**CLOSER SETTLEMENT BILL 1902**

**House of Assembly, 16 July 1902, pages 75-9**

Second reading

Note: This Bill was titled **REPURCHASE OF LAND BILL 1902,** however is listed as the Closer Settlement Act of 1902

**The TREASURER**, in moving the second reading, said the question of the day was not as to the expediency of the Government repurchasing land, but as to the con­ditions on which it should be done so as to ensure a profitable occupancy. He did not think the leader of the Opposition was a very warm supporter of this principle at all. He believed the hon. member’s feelings were that the Government were undertaking something which should be arranged between the owners of land and those who want it, and that repurchase is too risky a thing for the Government to undertake. The Opposition, as a whole, had no right to claim as their policy the covenant to purchase, which was included in this Bill. (Mr. Darling—“What about the cry of no alienation of Crown lands?”) That was not the question in this Bill. It was a question of whether we should go on with perpetual leasing, or give a right of pur­chase or a covenant to purchase. He did not recollect, except in the case of Mr. Handyside, that any suggestion was made last year that a covenant to purchase should be introduced in connection with repurchase. (Mr. McKenzie—“Isn’t right of purchase and covenant to purchase the same thing?”) No; under the system of right of purchase the bargain was all on one side. The man who took up land could say, after six years’ occupancy, whether he would buy it or not, while under the covenant to purchase he had an interest in the land from the outset, apart from the improvements he might put on it. He had to pay every year a small portion of the principal as well as the interest. He was surprised to hear Mr. Burgoyne yesterday say that practically there was no reason for pushing on this repurchase of land, as far as the Government was concerned, because they had plenty of Crown lands available for the purpose, and that they should exhaust them before they went in for repurchasing. He (the Treasurer) contended that they had a very limited area at the present time where it would pay to attempt to put producers, in order to earn a livelihood in cultivating the soil. (Mr.Darling—“Will you use that up first?”) No. He would go on with both at the same time. They knew full well that it was one of their greatest mistakes that they cut up the northern areas into small blocks, and placed a value of £1 or £2 an acre on them, in order to induce people to try to earn a living there. Although the rents had been reduced to an average of Id. an acre, from one end of the State right through, and right-of-purchase and perpetual leases had been given them, there were few of those settlers who were doing any good. It seemed to him that if they were going to do anything towards increasing the production they must adopt this policy, and take what risk there was in connection with it. He might be accused of having altered his policy, as he had previously supported perpetual leasing. He admitted to-day that, theoretically, where they had repurchased land, it seemed somewhat inconsistent to sell it again, but he was satisfied that if the re­purchase system expanded to any great extent the losses, if any, which the Govern­ment would make under the covenant to purchase would be small compared with the losses that would come in time in connection with perpetual leases. Mr. Strawbridge, in a memorandum to Mr. O’Loughlin, the former Commissioner of Crown Lands, said:—-“With reference to right-of- purchase of repurchased land, I consider that it would be a decided advantage if the land could be paid for by instalments extending over either 21 or 42 years, as the amounts paid would be a security against the surrender or forfeiture of a lease, which, I am afraid, under the present system, would be unavoidable. In some eases there are valuable trees on the lands now leased, and the lessees are cutting or disposing of the timber, and probably when all this is taken some of these leased lands will be abandoned, and they cannot be re-let at rentals which would give 4 per cent, on the original cost. There is very little security to the Government in the present leases, and when the land is exhausted, or does not yield sufficient to pay the rent as now fixed, agitation will probably result in the rents being reduced, whilst if two or three instalments are paid such action could be prevented. In Victoria purchase by instalments is allowed. No trans­fer, except in case of hardship, is permitted for the first five years.” That opinion had been obtained within the last six months. Those who were in the House at the time when the State Bank Bill was under consideration would recol­lect the great care that- was exercised by its supporters to see that the administration was removed from political influence, and it was owing to that policy that the institution had had a successful career. The risk run by the State Bank (for the debts of which the Government was liable) in lending 60 per cent, of the ascertained value, was infinitely less than the chance of loss by the Government in this repurchase •scheme. For instance, the State Bank lent 60 per cent., while the Government paid full value for the land, and had to get 100 per cent, returned. The State Bank had adopted the same principle as in this Bill, namely small payments off the principal every year. The success of the State Bank was due to its removal from political in­fluence, and at the present time, after seven years’ working, there was only a sum of £700 in arrear. There would have been a very much larger sum in arrear if poli­tical influence had been allowed to enter into its control. The closer settlement scheme was practically in its infancy. In 1899 they first commenced to repurchase land for closer settlement, so that although the arrears were comparatively small, mem­bers must remember that in the majority of eases the second year’s instalment had not become due. It was only after a few years’ trial that they could ascertain what the loss to the State would be under the system of perpetual leasing. The total amount for which they were liable at the present time was £268,278, which was approximately half the amount at present lent by the State Bank. In the course of a short time he was hopeful they would have estates offered at sufficiently reasonable prices to justify the Government in­curring a liability of four times that amount. In the course of a few years, if good estates were offered in good districts, the House would probably justify a very elaborate extension of the Closer Settlement system. If in the course of five or six years they had borrowed £1,000,000 for the repurchase of land that would involve an annual payment in inte­rest of roughly £35,000; perhaps less, if they could borrow the money cheaply. Every safeguard should be introduced, in order that as nearly as possible the whole of the interest should be repaid into the Treasury. If in three or four years Parliament found that the arrears were accumulating, they would very speedily reverse the present policy, and close what he con­sidered were the only avenues for extended closer settlement. He was not blind to the fact that the State derived a very big in­direct advantage from a population on the soil thick enough to make the fullest value of it. Our railway revenue would bene­fit immensely. If the Yongala repurchased land continued as at present the receipts from the railway carriage from that district to Port Pirie would be 10 times as much as when it was held as a sheep walk. One argument against this system was that there would be a reaccumulating of the land. (Mr. Darling—“That is all rubbish.”) He did not think it was. It would accu­mulate to some extent, but it was better to have some accumulation than a big defi­ciency on the other side, and in some cases where the land had been cut into blocks of too small dimensions the reaccumulation would be productive of good. With in­crease of population the demands for land, especially in the south-east, would be so great that there would be no possibility of reaccumulation to anything like the same extent as previously. Those lands would be very largely improved, and that would also tend against reacciimulation. He had a detailed statement, showing the purchases that had been made, prices that had been paid for them, and the arrears that had accumulated. He would only refer to the leading lines in that statement. At Mount Brown the Government purchased on No­vember 5, 1898, 6,515 acres, at a cost of £14,875. That was the first purchase of anything like a large area of land. There had been previously some small purchases for homestead blocks. There were 28 leases at Mount Brown, and the annual rental was £496; date of payment of first year’s rent, April, 1899; annual instalment of improve­ments, £266 18/4, of which £16 19/11 was in arrears; rent in arrears, £205 4/. Only seven leases in arrear. Koonoona, purchased December 1, 1898, area purchased 3,589 acre?, cost £8,360, number of leases 10, area leased 3,596 acres., annual rental £322 16/, first year’s rent March, 1899, annual instalment of improvements £21 15/3, ar­rears of rent £127 4/10, arrears of instal­ments, £2 6/8; number of lessees in arrear, 3. These were practically the total ar­rears to-day, because on all lands purchased since then the second instalment of rent had not fallen due. At Mount Benson, in the south-east, the arrears amounted to only 3/5. The Yongala estate was pur­chased on December 3, 1901, the\* area pur­chased being 53,590 acres, total cost £124,558, number of leases 123, area leased 52,535 acres, annual rent £4,793, date of payment of first year’s rent May, 1902, an­nual instalment of improvement's £288 0/9, arrears of rent £5 9/10, arrears of in­stalments 1/9; number of lessees in arrear, 3. He believed that one lease had been cancelled because of failure of payment of the first year’s rental. His former col­league (Mr. O’Loughlin) had been very firm with settlers on repurchased land that they should pay up their rents. As he had fre­quently pointed out to them the Govern­ment could not view their cases in the same way as Crown lands. The State had incurred heavy liability in purchasing, and the rents must be paid. At Uraidla (Woodhouse estate), where the unemploy­ed had been placed to work at woodcut­ting, the Government had purchased 820 acres on May 26, 1902, at a total cost of £2,280. The land had not yet been dealt with by the Land Board. After deducting the cost the aggregate rental, £7,747 9/, showed a return of a trifle over 4 per cent, on the cost of the land. In addition the Government were purchasing the Naracoorte estate of 24,434 acres at a cost of £45,000; the Koppio estate, 19,154 acres, at a cost of £6,226; and the Moorowie estate, of 14,537 acres, at a. cost of £22,500. The Koppio estate cost approximately 6/6 per acre. Mr. Robert Kelly, a member of the Pastoral Board, told him that he con­sidered it exceedingly cheap. He had been all over it. He would read what the Surveyor-General said:—“I made a careful inspection of this estate, compris­ing altogether 19,154 acres, of which area fully 5,000 acres are good agricultural land, well worth £1 per acre; about 3,000 acres of well-grassed hills, which I value at 10/ an acre; and the balance, 11,154, is fair pasture and scrubby land, patches of which could be cultivated with the use of phosphates at 2/6 an acre. The country is well watered. The improvements com­prise station buildings, 18 miles of good netting fence, and 30 ordinary wire-fencing, valued altogether at £1,500. Twenty acres of olives, oranges, and other trees is not included. My value of the whole is £9,394, or about 9/6 per acre. I am sure that if cut up into forty large blocks, and allowing the lessees to have portions of the lease­holds, which are to be given up with the freehold, the land can be profitably occu­pied, provided the right sort of people are allotted the land, as the rainfall is good, averaging about 21 inches.” The Bill was drafted by Mr. Sinclair, the Attorney- General had taken great pains in arranging it, and the scheme was complete. The whole of the previous legislation was re­pealed. (Mr. Handyside—“Are you going to do away with the land boards, as at present?”) He was going to deal with them in another measure. The Bill was divided into three parts, and a Receiver of Rents was introduced, but the Govern­ment did not propose to extend the pro­visions dealing with the latter beyond re­purchased land until the system had been given a trial. If it worked well it would be extended to Crown tenants. (Mr. Hom- burg—“A new department.”) No, nothing of the kind. The Surveyor-General or some other officer would do the work. In subsection A, of clause 5, the Government increased the price which could be paid on the unimproved value from 15 to 20 per cent., because it was frequently found that the margin of 15 per cent, was not enough if they were to be guided by the land tax assessment, as properties varied so much in value. Power was given to purchase, provided the land board, the Go­vernment, and the Surveyor-General ap­proved, at 20 per cent, over the unimproved value, and the value of the improvements to the incoming tenant. Subsection B provided that the repurchase should be re­commended by the land boards and the Surveyor-General, and the only alteration was that 20 instead of 15 per cent, could be paid. Section 6 said in subsection A that town lands might be sold by auction for cash. That was to deal with such cases as the Naracoorte estate, which ran up to the township, so that it was advisable that a small pro­portion should be cut up into township allotments. Reserves might be dedicated as provided for in the Crown Lands Act of 1888. Subsection B said— “The land, except such portions as may be required for town lands or for dedication or reservation for public purposes, shall be cut up into blocks of not exceeding £2,000 unimproved value.” That appeared in the Act passed three years ago, which was re­pealed by the present measure. Subsection C was an exact copy of the clause passed last year which provided that where the land was to a large extent pastoral and heavily improved, the value of blocks could be increased to £4,000. In subsection D it was stated—“Before the blocks are offered the Land Board, subject to the approval of the Commissioner, shall fix the value of each block and of the improvements on each block, which value shall include the reason­able cost of any work effected by the Go­vernment. Provided that the price so fixed shall not in the aggregate be less than the amount paid for the land, together with the eost of offering the same for sale.” That was meant to cover the cost of reasonable work, such as the Government were doing in connection with the unemployed at Uraidla. The next subsection stated—“No­tice shall be given in the ‘Government Ga­zette’ that the blocks are open to be pur­chased, and such notice shall contain the following particulars, namely, the area of each block and the value of the improve­ments thereon, the annual instalments of principal and interest to be paid in respect of the purchase-money of such block and improvements, and such other particulars as the Commissioner shall think proper. The blocks shall be allotted by the Land Board.” That related to a covenant to purchase instead of a perpetual lease. (Mr. Brooker—“Are you going to make it com­pulsory.”) Absolutely compulsory, but the payments would be very small. Clause 7 read—-“The blocks shall be offered for sale, and the purchaser shall enter into an agree­ment for sale and purchase (hereinafter called the ‘agreement’) which shall, in ad­dition to the usual covenants and condi­tions contained in like agreements, contain the following covenants on the part of the purchaser:—1. To purchase his block and the improvements thereon at the price fixed by the Land Board, and to pay the pur­chase-money and interest thereon at not less than the rate of *£4* per centum per an­num by 60 half-yearly instalments of £216/5 for every £100 of purchase-money, which instalments shall be paid in advance. Pro­vided that the purchaser shall have the op­tion of completing the purchase of his block at any time after the expiration of six years on paying the balance of all principal moneys due under his agreement, and all interest due at the time of the completion of his purchase.” That was some­what modified by subsection 2, which stated that the purchaser had to spend on his block during each of the first five years £5 for every £100 of the purchase money in substantial improve­ments. In clause 8 it was stated—“Every application to purchase shall be accom­panied by an amount equal to the first half- yearly instalment hereinbefore provided in respect of the purchase money of the block and improvements.” Clause 9 was a copy of previous legislation, and the next clause was new. It provided that an agreement should be liable to forfeiture should any instalment thereunder remain unpaid “for six months after the same shall become due.” In the following clause it was pro­vided that should any of the repurchased land remain unallotted for a period of two years after being first offered it might be let on lease. The following clause gave power to any person who held a perpetual lease to surrender, and come under the provisions of the Bill. Clause 13 dealt with the adjustment of the purchase money, and 14 stipulated that the oath or affirmation might be administered by the chairman or a member of the Land Board, and evidence taken. It was necessary to incorporate the last clause referred to in the Bill, because there was no power else­where for a member of the board taking evidence. The Government would under the clause have power to send a member of a board to gather evidence, and upon his return he would submit it to the other members. That would save the expense of the full board travelling, and he might mention that on one occasion a board tra­velled to the west coast at a cost of £300, and let only £35 worth of land. Clause 15 stated—“The collection of rents and in­stalments payable under the provisions of this Act or of any Act hereby repealed shall be under the control, direction, and management of an officer to be appointed by the Governor, and to be styled the Re­ceiver of Rents,” and the following sec­tion gave power for the recovery of the rent, while clause 17 said that where a lease or agreement was liable to forfeiture it might be cancelled. That shortly was the new scheme which the Government asked the House to adopt. If the repurchase system was to go on and they were to continue spending anything like the amount that was being spent at present, there would eventually be a large amount standing in the books for which the Government would be liable,

and it was extremely desirable to provide for something coming in to the Govern­ment to compensate for that expenditure. He was sanguine that South Australia was going to gain immensely from the subdivi­sion of good land, but they must adopt some safeguards against loss. He had given the subject most careful attention and hoped the measure would be passed.

On the motion of Mr. HANDYSIDE the debate was adjourned till the next day.