**CORNSACKS ACT AMENDMENT BILL 1933**

**Legislative Assembly, 1 August 1933, page 424**

Second reading

**The Hon. M. McINTOSH (Albert—Commissioner of Grown Lands)—**This short Bill is introduced for the purpose of extending the provisions of the Cornsacks Act, 1931, for another year. The Act of 1931 was passed to provide a simple method whereby a merchant supplying cornsacks on credit to a farmer could obtain security over the farmer’s crop for payment of the price of the cornsacks. The original Act has been very considerably availed of, and as far the Government is aware, has worked in a manner satisfactory both to the merchants and the farmers. The Registrar- General of Deeds informs me that up to the present 535 liens have been registered covering the supply of about 450,000 cornsacks. Quite recently representatives of the principal merchants who supply cornsacks to farmers have asked the Government to extend the Act for the forthcoming season. They state that if the Act is renewed, they will be able to extend credit to a number of farmers until after their wheat is sold, which credit cannot be granted without the protection afforded by the Act. The Government is of opinion that in the present state of the wheat industry, the re-enactment of this legislation is justified and therefore asks Parliament to pass the amending Bill. There are only two clauses which need explanation. Clause 2 extends the principal Act until March 30 1934. Clause 3 amends the section which deals with liens on the crops of farmers who have come under the Farmers Relief Act. The general principle is that if the crop is assigned to the State Bank Board under the Farmers Relief Act a lien for cornsacks cannot be created as the absolute interest in the crop has passed from the farmer to the board. The only object of the amendment is to extend this principle so that it will apply not merely in cases where the erop has been assigned to the State Bank, but also in cases where the crop is assigned to any other authority administering laws for the relief or protection of farmers. This amendment is necessary because of the proposed changes in the administration of the Farmers Relief Acts. I commend the Bill to the House. It is one which has been asked for by farmers and merchants, and it enables farmers to enter into contracts with merchant's for the supply of their sacks at an early date on advantageous terms. Merchants are prepared to quote accordingly, knowing they can obtain security. I move the second reading.

Mr. LACEY secured the adjournment of the debate until August 2.

**COBNSACKS ACT AMENDMENT BILL 1933**

**Legislative Assembly, 8 August 1933, pages 510-2**

Adjourned debate on second reading.

Mr. LACEY (Port Pixie)—-In dealing with this matter one has to refer to the Act of 1931. I have looked at the original Bill and the debates which took place concerning it. Like many other Bills passed in this House, it was one of the expedients forced upon the Government of the time. The Bill was brought down late in the session, and debates took place in this Chamber in October, when wheat was ready for garnering. There is no doubt that the pistol was held at the head of the Government at the time. The Government was perturbed, and the farmers were also perturbed lest they would lose their crops, and in these circumstances the wheat merchants were able to drive a hard bargain with the Government. Although the farmers had crops waiting in the fields they were unable to procure the required cornsacks from the merchants, and apparently the merchants told the Government and the farmers that unless some such piece of legis­lation as that at present under discussion was passed the merchants would not supply the cornsacks. In addition, although the farmers who had their crops ready were not either able to get an advance from the banks, the merchants would not even advance cornsacks on the growing crops.

The Hon. J. Mclnnes—It was an instance of the operation of private enterprise.

Mr. LACEY.—Private enterprise failed, and it was a case of whether the Government should go to the assistance of the farmers because of their plight. The Bill definitely safeguarded the merchants against loss. At that time there was one section of the community from whom it was possible for the merchants to obtain a loss, but the Bill covered that one section and made it au fait so far as the merchants were concerned. Apparently the Government was compelled to assist the farmers in this way because it found itself in a position when something had to be done hurriedly. It was suggested in some of the debates that instead of bringing down a Bill to give protection to the cornsacks merchants all the farmers should be brought under the Farmers Belief Act, but that was said to be impracticable, so I believe the Bill was brought down because they were in that unfortunate position. The merchants also refused to take bills of sale from the farmers and made remarkable excuses about not being able to get the orders signed. If a farmer requires anything on his farm he does, not experience an insufficiency of calls by those interested in disposing of the article; it is rather the other way. If the merchants had. desired to come to the farmers’ aid at all they would have been able to have bills of sale signed. That was not a legitimate excuse,, although 1 do not blame the Government for introducing the measure. I can visualise the position the Government was in at that time, of the year, when it appeared we were to have a bounteous harvest. Judging from the speech of the honorable member from Wallaroo that the Government apparently realised the position and saw that it was a matter of taking this course or else of creating great hardship on farmers- who could not get the cornsacks by any other means. Under this Bill a merchant may also sign a memorandum, and when he does he has a preferential lien on a farmer’s crop. The farmer is not permitted to allow his wheat to be delivered without the consent of the merchant, so that the merchant not only gets a large amount of financial profit by the sale of the cornsacks, but he can also direct the farmer as to where he should deliver his wheat. At least he is covered to the extent of the value of the cornsacks if the farmer has purchased from the wheat agent. Cornsacks agents and wheat merchants are the same people, so under this measure they have a dual protection against loss, the sale of wheat bags to the farmer and the protection that they will get a certain quantity of the farmers wheat. They can make, contracts which in ordinary circumstances they would not be entitled to do. The Government had to come to the assistance of the farmers and give the cornsacks merchants a fair deal at a time when private enterprise had failed. It was in my opinion a far better deal than that to which they were entitled. If any other person who deals in merchandise were to use it as an argu­ment why he should be protected against any loss and bad debts, he would have a very good case indeed. The Bill goes further and lays it down that any person who purchases wheat from the farmer, with a lien over it because of the purchase of the cornsacks, takes it subject to the lien given by the person to the merchant from whom he purchased the cornsacks. In that regard the merchants are protected to the fullest extent. .They are also protected against the bankruptcy of the farmers, so that there is no doubt that they were able to obtain an extraordinarily good bargain from the Government. Members interested in the farming industry pointed out that when cornsacks were selling at 9s. 4.d. a dozen in Australia they were 2s. 6d. in India. Had the Government had the power it could have brought into being perhaps other legislation, but it had to protect the merchant, who was exploiting the farmer, to the extent mentioned. The Government was in a cleft stick. The merchants had the big stick and wielded it very satisfactorily from their point of view. They took no risks whatever. There was an­other reason why the Government had to assist the farmers. In 1930 the banks in South Australia prevented farmers from paying the merchants or giving them the lien this Bill provided for. The Government overcame that difficulty, and, as far as I can see, the farm­ers had nothing to fear. There was a good deal of exploitation in the sale of cornsacks that year. The current price at the opening of the season was 7s. 6d. a dozen. After the opening it appeared that we were going to have a wonderful harvest, and because of the demand for cornsacks, and not because of the cost of manufacture, the price of cornsacks increased to 9s. 6d. However, fortune turned against us, the harvest was not so good as had been anticipated, and the price of bags went down. Merchants at that time were not only receiving the advantages they forced from the Government, but were also exploiting the farm­ers by charging exorbitant prices for sacks. That year it was suggested that the importa­tion of sacks would be held up altogether un­less the merchants had a guarantee. They went as far as they possibly could and placed a pistol at the head of the Government of the day. Realising what it meant, that the farmer should not lose the result of his labors nor the State its resultant revenue, the Govern­ment came to the rescue of the farmers. At that time the Premier said that it was feared the farmers would not be able to harvest their crops. There was that fear. Members criti­cised portions of the Bill, including a clause we propose to re-enact. Mr.Pattinson found Clause 4 very objectionable, but realised at the time that in spite of that and because of the necessity of the Bill he had to forego his objections. Like others he was forced to give to the merchants an all-embracing Bill which links a gap in other legislation giving them absolutely the fullest protection against any loss in the sale of cornsacks. The merchant, is a preferential creditor under the Farmers Relief Act, and this Bill covers the rest not. under farm relief. In 1931 members complained that whereas merchants were consulted, farming interests were not. Their complaint was not justified because there was no opportunity to interview anyone. Farmers were demanding legislation because they could not get cornsacks, and the merchants demanded the legislation, which was afterwards passed. Some considera­tion should be given to the supply of cornsacks. to farmers. They should not’ have to depend upon a small ring of cornsack dealers in South. Australia who would, as they did in 1931, demand legislation from the Government with the idea of saving our most stable industry but at the same time charging exorbitant prices for cornsacks. I remind members of the cornsack pool established in 1915, I think, by the Rt. Hon. W. M. Hughes, which reduced the cost of cornsacks by about 50 per cent. No doubt there are those present who remember the prices to which the bags rose when that pool lapsed.. During the short time I have been in this Chamber I have already said. that if farmers, were able to get cornsacks at reasonable prices, there would not be much demand for bulk handling.

The Hon. H. S. Hudd—That is altogether wrong.

Mr. LACEY—I believe the demand for bulk handling is due to the fact that for every bushel of wheat he produces the farmer has to pay 3d. for a container.

Mr. Dale—Bulk handling would mean a big; reduction in labor.

Mir. LACEY—I would not be permitted to discuss bulk handling in this debate, but I hope that those who claim to represent farming interests will look at the proposition from another point' of view and realise the amount of labor it would dispense with, the sustenance which would be required as a consequence, and the taxation necessary to provide that sus­tenance.

Mr. Dale—Hear, hear.

Mr. LACEY—Exorbitant prices are obtained, under duress, from farmers because the wheat merchant's leave it until the latter part of the- year before deciding what quantity of corn­sacks should be imported.

Mr. Cameron—Wheat merchants have nothing to do with it.

Mr. LACEY—I meant cornsaek merchants. They will only import cornsacks under certain circumstances, and undoubtedly they do have a big pull over the farmer.

Mr. Dale—They import motor cars and trac­tors, too.

Mr. LACEY—Yea, but they do not have the same pull over the farmer in anything else as they do in respect of cornsacks, because the whole of the farmer’s crop, representing his year’s work, is standing in the field and has to be garnered at the right time. There are men in this Chamber who should specialise in a debate on this subject.

The Hon. M. McIntosh—This is not a de­bate on bulk handling.

Mr. LACEY—I am sorry the Minister can­not understand the difference between bulk handling and the exploitation of the farmer by the high prices charged for cornsacks. This Bill gives to the cornsaek dealer an opportunity still to exploit the farmer, under protection. I do not blame the Government of the day for bringing in the Bill in 1931, because it had no option. Even at the risk of raising the ire o± the Commissioner of Crown Lands, I invite members to call attention to the extraordinary charges filched from the people in the high prices of cornsacks. This Bill is an expedient to carry us over another year, and we win have to support it now, but if attention is drawn to the position of the farmer members will be doing a service to those whom they represent. I support the Bill on the under­standing that it is an expedient only, and be­cause no other measures can be taken to assist the farmer in the present circumstances

Bill read a second time