**FARMERS' RELIEF BILL 1932**

**House of Assembly, 3 November 1932, Page 1649**

Second reading

The TREASURER (Hon. L. L. Hill—Port Pirie)—This Bill sets out to re-enact the Farmers' Relief legislation of last year and to make certain further amendments. The principle object is to extend the period of operation of farmers' relief so as to enable the State bank to finance farmers for the season 1933-34.

Mr. Cameron—It will operate for only one year?

The TREASURER—Yes, because we are appointing a committee to go into the whole question of Farmers' Relief and Debt Adjustment, and as to what shall be done in future regarding farmers' difficulties. I placed the matter before the Premiers' Conference and a committee was appointed from that Conference to draft a scheme. New South Wales has accepted the scheme and passed an Act embodying many of its features. The Government consider that before any further legislation of this description is passed there should be a careful investigation, and by re-enacting the Farmers Relief Act for a further12 months will permit the proposed investigation. The committee to be appointed will represent all persons engaged in industry and will comprise representatives of the Chamber of Manufactures, Chamber of Commerce, the banking institutions, and the farming industry.

Mr. Dawes—Will the suggested committee be a Commonwealth committee or a State one?

The TREASURER—A State committee to inquire into what legislation it is considered necessary to adopt. Another important question is the matter of bankruptcy and an alteration to the Federal bankruptcy laws in order that they will not conflict with State laws, because the State law is subordinate to Commonwealth legislation.

Mr. Giles—Will the farmers have fair representationon the committee?

The TREASURER—Undoubtedly. The Government will do the best they can to satisfy everybody and to arrive at the best conclusions. At present State legislation comes in conflict with the Federal bankruptcy law, and the Commonwealth Government have agreed to amend the Federal bankruptcy law to such an extent that the State Acts will be able to operate without conflict. The Bill also makes some amendments to the laws under which the bank is financing this current year's agricultural operations, and under which the proceeds of this year's crop will be distributed. During the current year the bank has been distributing the proceeds of the crop for the season 1931-32, and the experience gained in that very large undertaking has put the bank in a position to suggest a number of improvements in the details of the scheme. The Bill proposes to include these improvements in the law so that they will be in operation next year in respect of this year's crops, and in 1934 in respect of the disposal of the 1933-34 crop.

Before dealing with the Bill I propose to give members some information regarding the workings of the existing Acts. The Government Statist estimates that the number of wheatgrowers in this State is as follows:—1929-30, 13,196; 1930-31, 14,038; 1931-32, 14,306. It is gratifying to notice that the number of wheatgrowers in South Australia has increased during the last three years, and that this year there were 1,100 more wheatgrowers than in the year 1929-30.

Mr. Cameron—It shows landowners are in such a state that they are gambling in wheat, whereas under ordinary conditions they would never touch it.

The TREASURER—There may be something in that. When wheat was at a high price everyone was growing it.

Mr. Cameron—Other things were bringing high prices then.

The TREASURER—The statement shows there are more men growing wheat now. Of the last group mentioned, in 1931-32, 3,488 growers harvested 18bush. and over, 5,704 growers 9bush. to 18bush., and 7,052 growers less than 9bush. The following information has been supplied by the State Bank regarding the operations of the Farmers Relief Act and the Farmers Relief Act Extension Act:—

Farmers Relief Act, 1931

|  |  |
| --- | --- |
| Total number of applications received | 4,267 |
| Total number of applications approved | 3,459 |
| Application withdrawn or declined | 808 |
| 1,290 granted assistance under Part I of the Act |  |
| 2,676 granted assistance under Part II. of the Act |  |
| (507 assisted under both parts.) |  |

|  |  |
| --- | --- |
| Advances under Part II. as at September 30, 1932 | £152,109 |
| Advances under Part I. as at September 30, 1932 | £394,337 |
| Repayments— |  |
| Part I. as at September 30, 1932 | £139,378 |
| Part II. as at September 30, 1932 | £340,688 |
| Total proceeds received to September 30, 1932 | £1,087,584 |
| Total disbursements to creditors, September 30, 1932 | £1,054,257 |
| Balance in hand | £33,327 |

The balance as above includes further sustenance to be released under section 14(1)(c) and portion of the last dividend received from the pool on August 18 still to be distributed.

The Farmers Relief Act, 1931, provided for the distribution of the proceeds of the crop in the following order of preference: —

* First preference—Repayment of advances made under the Act by the State Bank or merchants, &c., for sustenance, superphosphate, cornsacks, and other costs of putting in and taking off the crop.
* Second preference—One year’s interest on mortgages, &c., rent, annual instalment on farming machinery, one year’s rates and taxed, medical expenses, &c.
* Third preference—Sustenance for ensuing year.
* Fourth preference—Repayment of the farmer’s other debts, excluding principal moneys on mortgage, &c.

It is estimated that the distribution, when finalised, will result as hereunder:—

|  |  |
| --- | --- |
|  | Per cent |
| Paid all creditors | 5 |
| Paid, first, second, and third preferences and dividend to fourth preference creditors | 10 |
| Paid first and second preferences and allowance for sustenance | 15 |
| Paid first preferences and dividends to second preferences | 45 |
| Partial repayment of advances under the Act | 22 |
| Total failures | 3 |

These percentages are taken on the total number of applicants and are estimated only.

Farmers Relief Act Extension Act, 1931

|  |  |  |  |
| --- | --- | --- | --- |
|  | Section 5. | Section 10. | Total |
| Applications received | 2,995 | 144 | 3,139 |
| Applications approved | 2,562 | 136 | 2,698 |
| Applications declined or withdrawn | 433 | 8 | 441 |

The total commitments under this Act to date are £434,995 for the following commodities:—

|  |  |
| --- | --- |
| Super | £149,513 |
| Sustenance | £123,862 |
| Fuel and oil | £43,521 |
| Implements | £578 |
| Wages | £25,507 |
| Spare parts | £23,866 |
| Cornsacks | £44,931 |
| Horses | £7,778 |
| Miscellaneous | £15,439 |

Included in the above figures is an amount of £15,734, being advances for fallowing for next season. I have had a return prepared showing the number of farmers who have received assistance under the Farmers Relief Act Extension Act in the various districts of the State. It is as follows:—

Applications under the Farmers Relief Act Extension Act, 1931.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Received | Declined or  Withdrawn | Approved |
| West Coast | 1,221 | 142 | 1,079 |
| Mallee lands east and south of River Murray | 1,053 | 115 | 938 |
| Upper north and mid-northern | 339 | 49 | 290 |
| Lower north, central and southern districts | 527 | 136 | 391 |
|  | 3,140 | 442 | 2,698 |

It will be noticed that of the 2,698 applications, approximately 2,000 were from the West Coast and the Murray lands south and east of the Murray.

The Hon. M. McIntosh—To a large extent because it was newer country and the men had not got on their feet.

The TREASURER—Yes, but it is interesting to know where most of the relief has been given.

Mr. McHugh—It does not rain sufficiently in those districts.

The Hon. T. Butterfield—And they have a terrific burden on them in freights.

Mr. Moseley—Some farmers in those districts grew 20 bushels to the acre last year, and will grow the same this year.

The TREASURER—Then they may have five dry years.

The Hon. T. Butterfield—They have never known five dry years.

The TREASURER—Statistics show that the average wheat yield is fairly low in the districts outside the good rainfall areas. The first part of the Bill deals with amendmentsof the extending Act of 1931, under which farmers were financed for the season 1932-1933, and under which the proceeds of their crops will be distributed next year.

The first material provisions are those contained in clause 3.

By paragraph (a) a provision is enacted which will enable fanners to retain out of their 1932-1933 crops a reasonable amount of grain for grist. Numerous applications were received last year for permission to retain wheat for gristing, as farmers apparently thought this much cheaper than buying bread, and are thus enabled to more out of their sustenance allowance.

Paragraph (b) requires farmers, upon delivery of their 1932-1933 crops, in accordance with the Act to forward to the bank the cartnotes or other documents issued by merchants or the pool as evidence of delivery. It is necessary that the Bank should be apprised in this way of the delivery of the grain in order that it may know whether the farmer has carried out his obligations under the Act, and in addition it is desirable that the cartnote or storage warrant should be surrendered by the Bank to the merchant when the Bank receives the proceeds of the crop, although under an amendment proposed by the Bill this will not be absolutely necessary.

Paragraph (c) of clause 3 provides that where an applicant retains part of his crop, with the approval of the Bank, for seed, fodder, or grist, and the Bank is subsequently satisfied that the whole or some part of the amount retained has not been and will not be used for the purposes for which it was retained, it, may direct the applicant to sell or pool the balance. Last year where a farmer had been allowed to retain grain for seed it was found that in some cases the farmer did not use the grain retained, and was able to dispose of it and keep the proceeds to the possible prejudice of his creditors.

Clause 4 alters the time within which the sale of a crop delivered to a merchant must be finalised. At present the Act allows three months after delivery, with power for the Bank to extend that period on the application of the farmer. It is proposed in the Bill to require the sale to be finalised within one month after delivery of the grain, and if the farmer does not himself complete the sale within that time, the provisions of the Act will automatically operate to close the transaction, and the merchant will be obliged to pay to the Bank the price of the wheat ruling at the end of the month.

The reason for this amendment of the law is that owing to the period of three months fixed by the Act and the possibilities of the Bank having to grant extensions of time, it was not possible to commence the distribution of the proceeds of a great many crops until June or July of this year. In the meantime, the creditors were waiting for their money, and the Bank had to put up with a considerable amount of adverse criticism about the delay, which was really due to the fact that the applicants had not disposed of their crops. The new provision in the Bill will greatly facilitate the work of the bank and meet the convenience of the creditors.

A further amendment made by clause 4 is that indicated in paragraph (d) of clause 4. In many cases last year, the merchants refused to pay the bank for wheat delivered by farmers unless the Bank produced the cartnote or storage warrant or gave the merchant an indemnity against any loss which he might suffer through paying for the wheat without production of any document. The amendments proposed in paragraph (d) will require merchants and the pool to pay the Bank for wheat delivered in its name by farmers, although the Bank is not in a position to produce any document; and it will indemnify the merchants and the pool against the consequencesof their having paid the money to the Bank in these circumstances.

Clause 5 makes a number of miscellaneous amendments to the present Act. Paragraphs (a) and (b) are technical amendments only not affecting the mode of administering the Act, but merely for removing a slight ambiguity.

Paragraph (c) enables the Bank to pay out of the proceeds of the assigned crops as a fourth preference, interest on advances made to farmers by the Grown, which though not secured by a mortgage, are by law a first charge on the applicant's land. The principal item which will come under this provision is interest on advances for fencing and water piping. It is just as reasonable to pay this interest as to pay the interest on drought relief as provided at present.

Paragraph (d) provides for payments to themortgagee in cases where the mortgage of a farm does not purport to provide for the payment of interest. In these cases the mortgagee cannot under the present law participate in the proceeds of the crop because the law provides that interest only is payable. In order to do justice to such mortgagees it is proposed to enable them to rank for a dividend of an amount equal to interest for one year at the rate of 5½ per cent. on such part of the moneys secured by the mortgage which the Bank in its discretion deems to be the outstanding amount of principal. The same paragraph also provides for payment of one year's interest on an amount representing the capital value of any moneys secured by an encumbrance over the farm.

Paragraph (e) provides that payments of interest on bills of sale covering farming machinery will be limited to cases where the machinery was necessarily used in the production, harvesting, or marketing of the crop.

Paragraph (f) of clause 5 provides that where a farm is held under an agreement to purchase which does not purport to provide for the payment of interest on the purchase money, the vendor of the farm shall be entitled to rank for payment of interest for one year at the rate of5½ per cent. on the amount of purchase money outstanding.

Paragraph (g) makes an amendment on the same principle as paragraph (e), and provides that instalments of purchase price or hire of farming machinery will only rank for dividend as a fourth preference if the machinery was necessarily used in the pro­duction of marketing of the crop.

Paragraph (h) provides that vermin rates will rank for payment out of the proceeds of the crop in the same order of preference as municipal or district rates, water rates, and charges for excess water.

Clause 6 empowers the Bank to postpone the distribution of certain moneys received from the sale of farmers' crops. About half the farmers under the Act pool their wheat. In such cases the final pool dividend is not received until November and December, and it would therefore be January before the distribution could be completed. The closing date for claims against the 1932-33 crop has been fixed at November 30 of this year, but if a distribution of moneys received after that date from last year's crop is made to creditors who are lodging claims against the 1932-33 crop it will mean calling for amended claims against that crop, or making alterations to those already received. It is estimated that over 10,000 claims would be affected. As the final pool dividend is only a small sum the amount available to the creditors would be small. It is proposed, therefore, that if on October 1 the Bank has or had in hand any undistributed balances of the proceeds of the sale of any crops which are insufficient to pay a dividend of 1s. in the pound on any outstanding claims, or if any proceeds come into the hands of the Bank after October 1, the bank can postpone the distribution of those amounts and treat them as proceeds of the subsequentcrop.

The remaining clauses constitute Part II. thereof and provide for financing farmers for the season 1933-34, The scheme adopted is generally similar to that in operation in respect to the current season's crop, but there are some minor points of difference. I do not propose to explain each clause in detail, but will merely point out the main points on which the new scheme differs from the present scheme.

Clause 9, subclause (2), paragraph (c), provides that applicants may apply for finance to pay fire insurance on farm buildings and improvements, also reasonable sums for medical, dental, or nursing expenses, opticians' fees or funeral expenses payable for services rendered to or in respect of the applicant or any member of his family during the 12 months commencing, on March 1, 1933. This is a new provision since the Bank at present does not advance money for these purposes. The amount of any sums advanced by the Bank for these purposes will rank for payment out of the crop in the same order as the other amounts advanced by the Bank.

Clause 10 contains a new provision in subclause (8), which enables an applicant to withdraw his application by a relatively simple process.

In clause 14 there is an amendment of the present system. Under the present Act any trading bank, merchant, or other person who finances or gives credit to a farmer can obtain a certificate from the Bank for the amounts due to him, and get payment of these amounts out of the proceeds of the crop. It is proposed this year to limit this section to trading banks and merchants. The reason why this limitation is made is that under the present provision the Bank believes that a number of applications have been made by private persons in collusion with the farmer with a view to defeating or blocking the rights of mortgagees and creditors rather than for the purpose of genuinely assisting the farmer. The law leaves the way open for a private lender and a farmer in collusion to obtain practically the whole of the crop proceeds in repayment of fictitious loans, and it is very difficult to prove that the transaction is not bona fide. The Bank considers it is reasonable to limit the section to those persons who, in the ordinary course of business, finance farmers, that is, the trading banks and merchants. A further amendment made in this section is that the issue of certificates is dispensed with. The only object of the certificates was to enable the person holding them to deposit them as security for advances, but it has been found that this has not been done to any large extent, while the work done by the Bank in issuing a great many certificates has been considerable. The merchant or Bank can be sufficiently secured by a provision enacting that amounts advanced to a farmer under section 14, with the approval of the Bank, will be paid out of the proceeds of the applicant 's crop in the same order of priority as amounts due to the Bank.

Clauses 16, 17, and 18, which relate to the delivery of the crop, theretention of part thereof by the farmer, and the sale of the crop have been amended in accordance with the provisions which I previously explained.

In clause 20 a new provision has been inserted giving security of tenure to a farmer who is the lessee of his farm, similar to the protection given a farmer who holds his farm under agreement to purchase. Apart from these amendments and some minor machinery amendments which do not affect the general policy of the Act, the provisions of Part II. are a re-enactment of the provisions now in force.

The Bill has been carefully considered by the Bank, and all the amendments of the scheme have been enacted at the express request of the Bank or its officers to meet difficulties which nave actually arisen. If any member requires further information as to the purpose of any amendment every effort will be made to supply it. When we passed the first Bill in 1930 members of the Bank Board were very apprehensive whether we would be able to carry out the provisions of the Act. They thought it would be most difficult to administer, but the greatest credit is due to the Bank and those responsible for the administration of the Act. Of course, there are bound to be some individuals who have encountered hardships and difficulties, but the Act and its administration have improved, and the amendments now suggested will make for further improvement. I move the second reading.

The Hon. M. McINTOSH secured the adjournment of the debate until November 8.