**IRRIGATION ON PRIVATE PROPERTY ACT AMENDMENT BILL 1988**

**Legislative Assembly, 24 March 1988, page 3536**

Second reading

**The Hon. D.J. HOPGOOD (Minister for Environment and Planning)** obtained leave and introduced a Bill for an Act to amend the Irrigation on Private Property Act 1939. Read a first time.

The Hon. D.J. HOPGOOD: I move: That this Bill be now read a second time.

 seek leave to have the second reading explanation inserted in Hansard without my reading it. Leave granted.

Explanation of Bill

The objective of this amendment is to remove the restrictions on borrowings imposed by the Irrigation on Private Property Act 1939 on Irrigation Boards established by that Act.

The Irrigation on Private Property Act constitutes Boards of Management which comprise one owner from every property within a defined private irrigation area. These boards control, manage and supervise irrigation and reclamation activities within the private irrigation areas which are adjacent to the River Murray.

From time to time in exercising those functions, the Boards find it necessary to borrow funds or enter into other forms of financial arrangements. The powers of the Board to make such borrowings are governed by Sections 37a, 48 and 49 of the Act.

In 1983 the State Bank of South Australia advised the Sunlands Irrigation Board that it considered the securities required by the Bank were not adequately covered under the Irrigation on Private Property Act. Specifically the objections raised by the Bank were as follows:

 • Section 37a provides for borrowings under the Loans to Producers Act and for security to be given by way of mortgage, charge or other form of security over the Boards’ interest in land, goods and chattels. The Bank invariably requires its security to include a charge over rates for which no provision is made in the Section.

• Section 48 provides for general borrowings on the security of debentures over rates. The debentures are required to be in the form of the Second Schedule which is not in keeping with current banking arrangements in that it: (a) imposes an inflexible method of repayment of principle; (b) calls for a coupon system to evidence periodical repayments; (c) does not provide for variations to interest rates during the currency of a loan.

 • Section 49 provides for general borrowing from a Bank on the credit of its revenue. A charge over assets is usually required by the Bank and the section does not provide for such a charge to be given. Further, the Bank considers that the method by which the charge can be taken over rates should be clarified.

The bank has advised the boards that in the circumstances it would not be in a position to make further financial accommodation available until the position is clarified.

The amendments proposed by this Bill seek to remove unnecessary restrictions on the capacity of Boards to make commercial financial arrangements in the same way as any other corporate bodies can.

Consultation has taken place with all interested parties and in particular with the State Bank and Irrigation Boards. There is general agreement that the proposed amendments should be made.

Clauses 1 and 2 are formal.

Clause 3 removes section 37a (3) from the principal Act. This subsection is not necessary in view of amendments made by the Bill and could be interpreted so as to restrict the kinds of security that could be offered by a board under that section.

Clause 4 inserts a provision that makes it clear that boards are able to obtain water for irrigation purposes from any source. The removal of paragraph (h) of section 38 is consequential.

Clause 5 make consequential changes.

Clause 6 replaces sections 48, 48a and 49 with a new provision that expands the power of boards to obtain financial accommodation and secure obligations incurred as the result of obtaining such accommodation.

Clause 7 makes a consequential amendment.

The Hon. P.B. ARNOLD secured the adjournment of the debate.