**LOANS TO PRODUCERS ACT AMENDMENT BILL 1924**

**House of Assembly, 25 November 1924, pages 1833-5**

Second reading

**TREASURER (Hon. J. Gunn)—**The Loans to Producers Act, 1917, which has now been in operation for seven years, has proved in enabling primary producers, and especially co-operative societies, to obtain loans at reasonable rates of interest from the Government for the extension and development of the particular branch of production in which they are engaged. During this year in particular many applications for loans out of the Loans to Producers Fund created by the Act have been made, for on account of the existing financial stringency several co-operative societies found it very difficult to obtain advances from the trading banks to enable them to proceed with their ordinary productive activities or make absolutely necessary extensions. This Bill proposes to widen the scope of the Act and the sphere of its usefulness in three different ways:

(1). Clause 2 proposes to remove the existing limitation upon the amount which may be appropriated by Parliament in any one year to the Loans to Producers Fund. The amount at present is limited to £35,000 in any one financial year. The demands upon the fund, however, vary very much from year to year, and whereas in one year they may amount only to £10,000, in the next year they may amount to £80,000. Clause 2 proposes to remove the limitation altogether and leave Parliament free to approve on the Estimates as large a sum as the Government think proper to set aside for the purposes of the Act during any particular financial year.

(2). Clause 2 proposes to amend section 4 of the principal Act so as to enlarge the purposes for which loans may be made under the principal Act. At present the purposes for which a loan may be made are limited to the following:—(a) The erection of cool stores; (b) the erection of factories for jam making and for canning, drying or otherwise preserving fruit or vegetables; (c) the erection of fruit packing sheds; (d) the erection or purchase of butter, cheese, or bacon factories; (e) the purchase of fruit grading machinery; (f) the erection of silos. There is also power to add to these purposes by regulation, and advantage has been taken of this power to prescribe the following additional purposes for which loans may be made, namely:—The erection or purchase of wineries or distilleries; the purchase of cool stores; the purchase of factories for jam making and for canning, drying, or otherwise preserving fruit or vegetables; the purchase of fruit-packing sheds; the installation of irrigation plants. The power, however, to make regulations prescribing fresh purposes is not wide enough to cover all necessary cases. The power at present is limited to prescribing purposes of the same class or kind as those already specified in the Act. At present, for example, there is no power to enable the establishment of a retail market for fruit or vegetables to be prescribed as one of the purposes for which a loan may be made, or the pooling of jam fruits for the purpose of marketing them in the form of pulp or jam, or the purchase of materials (e.g., sugar or preservatives) required in the preparation of fruit, vegetables, and other produce for market. It is therefore proposed to add to the list of authorised purposes set out in section 4 of the principal Act the following purposes, namely:

—The erection or purchase of any shop or market for the sale of any rural products; and the sale, whether by wholesale or retail, or the preparation for sale of any rural products; In that connection the Government have one very definite project in hand, or I believe will have. That is in regard to the returned soldiers market which is to be established at Port Adelaide, in connection with which I answered a question some few days ago outlining our intentions. (3) Clause 4 enables the Government to guarantee the overdraft of a co-operative society with any of the trading banks carrying on business in South Australia, if the money advanced by the bank is to be expended by the society for some one of the purposes authorised by or under section 4 of the principal Act, i.e., a purpose for which a loan might be made to the society by the Government out of the Loans to Producers Fund. The advantage of guaranteeing the society's over­draft is that the Government are not obliged to advance any money or to take any active interest in the business of the society.

Mr. Anthoney—Is there any limitation with respect to that guarantee?

The TREASURES—That will be limited by the amount subscribed in the Loan Estimates.

Mr. Butler—You may make an advance without authority under the new Act.

The TREASURER—With proper safeguards. It is impossible for any Government to bring every individual matter before Parliament. Although there have been failures, or apparent failures, still I think that in the main what has been done has been very successful. To say that in every case the matter should be brought before Parliament is impracticable, as Parliament mav be in recess and there are other factors over which the Government must be given power. The Government in any agreement made can see that they are well protected.

What applied under the original measures will still apply, and we are extending the function. I understand that in one or two cases there have been at least tentative failures of co-operative money in connection with them but that is all. Although you may be amply protected you still may fail in life, but these risks have to be taken, and in the main what has been done has been successful. My own view is that the Government should have some authority for executive powers to-day, if there was a filure the money would have to be appropriated by Parliament, and in my opinion it is necessary that Parliament should give some authority to the Government. Some days ago the Ramco co-operative establishment waited upon me and stated that they had definite information that they could get an overdraft from their bankers, and they ordered on that: but, because of the unsettled position of the fruit industry, after the order was given no overdraft was forthcoming, and there was a big co-operative concern left without funds ft carry on with.

Mr. Anthoney—Perhaps their bankers wert not prepared to take the risk.

The TREASURER—Even where the risk is not necessarily bad banks are sometimes not able to do these things. We have no power in step in in an emergency like that unless we do as the late Government did, assume the authority and guarantee the account. We say that we should have some general power or authority to do it. In the past the Government have sometimes found it desirable to guarantee a society’s overdraft in the exercise of its executive powers. For example, the last Government guaranteed the overdraft of the Berri Co-operative Fruit Packing Union with the Commonwealth Bank, taking as security title deeds to land. Again the present Government desires to enter into an agreement to guarantee the overdraft required to finance the Voluntary Fruit Pool. The proposal here is that the bank of the South Australian Fruitgrowers Co-operative Society Limited shall advance up to £15,000 to the trustees of the pool and thus enable the trustees to make progress payments to the growers upon delivery of their products, followed by a final payment when the fruit has been turned into pulp and sold. The processing and pulping the fruit is to be carried out by the South Australian Fruitgrowers Co-operative Society Limited at their factory at St. Peters. The object of the pool is to enable fruitgrowers to obtain a fair price for their fruit by turning it into a form in which it will resist deterioration and decay, and to sell it in this form in batches and at proper intervals. This will avoid overloading the market, which is very liable to happen in the case of a fruit crop, which all ripens about the same time. A transaction very similar in nature is that of the Voluntary Wheat Pool, which has been guaranteed by the Government with the Commonwealth Bank under the authority of legislation lately passed by Parliament. Clause 4 merely proposes to give the Government definite legal power to give such guarantees in proper cases. The only two specific cases we have in mind are the proposed fruit pool by which the Government will obtain ample protection, and the establishment of a soldiers’ co-operative market.

The Hon. 6. E. LAFFER secured the ad- adjournment of the debate until November 26.