**LOANS TO PRODUCERS ACT AMENDMENT BILL 1980**

**Legislative Assembly, 23 September 1980, pages 1014-5**

Second reading

**The Hon. E. R. GOLDSWORTHY (Deputy Premier)** obtained leave and introduced a Bill for an Act to amend the Loans to Producers Act, 1927-1962. Read a first time.

The Hon. E. R. GOLDSWORTHY: I move: That this Bill be now read a second time. It proposes an amendment of the principal Act, the Loans to Producers Act, 1927-1962, relating to the fixing of interest rates on loans made under the Act. The principal Act empowers the State Bank of South Australia to make loans to assist primary production. The Act also provides that interest is payable on all such loans and that the rate of interest is not to be less than the rate payable by the Treasurer or the State Bank on Loan moneys out of which the loans are made.

These provisions have meant that rates on loans under the principal Act have been tied to the long-term bond rate, which has varied relatively infrequently. However, with the introduction of a new system for issuing Commonwealth bonds, the requirement that the rate of interest on loans to producers be not less than that payable by the Government on its borrowings would probably necessitate fixing new rates too frequently for reasonable administrative convenience. Accordingly, this Bill proposes that the rate of interest on loans under the principal Act be fixed by the Treasurer on a quarterly basis having regard to the rates of interest payable by the Treasurer and the State Bank on Loan moneys out of which the loans are made.

The Bill also proposes that a provision be included in the principal Act designed to remove doubts as to the effect on existing loans of any variation by the Treasurer of the rate of interest fixed under the Act. Under the provision proposed, the rate of interest payable would vary according to the rates fixed by the Treasurer, from time to time, in the case of all loans other than loans made before the commencement of the amending Act that did not, by their terms, make provision for such variation.

I seek leave to have the remainder of the explanation inserted in Hansard without my reading it. Leave granted.

Explanation of Clauses

Clause 1 is formal. Clause 2 provides that the measure is to come into operation on a day to be fixed by proclamation. Clause 3 amends section 9 of the principal Act which provides for the fixing by the Treasurer of interest rates on loans made under the Act. The clause amends this section by requiring that the rates of interest on loans made under the Act be fixed by the Treasurer having regard to the rates of interest payable by the Treasurer and the State Bank on loan moneys out of which the loans are made. The clause also requires that the Treasurer review the rates for the time being fixed under the section on a quarterly basis.

Clause 4 proposes a new section 11a defining the term “fixed rate” for the purposes of sections 10 and 11. The effect of this definition would be that the rate of interest payable on loans would vary according to the rate fixed by the Treasurer, from time to time, in the case of all loans made after the enactment and commencement of this measure and in the case of loans made before that commencement that made provision for variation of the interest rate. In the case of loans made before that commencement that did not make provision for variation of the interest rate, the interest rate fixed at the time the loan was made would continue to apply for the period of the loan.

The Hon. J. D. WRIGHT secured the adjournment of the debate.