**LOANS TO PRODUCERS ACT AMENDMENT BILL 1919**

**Legislative Council, 24 September 1919, pages 861-2**

Second reading

**The MINISTER of AGRICULTURE (Hon. W. H. Harvey)—**Although this is only a short Bill, matters of great importance to the pro­ducers and the State generally are contained in it. The main object of this measure is to amend the Loans to Producers Act passed in 1917, so as to make it more adapted than it is at present to promoting and encouraging the rearing of stock and the carrying-on of livestock operations, either alone or in conjunction with land used for agricultural purposes. It is believed that many farmers who at present depend entirely on wheatgrowing would take up the rearing and fattening of stock if they could obtain financial assistance on reasonable terms. The necessity for the Bill is due to certain limitations imposed by the present Act as to the total amount to be advanced under it in any one year, and to the security to be taken for repayment of the loan and the interest to be paid thereon. The Governor has power to prescribe purposes for which advances may be made, and by the exercise of this power the Government could make advances with the above objects in view, and it is under this power that the Government would operate when the Bill is passed. But, for such advances to effectively achieve their purpose, a much greater sum than the limit of advances to be made in any one financial year fixed by the Act, namely, £10,000, would be required. That amount would be quite inadequate. The Bill therefore provides for the striking out of the present limit to the amount of advances, leaving the total amount to be advanced in any one financial year to the discretion of the Government of the day, subject, of course, to Parliament voting the sum asked for (clause 4).

The Hon. J. Lewis—You could grant £50,000?

The MINISTER of AGRICULTURE—Yes, providing Parliament agrees. The Government would put on the Estimates any sum they think necessary to carry out the provisions of the Act.

The Hon. J. Lewis—Why not fix the amount now, say, at double the sum of £10,000 named in the existing Act?

The MINISTER of AGRICULTURE—It is thought that discretion as to the amount should be left to the Government to decide.

The Hon. J. Jelley—What area is covered by the loans?

The MINISTER of AGRICULTURE—The whole State. Section 9 of the present Act forbids a loan to be made to a landowner on any property encumbered by any previous mortgage, other than a mortgage in favor of the Crown. It is felt that this provision is likely to militate against the scheme of encouraging farmers to take up the rearing of stock by excluding many deserving cases in which assistance should be given, where circumstances have previously compelled the farmer to mortgage his land to private persons. It is proposed by clause 5 of the Bill to repeal this section, and thus to leave to the Government the question whether the security offered by the farmer is sufficient to justify an advance being made to him. A farmer will then be able to offer a second mortgage or such other security as he can, and whether or not it is sufficient will be a matter of sound business policy for the Go­vernment to decide.

The Hon. J. H. Cooke—Is the position that a first mortgage is the only one that can be regarded as security?

The MINISTER of AGRICULTURE—Yes, under the present Act.

The Hon. J. Jelley—Will each case be taken on its merits?

The MINISTER of AGRICULTURE—Yes. Each application will have to be considered. If the security of the applicant is sufficient the Government will lend any further sum they think advisable, which, under the present Act, they have not the power to do. At present they can lend only on a first mortgage. The Act prescribes that the rate of interest on advances is not to be less than the rate payable in respect of the loan moneys out of which the advances are for the time being made. Clause 6 repeals this provision, and thus leaves at large the rate of interest to be paid on advances. Cheapness is one of the main essentials in any scheme to promote increase in production, and the repeal of this provision will admit of much easier terms of repayment being allowed than under the present Act, and will enable a low rate of interest to be charged. There is one further amendment of minor importance. The definition of “landholder” in the principal Act (the person to whom advances may be made) includes lessees under miscellaneous lease. In view of the very great extension of the scheme of the present Act contemplated by the Bill, and the greater discretion allowed in the matter of security for the repayment of the loans made, it is considered that the security to be offered by such lessees is too precarious to warrant their being brought within the scope of the scheme. Clause 3 therefore provides for the exclusion of lessees under miscellaneous leases from the definition of “landholder.*”*  I think I can confidently expect the support of members to this Bill, because if we are to have greater production, increased and better facilities must be given by the Government. I move the second reading.

The Hon. W. G. DUNCAN secured the adjournment of the debate until September 25.