

16. Section 36 of the Principal Act is amended by omitting from sub-section (4) “and the Australian Resources Development Bank Limited” and substituting “, the Australian Resources Development Bank Limited and the Australian Rural Bank Limited”.

Advance policy

17. Section 51 of the Principal Act is amended by omitting “and the Australian Resources Development Bank Limited” and substituting “, the Australian Resources Development Bank Limited and the Australian Rural Bank Limited”.

Interpretation

18. After section 63A of the Principal Act the following section is inserted:

“63B. (1) Except with the prior consent in writing of the Treasurer—

- (a) an allotment of shares in the capital of the Australian Rural Bank Limited shall not be made;
- (b) a transfer of shares in the capital of the Australian Rural Bank Limited shall not be registered;
- (c) a reconstruction of the Australian Rural Bank Limited shall not be effected; and
- (d) an arrangement or agreement for any sale or disposal of the business of the Australian Rural Bank Limited by amalgamation or otherwise, or for the carrying on of its business in partnership with another person, shall not be entered into.

Alterations in structure or ownership of the Australian Rural Bank require consent of Treasurer

“(2) If such an allotment is made, such a registration or reconstruction is effected, or such an arrangement or agreement is entered into, without the prior consent of the Treasurer—

- (a) the Australian Rural Bank Limited is guilty of an offence punishable, on conviction, by a fine not exceeding Two thousand dollars; and
- (b) the allotment, registration, reconstruction, arrangement or agreement, and any such sale or disposal in pursuance of the arrangement or agreement, is void and of no effect.”.

Unclaimed
moneys

19. Section 69 of the Principal Act is amended by omitting from subsection (12) “and the Australian Resources Development Bank Limited” and substituting “, the Australian Resources Development Bank Limited and the Australian Rural Bank Limited”.

SCHEDULE

Section 5

REQUIREMENTS APPLICABLE TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF RURAL BANK

1. (1) The principal object of the Bank is to be the carrying on of banking business in Australia and, in particular, the provision of finance to banks and lenders.
 - (2) The provision of finance to banks and lenders is to be for the purpose of enabling those banks and lenders to make loans with a view to increasing the availability of loan funds for purposes relating to primary production, being purposes that are commercially sound, to persons who are, or have a reasonable prospect of, successfully carrying on the business of primary production.
 - (3) The lenders to whom finance is to be provided are to be such lenders as are considered by the Bank to be appropriate having regard to, among other things, any shares in the Bank held by them or any loans made by them to the Bank.
 - (4) A loan referred to in sub-clause (2) may be for any period up to 30 years.
2. The Treasurer is to have the right, on behalf of the Commonwealth, to subscribe for or acquire shares in the Bank.
3. The directors of the Rural Bank are to include—
 - (a) A person designated by the Treasurer to be the Chairman;
 - (b) a person designated by the Treasurer to represent the interests of the Commonwealth; and
 - (c) 2 persons designated by the Treasurer to represent the interests of primary producers.

NOTES

1. Act No. 156, 1977; assented to 10 November 1977.
2. Act No. 6, 1959, as amended. For previous amendments *see* Act No. 127, 1965; No. 93, 1966; No. 84, 1967; Nos. 116, 193 and 216, 1973 (as amended by No. 20, 1974); and No. 132, 1974.