

Loan (Drought Bonds)

No. 99 of 1969

An Act to make provision for and in relation to the Issue of Drought Bonds.

[Assented to 27 September 1969]

BE it enacted by the Queen's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows:—

PART I.—PRELIMINARY.

- Short title.** 1. This Act may be cited as the *Loan (Drought Bonds) Act 1969*.
- Commencement.** 2. This Act shall come into operation on the day on which it receives the Royal Assent.
- Parts.** 3. This Act is divided into Parts, as follows:—
Part I.—Preliminary (Sections 1–4).
Part II.—Creation and Issue of Drought Bonds (Sections 5–14).
Part III.—Redemption of Drought Bonds (Sections 15–30).
Part IV.—Miscellaneous (Section 31).
- Interpretation.** 4.—(1.) In this Act, unless the contrary intention appears—
“beef cattle” does not include dairy cattle;
“Board of Review” means a Board of Review constituted under the Income Tax Assessment Act;
“grazing business” means a business of primary production that consists, in whole or part, of maintaining sheep or beef cattle, or sheep and beef cattle, for the purpose of selling them or their bodily produce, including natural increase;
“parcel of stock” in relation to a stock holder, means the whole of the stock issued to him at the one time or, if part of the stock issued to him at the one time has been redeemed, means the remainder of that stock;
“stock” or “stock to which this Act applies” means stock by the name of Drought Bonds issued under this Act;
“stock holder”, in relation to stock, means the person who holds the stock;
“the authorized person” means the Commissioner of Taxation;
“the Commonwealth Inscribed Stock Act” means the *Commonwealth Inscribed Stock Act 1911–1966*;
“the Financial Agreement” means the agreement referred to in section 2 of the *Financial Agreement Act 1928*, being that agreement as amended, whether before or after the commencement of this Act, by any subsequent agreement approved by the Parliament;

“ the Income Tax Assessment Act ” means the *Income Tax Assessment Act 1936–1969*;

“ the Registrar ”, in relation to any stock to which this Act applies, means the Registrar of Stock in relation to the Registry at which the stock is inscribed under the Commonwealth Inscribed Stock Act, and includes a person for the time being performing the functions of the Registrar of Stock in relation to that Registry;

“ year of income ”, in relation to a person, has the same meaning as it has in relation to that person under the Income Tax Assessment Act.

(2.) A reference in this Act to a person who holds stock shall be read as a reference to the person in whose name the stock is inscribed under the Commonwealth Inscribed Stock Act.

(3.) A reference in this Act to stock that has been redeemed shall be read as including a reference to stock that has become redeemable but has not been redeemed.

PART II.—CREATION AND ISSUE OF DROUGHT BONDS.

5. The Governor-General may, by order—

(a) create stock, called “ Drought Bonds ”, to the face value of an amount specified in the order, for raising money by way of loan; and

(b) authorize the Treasurer to issue the stock so created.

Power to create
Drought Bonds.

6.—(1.) The Treasurer may, from time to time, borrow moneys on the security of stock to which this Act applies.

Borrowings on
security of
Drought Bonds.

(2.) Subject to this Act, stock shall be issued and sold at such prices, on such terms and conditions (including terms and conditions as to interest) and in such manner as the Treasurer determines.

(3.) Stock shall be issued only in amounts of One hundred dollars or amounts that are multiples of One hundred dollars.

7. The expenses of borrowing under this Act, and interest payable in respect of stock to which this Act applies, shall be paid out of the Consolidated Revenue Fund, which is appropriated accordingly.

Expenses and
interest to be
paid out of
Consolidated
Revenue Fund.

8.—(1.) For the purposes of this Act, there shall be a Trust Account to be known as the Drought Bonds Trust Account.

Establishment of
Drought Bonds
Trust Account.

(2.) The Drought Bonds Trust Account is a Trust Account for the purposes of section 62A of the *Audit Act 1901–1969*.

9.—(1.) Moneys borrowed under this Act and standing to the credit of the Loan Fund shall be paid to the credit of the Drought Bonds Trust Account, and the Loan Fund is appropriated accordingly.

Loan moneys
to be paid into
Trust Account.

(2.) Moneys borrowed under this Act shall, when the moneys become repayable, be repaid out of the moneys standing to the credit of the Drought Bonds Trust Account.

National Debt
Sinking Fund
Act
not to apply.

10. The *National Debt Sinking Fund Act 1966–1967* does not apply in relation to moneys borrowed under this Act.

Borrowing to
be subject to
the Financial
Agreement.

11. Nothing in this Act authorizes the borrowing of money, or the creation or issue of securities, otherwise than in accordance with clause 6 of the Financial Agreement.

Drought Bonds
may be held by
one person only.

12. A parcel of stock to which this Act applies shall not be inscribed in the names of more than one person except where the stock is transmitted.

Drought Bonds
not transferable.

13. Stock to which this Act applies is not transferable from one person to another person.

Application of
Commonwealth
Inscribed Stock
Act to
Drought Bonds.

14.—(1.) Subject to the next succeeding sub-section, Part III. (other than sections 14, 16, 21, 22, 22A, 24, 27 and 44A), and Part V., of the Commonwealth Inscribed Stock Act apply to and in relation to stock to which this Act applies as if it were Commonwealth Government Inscribed Stock within the meaning of that Act.

(2.) For the purposes of the application of Part III. of the Commonwealth Inscribed Stock Act to and in relation to stock by virtue of the last preceding sub-section, that Part shall be deemed to be modified as follows:—

- (a) All the words from and including the words “ but the want of such certificate ” in section 17 shall be deemed to be omitted;
- (b) All the words from and including the words “ and shall have power ” in section 18 shall be deemed to be omitted;
- (c) The words “ the disposal and transfer of stock and ” in section 20 shall be deemed to be omitted.

(3.) Section 52A, sub-section (1.) of section 52B, section 54 and section 56 of the Commonwealth Inscribed Stock Act apply to and in relation to stock to which this Act applies as if it were Commonwealth Government Inscribed Stock within the meaning of that Act and, for the purposes of the application of that first-mentioned section of the Commonwealth Inscribed Stock Act to and in relation to any stock by virtue of this sub-section, certificates issued under that Act in respect of that stock shall be deemed to be stock certificates.

PART III.—REDEMPTION OF DROUGHT BONDS.

When
Drought Bonds
redeemable.

15.—(1.) Stock to which this Act applies is redeemable upon maturity or, before maturity, in accordance with this Part.

(2.) Except in pursuance of a declaration under section 20 of this Act, redeemed stock shall not be re-issued.

16.—(1.) For the purposes of this Part—

Interpretation.

- (a) an unrecouped income tax deduction shall be deemed to exist in respect of a parcel of stock held by a person if an unrecouped deduction is, under Division 16B of Part III. of the Income Tax Assessment Act, deemed to exist in respect of the stock included in that parcel;
- (b) the amount of the unrecouped income tax deduction that exists in respect of a parcel of stock held by a person shall be deemed to be the amount that, under that Division, is deemed to be the amount of the unrecouped deduction that exists in respect of the whole of the stock included in that parcel; and
- (c) a reduced income tax deduction shall be deemed to have been allowed in respect of a parcel of stock in respect of which an unrecouped income tax deduction exists if the amount of the unrecouped income tax deduction is less than the amount of stock included in that parcel.

(2.) Where a person has had, in respect of a year of income, receipts from sheep and beef cattle that amount to not less than ninety per centum of his gross farm receipts in respect of that year, he shall, for the purposes of this Part, be deemed, in relation to that year of income, to be a person eligible for income tax deductions in respect of stock.

(3.) Expressions used in the last preceding sub-section that are used in sub-section (3.) of section 159A of the Income Tax Assessment Act have the same meaning as in that sub-section.

(4.) For the purposes of this Part, stock issued to a person within a period of two months after the end of a year of income shall be deemed to have been issued to him during that year of income, and stock in respect of which a person makes an election under section 6 of the *Income Tax Assessment Act (No. 3) 1969* shall be deemed to have been issued to him during the year of income that ended on the thirtieth day of June, One thousand nine hundred and sixty-nine.

17.—(1.) The authorized person may, by instrument in writing, delegate to a Second Commissioner of Taxation or an officer in the branch of the Department of the Treasury that is under the control of the Commissioner of Taxation, either generally or otherwise as provided in the instrument of delegation, all or any of his powers or functions under this Act, except this power of delegation.

Delegation by authorized person.

(2.) A power or function so delegated may be exercised or performed by the delegate in accordance with the instrument of delegation, and, when so exercised or performed, shall, for the purposes of this Act, be deemed to have been exercised or performed by the authorized person.

(3.) A delegation under this section is revocable at will and does not prevent the exercise of a power or the performance of a function by the authorized person.

Declaration of drought areas.

18.—(1.) Where the Minister of State for Primary Industry is of the opinion that an area in Australia is experiencing drought, he may, by notice published in the *Gazette*, declare that, during the period the declaration remains in force, the area is to be treated as a drought area for the purposes of this Act.

(2.) Where the Minister of State for Primary Industry is satisfied that an area, or part of an area, specified in a declaration under the last preceding sub-section has ceased to be experiencing drought, he may, by notice published in the *Gazette*, revoke the declaration in relation to the area or in relation to the part of the area, as the case may be.

Redemption in case of drought, fire, flood or financial hardship.

19.—(1.) Subject to this section, a person who holds a parcel of stock, not being stock that has been transmitted to him, may, on a ground referred to in the next succeeding sub-section, request the authorized person to declare that the stock included in the parcel, or such amount of that stock as is specified in the request, has become redeemable.

(2.) The ground on which a request may be made by a stock holder under the last preceding sub-section is one of the following grounds:—

- (a) that he has, either alone or with other persons, at a time when a declaration under the last preceding section was in force in relation to an area, carried on a grazing business in that area;
- (b) that a grazing business carried on by him, either alone or with other persons, has suffered substantial damage to or substantial loss of pastures or livestock by reason of fire or flood; or
- (c) that he is, for any reason, suffering serious financial hardship.

(3.) A request on the ground specified in paragraph (a) of the last preceding sub-section shall not be made later than twelve months after the declaration under the last preceding section has ceased to be in force in relation to the area concerned, and a request on the ground specified in paragraph (b) of the last preceding sub-section shall not be made later than twelve months after the occurrence of the fire or flood.

(4.) Where a person holds more than one parcel of stock in respect of which an unrecouped income tax deduction exists, he shall not make a request under this section in respect of one of those parcels issued to him on a date later than the date on which another of those parcels was issued to him unless he also makes such a request in respect of the whole of each such parcel issued to him before that first-mentioned date.

(5.) Where a request is made to the authorized person in accordance with this section in respect of any stock and he is satisfied that the ground on which the request was made has been established, he shall declare that the stock has become redeemable.

Redemption and re-issue of Drought Bonds on disposal of grazing business.

20.—(1.) Subject to this section, where a person (in this section referred to as “the vendor”) who holds a parcel of stock in respect of which an unrecouped income tax deduction exists disposes, either alone or as one of two or more persons, of a grazing business, or of a part of or of an interest in, a grazing business, to another person or persons, the

vendor and that other person or one of those other persons, as the case may be, (in this section referred to as "the purchaser") may, within a period of one month after the disposal of the business or of the part of or interest in the business, on the ground that the vendor has so disposed of the business or of the part of or interest in the business, request the authorized person to declare that the stock included in the parcel, or such amount of that stock as is specified in the request, has become redeemable and is, after being redeemed, to be re-issued to the purchaser.

(2.) Where a person holds more than one parcel of stock in respect of which an unrecouped income tax deduction exists, he shall not make a request under this section in respect of one of those parcels issued to him on a date later than the date on which another of those parcels was issued to him unless he also makes such a request in respect of the whole of each parcel issued to him before that first-mentioned date.

(3.) Where the parcel of stock held by the vendor is a parcel in respect of which a reduced income tax deduction has been allowed, the amount of stock specified by him in a request under sub-section (1.) of this section shall not exceed the amount of the unrecouped income tax deduction that exists in respect of the parcel.

(4.) Where—

- (a) a request is made to the authorized person in accordance with this section in respect of any stock; and
- (b) he is satisfied that—
 - (i) the ground on which the request was made has been established; and
 - (ii) there has been paid to the Registrar the purchase price that will become payable to the Commonwealth by the purchaser in respect of the stock upon its re-issue to the purchaser,

he shall declare that the stock has become redeemable and is, after being redeemed, to be re-issued to the purchaser.

(5.) Where the request was made in respect of a parcel of stock in respect of which a reduced income tax deduction has been allowed, the authorized person shall also declare that so much of the amount of that parcel of stock as exceeds the amount of the unrecouped income tax deduction that exists in relation to the parcel has also become redeemable.

21.—(1.) Subject to this section, where—

- (a) a person who holds a parcel of stock in respect of which an unrecouped income tax deduction exists is, in relation to a year of income subsequent to the year of income in which the stock was issued, a person who is not eligible for income tax deductions in respect of stock; and

Redemption where stock holder has ceased to carry on grazing business, &c.

- (b) the authorized person is satisfied that the person is not carrying on, either alone or with other persons, a grazing business and has permanently ceased to be such a person,

the authorized person may, either at the request of the stock holder or otherwise, declare that the stock included in the parcel has become redeemable.

(2.) The last preceding sub-section does not apply in relation to a stock holder in respect of stock issued to him in pursuance of a declaration made under the last preceding section unless, in relation to the year of income in which the stock was issued to him or a subsequent year of income, he has been a person eligible for income tax deductions in respect of stock.

(3.) Where—

- (a) stock is issued to a person in pursuance of a declaration made under the last preceding section; and
- (b) the stock holder is, in relation to each of the four years of income commencing with the year of income in which the stock was issued to him, a person who is not eligible for income tax deductions in respect of stock,

the authorized person may declare that the stock has become redeemable.

Redemption in case of death, bankruptcy or winding up.

22.—(1.) Where the authorized person is satisfied that the holder of a parcel of stock has died, become bankrupt or, being a company, is being wound up, the authorized person shall declare that the stock included in the parcel has become redeemable.

(2.) The authorized person shall not make a declaration under this section in respect of any stock while a request made by the stock holder under section 19 or 20 of this Act in respect of the stock is pending.

Redemption of Drought Bonds in respect of which income tax deductions not allowed.

23.—(1.) Where a person holds a parcel of stock in respect of which no unrecouped income tax deduction exists, he may, at any time after an assessment under the Income Tax Assessment Act has been made in relation to him in respect of the year of income in which the stock was issued to him, request the authorized person to declare that the stock included in the parcel of stock, or such amount of that stock as is specified in the request, has become redeemable.

(2.) Where a person holds a parcel of stock in respect of which an unrecouped income tax deduction exists but in respect of which a reduced income tax deduction has been allowed, he may request the authorized person to declare that such amount of the stock included in the parcel as is specified in the request, being an amount that does not exceed the difference between the amount of the unrecouped income tax deduction and the amount of the parcel, has become redeemable.

(3.) Where a request is made to the authorized person in accordance with this section in respect of any stock, he shall declare that the stock has become redeemable.

24.—(1.) Subject to the next succeeding sub-section, where the amount of stock held by a person exceeds Fifty thousand dollars, the authorized person may, either at the request of the person or otherwise, declare that such of that stock as is specified by the authorized person, being stock of an amount that does not exceed the amount of the excess, has become redeemable.

Redemption of amount of stock in excess of \$50,000.

(2.) A declaration shall not be made under the last preceding sub-section except in relation to the stock included in a parcel of stock in respect of which no unrecouped income tax deduction exists.

(3.) The reference in the last preceding sub-section to a parcel of stock in respect of which no unrecouped income tax deduction exists shall be read as including a reference to so much of a parcel of stock in respect of which an unrecouped income tax deduction does exist, but in respect of which a reduced income tax deduction has been allowed, as is equal to the difference between the amount of the unrecouped income tax deduction and the amount of the parcel of stock.

25. A person shall not specify in a request under this Part, and the authorized person shall not specify in a declaration under this Part, an amount of stock except an amount of One hundred dollars or an amount that is a multiple of One hundred dollars.

Stock to be redeemed in multiples of \$100.

26.—(1.) Where a request is made to the authorized person for a declaration under section 19, 20, 21, 23 or 24 of this Act in respect of any stock and the authorized person does not, within a period of one month after receipt of the request, make a declaration in accordance with the request, he shall give notice in writing to the person or persons who made the request that he has not made the declaration, giving reasons why he has not made it.

Reference to Board of Review.

(2.) The authorized person may, within a period of one month after receiving a request for a declaration under section 19, 20, 21, 23 or 24 of this Act in respect of any stock, give notice in writing to the person or persons who made the request requiring him or them to furnish to him further information in connexion with the request and, where the authorized person gives such a notice, the reference in the last preceding sub-section to the period of one month after the receipt by the authorized person of the request shall, in relation to that request, be read as a reference to a period of one month after the information is furnished in accordance with the notice or to a period of two months after the receipt by the authorized person of the request, whichever period first expires.

(3.) Where the authorized person gives notice to a person or persons under sub-section (1.) of this section in respect of a request made by him or them, he or they may, within one month after the notice has been given, direct the authorized person, in writing, to refer the request to a Board of Review.

(4.) Upon receipt of the direction, together with a fee of the prescribed amount, the authorized person shall refer the request to a Board of Review.

(5.) Where a request is referred to a Board of Review under the last preceding sub-section, the Board has, in relation to the request, the same powers and functions as the authorized person and, for that purpose, this Part (other than this section) shall apply to and in relation to the request as if references in this Part to the authorized person were references to the Board of Review and as if the request had been made to the Board of Review.

(6.) Where the Board of Review decides not to make a declaration in accordance with the request, the Board shall give its decision in writing and state its reasons for the decision.

(7.) If the decision involves a question of law, the person or persons who made the request may appeal to the High Court from the decision.

(8.) The High Court shall hear and determine the appeal and may make such order as it thinks fit, including an order directing the Board of Review to make a declaration in accordance with the request.

(9.) Section 194 of the Income Tax Assessment Act applies to a sitting of a Board of Review in relation to a request under this Part in like manner as it applies to sittings of a Board of Review under that Act.

(10.) The regulations may make provision for and in relation to—

- (a) the giving of notices and directions under this section;
- (b) proceedings before a Board of Review in relation to a request under this Part; and
- (c) the refund of the prescribed fee referred to in sub-section (4.) of this section.

Notice of making of declarations.

27. Where the authorized person or a Board of Review makes a declaration under this Part in respect of any stock, the person or the Board shall forthwith give notice of the declaration to the Registrar and to the holder of the stock and, where the declaration is made under section 20 of this Act, to the person referred to in that section as the purchaser.

Effect of Drought Bonds having become redeemable.

28. Upon stock becoming redeemable—

- (a) interest on the stock ceases to accrue; and
- (b) the stock shall, subject to section 159D of the Income Tax Assessment Act, be redeemed and, where a declaration in respect of the stock has been made under sub-section (4.) of section 20 of this Act, the stock shall be re-issued in accordance with the declaration.

Only one request in respect of the same stock to be pending.

29. A person who has made a request under section 19, 20 or 21 of this Act in relation to a parcel of stock shall not make a request under any other of those sections in respect of that parcel of stock while the request is pending.

Requests, &c., to be in writing.

30. Any request, declaration, notice or direction under this Part shall be in writing signed by the person, or by the Board of Review, making or giving it.

PART IV.—MISCELLANEOUS.

31.—(1.) The Governor-General may make regulations, not inconsistent with this Act, prescribing all matters required or permitted by this Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to this Act, and, in particular— Regulations.

- (a) requiring a stock holder, the personal representative of a deceased stock holder, the trustee in bankruptcy of a stock holder who has become bankrupt or the liquidator of a company that is a stock holder and is in the course of being wound-up to furnish to the authorized person such information as is required by the regulations within such time as is prescribed; and
- (b) prescribing penalties, not exceeding a fine of Two hundred dollars, for offences against the regulations.

(2.) The regulations may provide that any of the regulations, or forms prescribed by the regulations, under the Commonwealth Inscribed Stock Act that relate to Commonwealth Government Inscribed Stock apply, with such modifications, if any, as are prescribed, to stock issued under this Act as if it were Commonwealth Government Inscribed Stock within the meaning of that Act.
