**PASTORAL BILL 1904**

**House of Assembly, 2 August 1904, pages 191-7**

Second reading

**The TREASURER,** in moving the second reading, said he recognised the great impor­tance of the subject. He had had a map prepared and hung in the chamber, showing to what extent South Australia proper was pastoral country. The area colored green represented country within hundreds, and the whole of that immense territory outside the narrow strip along the coast was pastoral country, of which only about one- third was occupied at the present time. It was part of the policy of the Government on the hustings that they would endeavor to do something to consolidate the laws, especially the land laws. Last year he had the privilege of piloting through the House a consolidated Land Bill, dealing with lands within hundreds. Now, those who wished to know what the laws were as to agricultural settlement had merely to get one Act, and the whole information was before them, instead of having to read through six or eight Acts. The latter state of affairs applied to the pastoral laws. The late lamented Mr. P. P. Gillen introduced a Bill in 1893, and four or five measures had been passed since that date. They would do very good work during the present session if they only consolidated the pastoral laws. He hoped the Bill before them, now that they had the legal member of the Government in that House, would be as perfect as possible when it passed to the Legislative Council. He wished the continent of Australia were shifted several degrees further south, so as to bring the whole of it within the reasonable rainfall area. They had country which was as rich as any in the world, and all that was wanted was rain to make it of great value. They had legislated since 1851 on the pas­toral question. Each year almost they passed measures further liberalising the laws, and yet only inducing settlement for about a third of the territory. Members would realise how vast would be expenditure in capital if all that pastoral country could be occupied. The pastoral revenue had come down to £20,000 for the year, as against about £80,000 some few years ago for 320.000 square miles of country, with only about one-third of it occupied. That would give them an idea as to how much they could expect from the great territory of South Australia. (Mr. Cummins—“It will go up by leaps and bounds yet.”) Rents could not go up; they were fixed for 42 years. (The Hon. A. Catt—“The country will be developed.”) He admitted that if they could put 32,000,000 sheep instead of 500,000 on the land, they would reap enormous increases in revenue from other sources. In 1890 there were about 2, 000,000 sheep; to-day there were about 550,000. Members could therefore see to what extent drought had affected the pastoral industry in South Australia; in common with the other States. It was doubtful whether they could name one lessee, who was not a poorer man today than he was 20 years ago. in spite of the fact that every alteration of the pastoral laws had been in the direction of liberalising them. The Bill would not take very long to explain, but it would not be out of place to refer as far back as 1851, when the first pastoral lease was issued in South Australia. Before that pastoral licenses were issued. They had three classes of leases at 10/, 15/, and £1 a square mile, and the country was held under very stringent conditions with regard to stocking. When several applications were made for the same piece of country the first man to pet his stock on got the lease, and there was considerable rushing between the different lessees as to who should occupy a block. In 1853 another Act was passed, and in 1857 another to give encouragement to pastoral settlement, and in 1858 further amending legislation was enacted. The next improvement was in 1862, when the land was classified into three classes, and Mr. Goyder made the valuations. These valuations caused considerable friction. In 1864, 1865. and 1866, owing to the drought, fresh legislation was passed. A., B., and C. classes were introduced when remissions of 6, 12, and 18 months’ rent were granted. In 1870 another Act was passed, giving necessary concessions, and further liberalising the legislation. In 1884 he had the privilege of listening to Sir Jenkin Coles when he introduced the well-known 1884 pastoral legislation. There was a general feeling throughout the community that Class I. country—which was held for 32 years— should be cut up into smaller blocks, arid at the end of the term the leases should be put up to auction. From the knowledge they had since of what that country had cost the lessees it was a pity the policy propounded by the Hon. A. Catt in 1881 was not passed instead of the 1884 Act. But it was easy to be wise after the event. The auction system was not altogether a success. The average price obtained, by auctions was 40/ a mile, and many lessees who had known the country for years were among the strongest competitors. Very few leases were now held under the conditions of the 1888 Act. Owing to forfeitures and surrenders allowed in 1898 and 1901, and reductions of land before that, out of this area of something like 1,800 square miles only 28 leases, containing 688 square miles, were held under those conditions. This was mostly country close to the railway and sea coast. For this 688 square miles the rent bill at auction was £1,516, which had been since reduced to £637. Of the latter area, the lease of 236 miles expired in 1909-10, and the balance in 1920. The Government had paid £8,360 for improve­ments on this small area. When these leases terminated, the Government were liable for about £3,000, which was the only liability the State had to pay in connection with the pastoral improvements, outside the advances for vermin netting, but about that time the country was startled by the estimate of Mr. Goyder as to the amount the State would have to pay eventually for pastoral improvements. The estimate was £2,500,000. That was in 1890, when he (theTreasurer) first came into the House, and Parliament was anxious to do something to relieve the State of that immense liability. But the liability proved an extraordinary over estimate. Mr. Goyder, in the first place, took his basis from the improvements placed on inside country. Then bad times came, and money was not spent in improvements, and now the State would not have to pay more than £3,000 in future for pastoral improvements. In 1890 the Government passed an Act, which provided that all lessees outside Class I. could surrender their leases, and take long leases at low rents instead of payments. But the condition of the country had changed, and the conditions which would have been accepted 10 years before were not liberal enough to induce the pastoralists in 1890 to come under the Bill. Only nine lessees availed them selves of the 1890 Act. A radical change then set in. A Royal Commission was ap­pointed, and among its members were the Hon. J. Warren, Mr. Robert Kelly, and Mr. J. R. Kelly. He believed Sir Frederick Holder was also a member, and he fancied Mr. Robert Caldwell was chairman. Nearly the whole of the recommendations of that Committee were now law. It was on the basis of these recommendations that Mr. Gillen introduced the 1893 Act, by which the auction system was abolished, the rental was fixed at a minimum of 2/6 a mile, and the liability for improvements was thrown on the incoming tenant instead of on the State. The Act provided for the sale of all Government improvements on deferred payment. All lessees had an opportunity of coming under the 1893 Act. Rent on renewal was not to be increased more than 50 per cent. He thought at the time that the Act was fairly liberal, but the drought set in, and there was continued agitation for more liberal legislation, and the result was the introduction of the 1895 Act, under which concessions in rental were given to the discoverers of artesian water. They did not allow Class I. lessees to surrender their leases, but allowed them to apply for reductions in rent. The Tenants’ Relief Board was then introduced to give pas­toralists and financial institutions relief. But although this board had been in exis­tence ten years it had never been required, so satisfactory had been the ad­ministration, and so satisfied were the pastoralists with the work of the department. Then the 1896 Act was passed, and Class I. lessees were brought under the provisions of the Act, and allowed to surrender and refer the matter to the Pastoral Board, on condition the Surveyor- General approved. The question was raised as to whether it was wise to insert in these leases a provision that the lessees were liable for rates and taxes, but the provision was struck out in order to give more security. But that legislation did not satisfy the pastoralists- Stock was continually diminishing, vermin increased, and the question of vermin-proof fencing was constantly coming before Parliament. Then Mr. O’Loughlin introduced the 1898-9 Act, which abolished classification, and gave the Pastoral Board the right to distinguish between country which could be let for 21 years and for 42 years. In order to prevent trafficking, it was improvements up to £10 a mile, the covenant to cease after £3 a mile had been expended. All Class I, lessees previously prevented were allowed to apply for extension of lease for 21 years under the terms of the original Act, and lessees were not to be debited with vermin-proof fencing, which they had paid for. Advances could be made by the department on the recommendation of the Pastoral Board for vermin-proof fencing, and repayments could be made extending over a period of 20 years at 4 per cent. He thought it necessary in the Bill he was introducing to make it 4 1/2 per cent, in future. It was also provided that all lessees excepting those in Class I. who were debarred by the Surveyor-General under the Act of 1896, could surrender for new leases to obtain the benefits under the Acts of 1893, 1895, and 1896, concessions to date from January, 1898. Nearly all the lessees who had surrendered under the Acts of 1893 and 1895 surrendered again under the Act of 1899, and the Pastoral Board administered the Act in a still more liberal spirit. The result was that the revenue from Crown lands had been further reduced, though he hoped the permanent settlement of the country had been added to. Further concessions were yet demanded, and it was recognised that the country to be occupied must be vermin- proof fenced. The Jenkins Government, accordingly passed an Act in 1901, which he believed had absolutely satisfied the people occupying the land. If this Act had permanently settled the question, which had occupied the time and best ability of Parliament for the last 50 years, and if the consolidating Bill would dispense with further need for alteration, he thought the Jenkins Government would have done a good piece of work. The minimum rental of 2/6 a mile was abolished by the 1901 Act and fixity of tenure was established. Resumption could now only take place for purposes of public utility, milling, commonage, and intense culture. Power was given the lessees to apply for further reductions in rent, and the rate of interest charged on purchase-money for improvements was reduced from 5 to 4 per cent. To-day there was an area of 317,370 square miles, with a rainfall varying from 2 to 6 in., which could only be occupied by men with large capital. Only a small portion of the inside lands was held on perpetual or right-of-purchase leases. Outside we had an area of 320,000 square miles, of which only 123,000 square miles was leased. The sheep on these 320,000 square miles were only 551,000, and only a small part was stocked or improved. If by any possible alteration in our land laws we could put 100 sheep per mile on the outside country, we would have 32 million sheep there. (Mr. Burgoyne—“One hundred sheep per mile is altogether too high an estimate.”) Some 26,000 square miles were now open for selection; the Pastoral Board had reduced the rents to a minimum, and improvements were now valued, not at cost price, but according to their value to the incoming tenant. It was not bad legislation which had brought the pastoral industry down; it was the extreme dryness of the climate, the attacks of vermin, and the distance from market. Thirty years ago (1875) we had 102,319 square miles leased, some of which was country now inside hundreds, but it did not include any of the fine estates which had been purchased. The rent at that time was £15,411, exclusive of the assessment on stock, which he thought was then 3d. per sheep. The stock on these lands included 2,276,000 sheep and 59,000 cattle. In 1880 the area leased was 189,000 square miles, but much of it was held for speculation. The rents amounted to £55,483; the sheep were just under two millions, and the cattle 71,000. In 1885 the area leased was 212,000 miles, and the rent £52,000, exclusive of the assessment; the sheep numbered 2,110,000, and the cattle 80,000. In 1890 the country outside hundreds was practically the same as to-day. In that year there were 166,000 square miles leased; rental, £79,000; sheep, 1,996,000; cattle, 116,000. In 1895 the figures were:—112,000 square miles; rental, £61,000; sheep, 1,622,000; cattle, 134,000. In 1902 we had 113,000 square miles leased; rental, £32,000; sheep, 906,000; cattle, 47,000. In 1903 we had 123,000 square miles leased; rental, £32,000; sheep, 551,410; cattle, 41,315. These figures de­monstrated the ravages of the drought. The whole of the rents he had been able to collect was £20,000. He believed, if he could get all the rents in and there were no credits, the total would be about £28,000, but surrenders had been allowed and leases dated back, so that some pastoral lessees had credits to carry them over several years. He had also a list showing the whole number of sheep and cattle in South Australia during the years referred to. The figures were:—1875 — Sheep, 6,179,000; cattle,

1. 999 1880—Sheep, 6,140,000; cattle3
2. 000 1885—Sheep, 6,645,000; cattle,

 258,000 1890—Sheep, 6,386,000; cattle,

324,000 1895—Sheep 6,323,000; cattle,

337,000 1900—Sheep, 5,235,000; cattle,

214,000 1903—Sheep, 4,880,000; cattle,

213,000 1904—Sheep, 5,298,000; cattle,

244,000.

He quoted these figures partly toshow that on our inside country the sheep have increased by 500,000, compensating to some degree for the shrinkage of one and One-seventh million outside. Considering the splendid lambing right throughout the north, he hoped to see their sheep get up close to six millions in number again. A great deal of the country had been eaten out, and some of the better land would not carry half the stock it did 20 years ago, owing to the destruction of bush. The high price of stock prevented rapid restocking, and the outside country could not be pro­fitably held until it was vermin-fenced. Though the present position of the industry was far different from what we could wish it to be, we were not alone in our misfor­tunes, for New South Wales and Queensland had suffered equally with South Aus­tralia. The beginning of the year 1903 witnessed the break up of the great drought, and there had been a splendid lambing throughout the Commonwealth this year; so that with a continuation of favorable seasons the number both of cattle and sheep would rapidly increase, if the rabbit and the dingo could be kept down. In connection with the work of the Pastoral Board, in dealing with surrenders and revaluation, he would take only Class I. country, the whole of which had been dealt with. The area in miles was 17,445, and the annual rental at the time of surrender was £22,310, or 25/7 per mile, and it was remarkable that when the Pastoral Board started work the rent of the 1888 leases (which realised at auction 40/1 per mile) had been reduced to the same upset price at it was fixed at in 1888, when the present Speaker was Com­missioner of Crown Lands. The Government paid for improvements on this country £191,797, but they obtained nearly that value, as only water improvements had to be paid for, and improvements made during the last four years of the lease. The gross rental fixed by the board was £7,340, or 8/5 a mile. The value of improvements which the lessees had contracted to pay for was £113,732, as against £191,000 paid for them by the State, and these improvements, which were practically taken without payment. In addition to that there was the accrued liability of £76,903, payment of which the pastoralists waived when they surrendered their leases. There were 85 leases issued for 17,445 miles, 62 being for 42 years, and the balance for 21 years. The gross rental fixed by the board averaged 8/5 per mile; the value of improvements to be paid by the lessee was 6/8, and the value of those for which the lessee had waived his claim was 4/ per square mile. Those were the terms upon which Class I. country was held to-day. Business people and financial institutions who lent money, to producers always took into consideration the amount the lessee had to pay yearly for improvements, equally with the rent they paid. The bulk of the country, which was let at 5/6 a mile was in a better condition then than it was now. At that time it was only fair to mention that the settlers did not have the benefit of railway communication like they had today, and it cost them more to get their stock to market than now. The present satisfactory state of affairs was due to a board of practical men, who tried to do their duty fairly to the tenants and the State. This brought him to the question of payment for improvements, and as there was a good deal of misunderstanding as regarded the matter and the actual loss the State would be landed in, he wished to place the matter as clearly as possible before members. He was glad to say that the position in the point of view of the taxpayer was not as serious as he anticipated it would be. The Government paid out of revenue, and not out of loan, prior to the first Loan Act of 1886, £131,329 for pastoral improvements. They were not paying interest on that. A considerable amount of that had been repaid. Under a Crown Lands Act passed 30 years ago farmers who took up land in several good hundreds had to pay in cash for improvements, while the State paid for the pastoral improvements out of revenue. He did not know to what extent the £131,000 had been recouped. The system in vogue 30 years ago was 10 per cent, cash down, 10 per cent, every three years, and the whole of the principal had to be paid off in six years. The total payments from loan were £919,555, and adding £131,329 to that made a total of £1,050,884. Against that they had received from pastoralists since 1893 £45,000 approximately, and they had lessees to-day who had contracted to purchase £259,000 worth of those improvements, or with interest, £290,000 worth. He did not say they would get the whole of that money, but they would obtain a considerable proportion of it. In addition to that there were valuable improvements on land not yet let, which were worth £60,000, while there were improvements on lands reserved for water, commonage, and other purposes valued at £20,000. Then there were deposits by pastoralists, who had forfeited their leases, to the extent of £10,000. That made a total of £425,000, as against the £919,000 taken out of loan. It must be borne in mind that there were improvements on lands let on other than pastoral leases—perpetual and right-of-purchase, within hundreds—on which the interest on improvements was supposed to be covered in the rent charged, and these improvements were valued at £267,870, and though the rent on these lands had been much reduced, still, calculating the loss of improvements this should be taken into consideration. What he had said showed that to talk of a loss of a million was nonsense. It would not be more than half that sum if those who were buying their improvements carried out their agreements. If they came out with the loss of a half a million only they would have to bear in mind the consideration he pointed out that the rent was supposed to cover interest on the improvements as well. A mistake was made in paying for the improvements on the cost instead of paying on their value to the incoming tenant, as the Pastoral Board had recommended subsequently. The statements he had made concerning the payment for improvements would show that the position was not so disastrous as many estimated, and they refuted the prediction of Hr. Howe twelve or thirteen years ago that the State would have to face a liability of two and a half millions in this respect. For a few years after the 1888 leases were sold, £39,772 was paid annually by the lessees beyond what proved to be the value of the land. The large amount contributed by the lessees over and above the value of the land, should be con­sidered in considering the loss likely, to accrue from payment for improvements. It must not be forgotten that improvements representing a large sum reverted to the State without payment, which the lessees had purchased. This counterbalanced to some extent the over-valuing of improvements many years ago, for which the lessees received payment. It was evident that the payment for improvements, though inadvisable and resulting in loss, was not the gigantic failure many people supposed. The State would have been liable for a much larger amount than had been already paid if Acts giving the right of extended leases in lieu of payment had not been passed. By this a most satisfactory settlement had been brought about under the circumstances. The State’s total liability to-day did not exceed £3,000. The pastoral lessees had waived their right to claim enormous sums during the last 10 years, and if they adhered to their agreements they could have vindicated their claims. Of course, it was true they had got the lands at a lower rental and on a longer tenure. The board’s value of the improvements on which the lessees waived claims for improvements was £296,.962; the contingent liabilities were estimated at £80,000, making a total of £376,962, which under the old conditions the State would have had to pay for. The total area leased was 117,276 miles, from which they got a rental of 4/11 per mile, bringing in a total annual rental of £28,540. The instalments paid on improvements totaled £14,065. The revenue received annually out of the instalment on improvements was about £6,000, which represented interest, the balance going to loan account. He wished to refer to the Pastoral Board, which would finish its labors at the end of the year if this Bill passed, as he had no doubt it would. The board would leave behind it a splendid record of useful work, honorably and their improvements carried out their agreements. If they came out with the loss of a half a million only they would have to bear in mind the consideration he pointed out that the rent was supposed to cover interest on the improvements as well. A mistake was made in paying for the improvements on the cost instead of paying on their value to the incoming tenant, as the Pastoral Board had recommended subsequently. 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He had a note on the margin of the Bill stating:—“Part II. relates to lands that were leased under various classes between 1888 and 1893, and includes all the land held under existing leases prior to the coming into operation of the 1893 Act and the appointment of the Pastoral Board. References to class 2 is omitted, as there is only one lease at present under that class, which expires at the end of the pre­sent year. In section 12, 'the term of any leases to be granted’ is altered to 'the term of lease as heretofore granted,’ for the leases under clauses A, B, and C, were abolished by section 2 of the Act, o£ 1898-9, and since the date that Act was assented to, no leases have been granted under these clauses.” Under Part III. the existing Pastoral Board had been abolished, and three Civil servants were being appointed a new board, with the Surveyor-General as chairman. When he mentioned that the other members were the Deputy Surveyor- General and Mr. E. B. Jones, they would agree that it would be an admirable board, and the members would possess a vast knowledge of the country. (Mr. Catt— “The Surveyor-General has enough work already.”) He thought the Surveyor- General should be chairman. He had, al­ways held that position, and had a more intimate knowledge of pastoral legislation than anyone in the office. If be could relieve him in any possible way he would do so. He did not think there was any objection to making the appointments every year. There were other machinery clauses necessary to bring the taking of evidence into line with the Act passed last year. Part 4 was the same as the existing, law, with a few alterations to make it clearer. In part 5—“Applications and leases”—an amendment had been made in section 44, to make it in accordance with what had been the practice. In clause 44, line 4, it stated, “all applications received prior to the next meeting of the board” instead of “all applications received on the one day,” should be dealt with as simultaneous applications. Section 51 had been amended by adding a portion at the end to give the Commissioner power to waive forfeiture, to .make it in accordance with the present practice. Section 56 had been, amended by substituting “or for any other purposes approved by the Commissioner” instead of as under the present Act “for any purpose he thinks fit,” which would allow for the use of guano, clay, sand, or other things for which the Commissioner had power to issue licences. There were no alterations except in verbiage in part 6. In part 7, section 69, line 2, relating to improvements, “nine months” was substituted for “six months,” as the following section (No. 70) provided that the date of appointment of arbitrator should not be less than 6 months before the expiry of the lease, and the six months in section 69 would not give sufficient time for that to be done. With the exception of a slight amendment in the phraseology, to make the meaning more clear, the remaining portion of the Act was as the law now existed. Those were amendments which were necessary, and would commend themselves to hon. members. In part 8, which dealt with renewals, there was no alteration of the existing law. In part 9, “Resumptions and surrenders,” section 100 was slightly amended by inserting in the fifth line the words, “approved by the Commissioner,” to bring it in line with the similar conditions under the Crown Lands Act. Otherwise, with the exception of a little al­teration in wording, the existing law was unaltered. In parts 10, 11, and 12, there were no alterations. The only alteration in part 13, relating to vermin and wire netting, was the substitution of £4 10/ per cent, in section 119 for £4 per cent. Money was costing them over 4 per cent., and it was necessary for them to have the little extra of less than 4 per cent, as a margin. Certain clauses had been omitted from the Bill which were not necessary If his attention were called to them later on he would explain the reasons. That Bill contained the whole of the legislation neces­sary for the working of the whole of their pastoral country. (Mr. Brooker—“It will be the last one.”) He could not conceive that very much more could be done in the way of liberalising either their Crown lands laws or pastoral lands laws. Their rents were reduced to practically nothing. They were obtaining now from the inside and outside country about £120,000 as the whole of their rents, which, however, did not include rents for closer settlement lands which, had been repurchased. If they compared that with past receipts they would find that it was only about one-fourth of what was received from the Crown lands when Mr. Rounsevell was Treasurer in 1884. He had thought when they made the reductions in rent that they were going too far, but he could not see how they could possibly get any more rent, and yet keep the coun­try in occupation. They must therefore be prepared to raise what revenue they required in other directions. Owing to the passing of the Act last year in respect of covenants to purchase they would not after a. year or two get any, or at least very little revenue from the sale of lands. There were a few more thousands o-f pounds to come in in connection with credit selections, and that sort of thing. He thanked members for their patient hearing, and commended the Bill to their attention.

On the motion of Mr. O’LOUGHLIN, the debate was adjourned until Thursday next.