**LOANS TO PRODUCERS ACT AMEND­MENT BILL 1922**

528 Loans to Producers [COUNCIL.] Amendment Bill.

**Legislative Council, 6 September 1922, pages 527-8**

Second reading

**The MINISTER of AGRICULTURE (Hon. T. Pascoe)—**This is a little machinery Bill made necessary by the experience wo have had in administering our Loans to Producers Act. The practice from the commencement of that Act has been for the Treasurer to fix a rate of interest, and provide for a rebate for prompt payment. In order to show in the mortgage the actual amount of half-yearly payments of interest and instalments to be made by the society it is necessary that the Treasurer should have power to declare two separate interest rates—the one for prompt payment and the one showing the penalty payment. The Crown Solicitor advises that under the present Act, if a penalty payment is to be provided for late payment, the fixed rate must be declared to include this penalty. The trouble has been that if any of these societies choose not to send in their interest as they ought we have no means of inflicting any penalty payment because of their failure. We should have that power, because the Act will be administered in a fair way. Without the power there is a danger that some societies may be inclined to be lax with regard to the payment of their interest. The Crown Law Department’s advice on the existing law would mean that all rates and charges would have to be calculated on the higher rate of interest and rebates calculated for prompt payment, or no provision made for such payment. The amending clause will simplify the work of the department. Another difficulty the department is confronted with is in taking security over properties on which buildings are in course of erection. Under the present Act the form of mortgage must be prescribed, and this does not permit of variation in form to suit the different circumstances which arise from time to time. In most cases we cannot tell the exact amount of loan until the work is actually completed. In some cases we have to put provisions in the mortgages which are absolutely unnecessary and cumbersome. The only way that we can meet the varying circumstances which arise from time to time is by amending the section by the omission of the word “prescribed”, leaving it to the Crown Law Department in each case to prepare the mortgage in such form as will meet individual circumstances. It is necessary that we should have this power, because under the present Act we cannot make any variations in the form of the mortgage whether the loan is desired for an ordinary factory or a grain silo. In the first case there is considerably more danger from fire, for instance, than in the second case.

The Hon. T. McCallum-—Who is going to decide?

The MINISTER of AGRICULTURE—The board which administers the Act will decide what conditions are necessary in the mortgage. Every business man realises that there are more risks in connection with some matters than others. Where there is machinery and so on there is more danger than there would be in the case of, say, silos. You could have a bush fire going all round the silo and no harm would come to it. This Bill will allow the board to determine the conditions of the mortgage, and the Crown Law Department will then draft the form necessary to meet the circumstances. The purposes for which loans may be granted under the Loans to Producers Act are:—(I) The erection or purchase of cool stores; (2) the erection or purchase of factories for jam-making and for canning, drying, or otherwise preserving fruit or vegetables; (3) the erection or purchase of fruit-packing sheds; (4) the erection or purchase of butter, cheese, or bacon factories; (5) the erection of silos; (6) the erection or purchase of wineries or distilleries; (7) the purchase of fruit-grading machinery; and (8) the installation of irrigation plants. Loans have been granted by the Government to:—(1) The Kongorong Co-operative Cheese Factory Society, Limited, at Kongorong, South-East, for £990 for the building of a cheese factory and for the purchase of machinery, *&c.;* (2) the Blackwood Fruitgrowers’ Co-operative Society, Limited, at Blackwood, for £720 for the erection of a fruit-packing shed; (3) the Blackwood Fruitgrowers’ Co-operative Society, Limited, at Blackwood for £11,521 for the erection of a cool store and necessary machinery and working plant; (4) the Waikerie Cooperative Distillery, Limited, at Waikerie-, River Murray, for £2,000 for the purchase of a distillery; (5) the Springs Co-operative Cheese Factory Society, Limited, situated at the Springs, near Mount Gambier, for £604 for the erection of a cheese factory and necessary plant; (6) the Mypolonga Co-operative Society, Limited, for fruit packing and grading shed and machinery for £1,415. The limit to which we can go in any one year is £35,000, We have never got up to that yet.

The Hon. D. J. Gordon—That shows the generosity of Parliament in fixing such a high amount.

The MINISTER of AGRICULTURE—That is not the limit to which we can go for any particular factory, but it is the limit for one year. This Act is practically to assist small co-operative companies of producers to get the best return possible for their produce.

The Hon. D. J. Gordon—-We made the limit high enough to cover all possible requirements.

The MINISTER of AGRICULTURE—Yes. The relative percentage of what we can loan to capital cost under the Act is 85 per cent. The Act also makes a condition that producers must have a very large interest in the company. It is necessary for 75 or 80 per cent, of the shareholders to be engaged in rural production. It induces producer's to co-operate among themselves in the building of these little cool stores and factories for the purpose of getting the best price for their products. The Bill before us is a machinery one so that we can administer the Act in a more commonsense way. It will provide, in the matter of mortgages, something which is not less safe, but certainly more sensible than the present method of having one prescribed form for every class of mortgage.

The Hon. R. T. Melrose—How are the Government protected if not by mortgage? What security have they?

The MINISTER of AGRICULTURE—The honorable member misunderstands me. I did not say that we are doing away with the mortgage. We are simply not having the same prescribed form of mortgage in every instance. For example, you do not need the same form of mortgage on bare land as on a house. It would be absurd to apply the same conditions.

The Hon. D. J. Gordon—You have the necessary mortgage?

The MINISTER of AGRICULTURE—Yes, for the safe administration of the Act, but the same mortgage form is not necessary in every instance, and in the past every mortgage has had to be done in one particular form. The proposed amendment of the Act will allow the Crown law officers to draft a mortgage to suit each individual ease. I shall leave the description of the various clauses to the Committee stage. I move the second reading.

The Hon. D. J. GORDON secured the ad­journment of the debate, until September 19.