**PRIMARY PRODUCERS’ DEBTS ACT AMENDMENT BILL 1941**

**Legislative Assembly, 10 October 1941, pages 820-2**

Second reading

**The Hon. T. PLAYFORD (Gumeracha— Premier and Treasurer)—**When I delivered my policy speech prior to the last elections I intimated that if the Government was returned to power it would introduce legislation to extend the operations of the primary producers’ debts legislation for a further period, and pursuant to the promises then made, the present Bill is now introduced. At present, the latest date at which applications for debt adjustment could have been made was June 30, 1940, but under the provisions of the Bill the latest date for receiving applications will be December 31, 1942. The State Governments have not yet received from the Commonwealth Government the whole of the moneys which it undertook to raise to pay to the States for the purposes of debt adjustment, which is one reason why it is desirable that the primary producers ’ debts legislation should be extended for a further period. In addition, a number of primary producers were unaware of the benefits which might be obtained under the scheme of debt adjustment and refrained from making application for the adjustment of their debts. The extension of the time for receipt of applications will enable these producers to submit applications for debt adjustment so that if there is any possibility of a suitable scheme of adjustment being evolved they will not be de­prived of any benefits that may be obtained from the legislation.

I have been supplied by the Director of the Farmers Assistance Board, under date of June 14, 1941, with a summary of debts effected to that date. The total number of schemes of schemes effected by June 14, 1941 was 1,400 and I now give, in schedule form, a summary of, the adjustments made in the first 1,400schemes



In the schedule it is shown that the amount paid by dividend from Commonwealth gift funds was £604,401, and in addition £371,219 has been lent to various individuals out of Commonwealth funds. These moneys are lent at the low rate of 2.5 per cent per annum, and the money is being generally used to enable the balance of unsecured debts remaining after a scheme of adjustments has been effected to be transferred from outside creditors to the Farmers Assistance Board. The total debts before adjustment, as set out in the schedule, were £7,394,982, while the total debts after adjustment were only £1,071,095, so that the balance of debt remaining is approximately 55 per cent of what it was prior to adjustment. The reduction in indebtedness that has been achieved as a result of the scheme of adjustment must prove of untold benefit to the primary producers concerned, and should afford them an excellent opportunity of conducting their future operations on a sound financial basis.

In addition to the extension of time for the receipt of applications for debt adjustment, there are certain other matters dealt with in the Bill, and I will now refer thereto. Some doubt has been expressed as to whether debts due to the State Bank come within the ambit of the expression “State debts" as expressed in section 24 of the principal Act. In order that any doubt on this matter might be cleared provision is made in the Bill that the State Bank is included among the activities in respect of which the Farmers Assistance Board has the right to reduce its secured debts without securing the approval of the bank thereto. This provision relates to debts which have already accrued at the time when the scheme for adjustment is propounded.

In addition to accrued debts, provision is made in section 24 of the principal Act that arrangements may be made to reduce accruing debts but, in the case of accruing debts due to the Crown, these can only be reduced with 'he approval of the responsible Minister of the Crown. In order to remove any possible ambiguity as regards the State Bank provision is now made in the Bill that, in the case of a debt accruing due to the State Bank, this can be reduced with the approval of the board of management of that bank. As hon. members are aware, the State Bank has been financed by means of funds lent to it by the Treasurer and by certain financial institutions and by the public generally. In addition, the bank raises money by ordinary bank fixed deposit and on the whole of such moneys it has to pay interest. Because the bank has to pay interest on such borrowed moneys, and because it has expanded its business in the more doubtful areas of the State from which the bulk of the applications for debt adjustment naturally come, it would not be fair to the bank to allow the Farmers Assistance Board to reduce the debts due to the bank to any figure which the Farmers Assistance Board might think fit without compensating the bank in any way for the debts so written off. Provision is therefore made in the Bill for the loss occasioned to the bank by the reduction of the debts due to it as a result of schemes under the Primary Producers’ Debts Act shall be borne in equal shares by the bank and by the Treasurer. As regards the 50 per cent of the reduction in the debts owing to the State Bank which the Treasurer has to bear, provision is made in the Bill that the Treasurer shall compensate the bank by reducing the debt owing by the State Bank to the Treasurer by an amount equal to one half the amount by which the debts owing to that bank are reduced pursuant to schemes under the Primary Producers’ Debts Act.

The Bill contains a further provision which sets out clearly that the Treasurer will be entitled to have recourse to the credits established as a result of the cancellation of securities by the National Debt Commission, and need not necessarily provide additional funds so as to make good the amount by which he has reduced the amount owing by the State Bank to the Treasurer. The manner in which the credits derived from the cancellation of securities are applied in the reduction of various loan debits in the accounts of the Treasurer are fully set out in the Public Finance Act of 1936, and I do not therefore propose to deal further with this matter at present.

Last night I gave the House an explanation of the method adopted in connection with the cancellation of securities. The new procedure with regard to the State Bank will clear up two difficulties that have been experienced in connection with the administration of the Act. Some time ago Mr. Stott .mentioned the case of a person who, according to him, was suffering considerable disability because there was not complete agreement between the Marginal Lands Committee and the Debt Adjustment Department with regard to how much rent he should pay. The hon. member was not well-informed, because that case was really hung up for an entirely different reason—a difference of valuation between the State Bank and the Debt Adjustment Department. The State Bank officers valued the property at a certain value and the State Bank Board signified its willingness to the Debt Adjustment Department to write the property down to the valuation their officers placed upon it. On the other hand the Debt Adjustment Department valuators placed a much lower value on that property. There was the difficulty of two Government departments handling the same matter. Both were quite sincere but they varied in their valuations of the property. At that time the hon. member for Ridley eloquently criticised the Marginal Lands Committee, which had nothing to do with the matter. Under this Bill the duty of making the adjustments will be placed in the hands of one authority. The Debt Adjustment Department and its officers will be responsible for the valuation and will have the duty of conducting those adjustments in the same way as it has in regard to all other State departments.

Mr. Stott—What about accruing rents?

The Hon. T. PLAYFORD—The Bank will be placed in exactly the same position as other State departments where, before accruing rents can be dealt with, the Minister in charge has to approve of the proposal of the Debt Adjustment Department. Before the board of management writes down accruing debts it will have the right to say whether it is prepared to accept an adjustment.

The only other point is that the State Bank is not in the true sense of the word a Government department, as it has been made responsible for its own finances. Under the Commonwealth law it is not eligible to receive any of the gift money, which is equivalent. to 5s. in the pound, that other outside interests are able to obtain when they write off debts. It is obviously placed in a disadvantageous position compared with other financial institutions operating in this State. We propose to overcome those disabilities by giving the bank a 50 per cent offset in regard to amounts written off under the Debt Adjustment Act. That arrangement is entirely supported by the State Bank Board. It will remove all chances of friction. It will place the duty of debt adjustment in the hands of one competent authority and at the same time will not do any injustice to the State Bank. It will do away with any anomalies that exist at present of different values being obtained by different departments. It will obviate the necessity of a large amount of inter-departmental correspondence, simplify administration, enable a much better and quicker calculation to be arrived at, and will cut out any suggestion of duplication. I commend the Bill to the House and move the second, reading.

The Hon. R. S. RICHARDS secured the adjournment of the debate.