**CORNSACKS BILL 1931**

**House of Assembly, 20 October 1931, page 1950**

Second reading

**The COMMISSIONER of CROWN LANDS (Hon. R. S. Richards—Wallaroo)—**I would like to make it clear that I am introducing this Bill at the request of the Treasurer, who is unavoidably absent through illness, in order that honorable members may be in a position to resume the debate tomorrow. This is another temporary measure for the purpose of assisting the farmer to carry on his operations during the current depression. As its name indicates, it deals with the supply of cornsacks. There are today in the State some farmers who require cornsacks but cannot get them except on terms of cash on delivery or on an undertaking by a bank to honor the farmer’s cheque for the price. The farmers can neither put up the cash, nor obtain the necessary undertaking from the banks, and are, therefore, unable to obtain cornsacks. It is unfortunate that this should be so, but there is no doubt that the merchants are quite definite in their attitude, and in view of their experience last year, when they supplied cornsacks on credit and lost money by doing so, there would appear to be some justification for their present attitude. The question, therefore, for the Government is what security can be arranged to safeguard the merchants. It was suggested that those farmers who are not now under the Farmers Relief Act should come under that Act for the purpose of obtaining their supplies of cornsacks. This, however, is quite impracticable, the principal reasons being as follows:—

1. The creditors who have already assisted these farmers during this year would lose their security if at this stage their debtors were given assistance under the Farmers Relief Act. This Act would necessitate the distribution of the proceeds of the farmers’ crops in accordance with its provisions and the creditors would thus lose the security for the advances made.
2. The persons assisted would receive protection under sections 16 and 33 of the Act for 12 months from the date of the granting of the application, and in view of that protection being granted would be unable to obtain any financial assistance next season.
3. If farmers who have not previously been assisted under the Act could now obtain assistance for cornsacks under the Farmers Relief Act there would be an avalanche of applications, and it would be a physical impossibility for the bank staff to deal with the applications in the short time available.
4. It would enormously add to the expense of the administration of the Act by largely increasing the work in connection with the distribution of the proceeds of the crops, since every farmer who received cornsacks under the Farmers Relief Act would have to submit to having the whole of the proceeds of his crop distributed under that Act.
5. It is doubtful if sufficient finance would be available to cover the increased expenditure.

The Government suggested to the merchants that they might take bills of sale as security, but the merchants explained that it would take considerable time to prepare and get the necessary bills of sale executed and, in addition, there would be difficulties in getting the bills signed. Further, as cornsacks are very often ordered by telegram and required for immediate delivery, there is, in many cases, not sufficient time to obtain the signature of the farmer to a bill of sale prior to delivery of the sacks. Further, there is the cost of the preparation, registration, and stamp duty of a bill of sale, which would fall upon the farmer. It was suggested, and the scheme was accepted by the merchants, that cornsacks supplied for the 1931-1932 harvest should be made a statutory first charge on the crop. This would be an exceedingly simple scheme to enact by legislation, but unfortunately complications exist which make the scheme in this simple form impracticable. The trouble is that there are already first charges on some crops, and it would be impossible, without working hardship to innocent people, to make the cost of cornsacks a prior charge in every case. The merchants themselves agree that the consent of any holder of a prior charge on a crop should be obtained before the cost of cornsacks is made a first charge. This consent, of course, needs to be evidenced by some document and in order to provide for this the scheme in the Bill has been evolved. The scheme, shortly, is that the merchant who supplies cornsacks to a farmer may sign a memorandum certifying the fact of the supply, the amount due, and the date when it is payable.

Mr. McMillan—On what is the price based— landed costs or speculation costs?

The COMMISSIONER of CROWN LANDS —There is no price base in the Bill at all. I understand the honorable member is much opposed to State enterprise, and in the absence of that the only safeguard would be a price fixation.

Mr. McMillan—Where do you get your understanding from?

The COMMISSIONER of CROWN LANDS —From where I usually get it. If there is an existing bill of sale or lien on the crop the consent of the bill of sale or lien holder must be obtained and endorsed on the memorandum. The merchant may file the memorandum, and when he does this, he becomes entitled to a preferential lien for the price of the cornsacks over the crops of the particular farmer. The farmer still remains the owner of the crop, subject to the lien of the merchant, and may make arrangements for selling the crop in the ordinary course of business, but any buyer of the crop takes it subject to the lien of the cornsack merchant. Further, a farmer knowing of the lien must not deliver his crop to any person or allow delivery of it to be taken, except with the consent of the merchant entitled to the lieu. The whole scheme is quite simple and inexpensive, and the merchants have expressed themselves as willing to supply cornsacks under the scheme laid down in the Bill. They state that in all cases the farmer will be apprised by correspondence of the action taken and will be aware of his liabilities. The scheme has the further merit that it will protect the merchant adequately in the event of the subsequent bankruptcy of the farmer. Arrangements for supply of cornsacks to farmers who have been assisted under the Farmers Relief Act for other commodities are made as soon as the applications are received from the farmers, orders being at once placed with the importing merchants nominated in the respective applications. The position in regard to these supplies is being rendered difficult by the delay of many farmers in notifying the State Bank of their requirements. Notwithstanding the fact that a circular was issued in August last to all farmers who had been assisted under the Act urging them to send, as early as possible, applications for cornsacks required by them, only 1,780 out of a total of 3,469 applicants have so far notified their requirements. I am advised that in the opinion of the merchants, sufficient cornsacks will be available for the harvest requirements; 38,517 bales have already been landed at Port Adelaide or are on the water. Two more steamers are leaving Calcutta during October. I move the second reading.

The Hon. R. L. BUTLER secured the adjournment of the debate until October 21.