**RENMARK IRRIGATION TRUSTS BILL 1930**

Act Amendment Bill.

**House of Assembly, 5 November 1930, pages 1897-1902**

Second reading

**The TREASURER (Hon. L. L. Hill)** moved—

That the Speaker do now leave the chair, and the House resolve itself into a Committee of the Whole for the purpose of considering the following resolution:—

That it is desirable to introduce a Bill for an Act to make provision with respect to certain moneys due to the Government by the Renmark Irrigation Trust No.l, and for other purposes.

Motion carried. Resolution agreed to in Committee and adopted by the House. Bill introduced by the Treasurer and read a first time.

Second reading

The TREASURER—This is a short but fairly urgent Bill, and has been brought down as the result of an agreement that was arrived at between the previous Government and the Renmark Irrigation Trust. The Government believe that this is a fair settlement. Section 10 of the Renmark Irrigation Trusts Acts Amendment Act, 1907, provides for the repayment to the Government by the Renmark Irrigation Trust No. 1 of the sum of £19,641 5s. then due in repayment of advances made by the Government to the trust. This sum, together with interest at 4 1/2 per cent, per annum, was made repayable over a period of years. The trust has made repayment of interest at irregular intervals amounting in the whole to the sum of £12,555 15s. 5d. The interest payable to 30/9/29 amounted to £20,770 10s. 9d., so that it will be seen that there is a deficiency in the interest payments to the extent of £8,214 15s. 4d., and that no payments at all have been made off the principal. The Renmark Irrigation Trust No. 1 approached the last Government, asking for some relief from their liabilities. The matter was not finalised before the change of Government and the trust has, therefore, renewed its request. The trust has pointed out that the existing debt is more than the trust can carry and that the Renmark community, while being subject to the same di­abilities owing to failure of prices, &c., as other settlements on the Murray, has not received the same assistance from the Government. The trust has therefore suggested that the Government forego their claim to past interest now unpaid, and to future interest on the capital sum owing, and that the capital be repaid by a payment of £9,641 5s., to be made forthwith, and then by annual instalments of £650 free of interest. The Government are of opinion that the trust cannot meet its liabilities under the 1907 Act, and consequently this Bill is introduced for the purpose of giving effect to the proposal of the trust. Under the provisions of the Bill interest payments will be foregone, and the principal will be repayable in the manner suggested by the trust. Under the agreement a large amount of interest has been paid, but not the whole of it. The agreement has been in existence since 1907, and the total amount of interest paid to the Government is approximately £1,000 more than the principal involved. That will show how interest on borrowed capital bears heavily on industry. The Government will not lose by this arrangement. They will get £9,000 practically straight away, and the remainder will be paid in annual instalments of £650.

Mr. Reidy—What is the loss in interest to tile Government?

The TREASURER—Practically £12,550.

Mr. Reidy—How will they meet future obligations ?

The TREASURER—They say they can by this agreement. The Auditor-General and Treasury officials think this is a very good settlement. I move the second reading.

The Hon. M. McINTO'SH—I support the measure. During the regime of the previous Government negotiations were made at the instigation of the Auditor-General, who suggested the matter should be put on a better basis. As a result of these negotiations proposals were submitted to the previous Government, but as they needed Parliamentary ratification Cabinet endorsed the docket to the effect that legislation was to be introduced. I am glad to see the present Government have accepted the suggested settlement. When the Chaffey Brothers went into liquidation the plant was in a very bad condition, and the settlers at Renmark who had previously paid Chaffey Brothers were in the unfortunate position of seeing the plant they had actually paid for by virtue of the lands they had purchased in such a bad state that it was necessary to go to the Government and obtain a. loan to put the plant in going order. The State Treasurer in those days was Mr. Holder, and I was told by old settlers connected with the negotiations that Mr. Holder obtained the money from revenue, and regarded it more or less in the nature of an amount the repayment of which would not be demanded. There was a great deal of land included in the trust property, but that land was afterwards resumed by the Crown, and the result has been that the capacity of the trust to repay the amount advanced was very considerably curtailed by the fact that they had a reduced quantity of land made available to them for the purpose of repayment. The trust fell into arrears and although the question was asked just now how the trust could maintain the annual instalments of £650, that has been their average payment over a period of years,, so I see no difficulty in them making those payments. The sum will be obtained from the local bank on the security of the trust’s assets. The trust hope to make such economies as will enable it to clear its liabilities. Although this is the first irrigation settlement in South Australia, the amount wiped off is relatively small. It is the pioneer settlement, but other settlements have had huge sums written off their liabilities. So far as Renmark is concerned I think this is the first amount written off by the State for any liability due by the trust. The amount is relatively small. It represents the liability of the Renmark Irrigation Trust, and has been occasioned by failure of the plant to carry out duties to be performed after acquisition from the Chaffey Bros. Having regard to all the circumstances, and seeing that a good portion of the land which really belonged to the Irrigation Trust was resumed and afterwards allotted by the Crown the trust has found itself curtailed in its capacity to pay. For that reason and the fact that they have difficulties in maintaining the plant, they ask the House by extended payments to accept repayment of the sum indicated. The arrangement arrived at is equitable both from the trust’s point of view and that of the Government. I support the second reading.

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Mr. REIDY—When Parliament is asked to remit a large amount owing to the Government members expect the Minister to make out a good ease for the remission. In this ease, however, the Treasurer did not attempt to show that the trust was not able to meet its obligations.

The Treasurer—This settlement was arrived at on the recommendation of the Auditor-General and the Under Treasurer.

Mr. REIDY—Parliament should not remit large sums of money unless the case has been fully stated. If facts were placed before the Auditor-General and the Under Treasurer which led them to the conclusion that this remission should be made, Parliament is entitled to know what those, facts were. In the past we have been very liberal in making remissions, but the time has come when this House must consider whether there is equity in a proposed remission. If it had been shown that the trust was entitled to consideration by Parliament I should have raised no objection.

Mr. McMILLAN—I listened to the faltering speech of the member for Victoria with amazement, particularly to his declaration that no case had been made out for this Bill. Why, the Treasurer in his second reading speech made out an excellent case. I was impressed particularly with his statement that the matter had been investigated by the Auditor-General and Treasury officials, who were of the opinion that the Bill was a good one and would bring in £19,000 to the coffers of the State. Most members will remember that Chaffey Bros, started the Renmark Irrigation Settlement. However, in 1896 they failed and all the debts, liabilities, and assets of the settlement were taken over by the settlers. The plant was not up-to-date and the channels were by no means complete, with the result that the trust found it had a big liability to shoulder. Blocks had been sold to persons overseas on the guarantee that they were cleared and ready for planting and would be served by channels. However, when the settlers arrived they found the blocks a wilderness and the channels non-existent. Thereupon, the trust accepted the liability to clear the blocks and put in channels. The Government came to the assistance of the trust, advancing it money from revenue. The Government realised that if the trust could not keep on its feet the settlement would become a liability on the Government. From that time the trust administered the Renmark Irrigation Area at no cost to the Government. It did wonderful work in settling returned men on portion of its area. Further, it relieved certain returned men from large repayments for water supplied to them.

The Hon. M. McIntosh—Don’t forget that the trust assumed the responsibility of watering Block E and relieved the Government of that expense.

Mr. McMILLAN—Yes; the trust supplied Block E settlers with water at the flat rate of £10 a year for the head works. I know of an area which was supplied with water about the same time at a. cost of £17 10s. an acre to the settlers. I am not contending that it cost the trust £17 10s. an acre to serve Block E, but, nevertheless, the expense was considerably more than the £10 an acre allowed. The trust bore the difference out of its funds. The trust has done wonderful work; it is prepared to repay to the Government the amount advanced out of revenue, and I ask the House to support the Bill.

The Hon. R. L. BUTLER—If the Treasurer had given the House all the facts there would be no opposition to the Bill. When a measure is introduced asking the Government to forego £8,000, or thereabouts, naturally members want to know whether the remission is legitimate.

For 18 months during our term of office we had investigations made by the Auditor-General and Treasury officials as to what was an equitable basis for settlement of the matter, and this recommendation comes from those officials. In the early life of the company a large area of land was resumed by the Government. If the other irrigation areas had been administered half as well as this one the position of those areas would not be as deplorable as it is to-day. The trust pumps water for their settlers on Block E for £2 5s. as against £3 odd by the Government, which is a tribute to the management of the trust.

The Hon. G. R. Laffer—Is that not due to the fact that they have a low lift as against a high lift on the other areas?

The Hon. R. L. BUTLER—Over portion of their area the lift is just as high as that on many of the other irrigation areas. The matter has been thoroughly investigated, and I am prepared to support the Government.

Mr. CAMERON—A little more light should be thrown on this measure. According to the Auditor-General's report the trust owed the Government £21,000 for interest. Of that amount £12,000 has been paid, leaving a balance of about £8,000 still owing. There is also a. second loan of £18,829.

The Hon. M. McIntosh—That is not affected.

Mr. CAMERON—Then there are still other liabilities due to the Crown by the trust. The rate of interest laid down in the 1907 Act, 4 12 per cent., is very low. In times like these we are entitled to some guarantee. According to the Auditor-General the trust have not been able to pay even interest on this sum of £.19,000 since 1925-6. According to the Bill the Government expect these people to provide £9,325 in six month's. I cannot see why under present conditions we are entitled to say that one settlement shall be allowed to forego the payment of interest on a debt which is duly acknowledged' to be due to the Crown, whilst other people are being called upon to pay.

The Hon. M. McIntosh—Millions have been written off on the other areas.

Mr. CAMERON—Simply because Parliament did not recognise the nature of the risk they were undertaking on those settlements. I have no desire to delay the passage of the Bill, but a little more light should be thrown on the matter.

The Hon. G. R. LAFFER—Still more light should be thrown on this question before it is was £8,000. Is any provision being made in this Bill for the payment of interest on the unpaid balances from time to time, seeing that the money is to be paid at the rate of £650 each year?

The TREASURER—No. I said in my second reading speech, and you didn’t understand it, that they would be paying £650 a year free of interest.

Mr. REIDY-—Then we are to take it that the House is granting this sum of £19,000 for the period of the payment free of interest. Is interest on that amount of money being paid out of general revenue? Who is to pay the amount of interest on the unpaid balances during the period of years it will take?

The TREASURER.—Either the honorable member wants to make an attack on the member for Albert or he is holding up the passage of the Bill. I distinctly stated what the position was when moving the second reading. In round figures £12,000 is being, paid in interest. The total amount advanced by the Government to the Trust out of revenue in 1907 was £19,000 and there is £8,000 owing in interest. They have not made any payment for a certain time. The agreement was that they should pay immediately £9,000 odd, and the remaining £10,000 of the principal first loaned by the Government in 1907 would be repaid in 15 instalments of £650 a year free of interest. If they had paid interest from the time the loan was made they would have had to pay over £20,000, and they have not done it. Now, after investigation by the late Government and the present Government, the Auditor-General and the Under Treasurer recommend, and the Crown Solicitor advises, that it is the proper thing to do.

Mr. Cameron-—Where is the Auditor-General’s recommendation ?

The TREASURER—The honorable member ought not to challenge a statement of this description. I have the docket here.

Mr. Cameron—I am not challenging it. I am asking for information.

The TREASURER—I made a definite statement when I moved the second reading of the Bill that the Auditor-General had recommended it. I make the statement now, and have the docket here. That recommendation is embodied in my second reading speech. He simply sets out the position, and suggests how to get over the difficulty and help the trust. There is a guarantee to the Bank of New South Wales for £12,000 which, on the passing of this Bill, will finalised. Some of the statements which have been made are not in accordance with facts. Originally £19,541 was advanced in connection with this enterprise at 4 1/2 per cent. In 28 years they repaid in interest £12,555. Up to June 30 last there was still £8,214 owing. The statements made do not show the complete loss incurred by the State. The trust have suggested that the Government should forego their claim for past and future interest. No interest will be charged for the future, so that the £8,000 does not show the true position of affairs. They are paying the balance off at the rate of £650 per annum, but no interest is to be paid. During the war there was no section in South Australia which benefited more by the prices received for their products than did the people in irrigation areas, particularly at Renmark. Even at that period there was no move to pay off any of their liability, and during the repatriation period many of the settlers sold their blocks at exceedingly high prices. During that time they might have made some attempt to meet their obligations in regard to the loan granted by the Government. There is also the story of Block E. It was taken up as a repatriation enterprise entirely at the express wish of the Renmark people. They stated that they desired to settle their own returned soldier sons there. It was a recognised principle in the Repatriation Department that Block E was practically reserved for Renmark soldiers The Leader of the Opposition stated that they are carrying out pumping work at less cost than other areas, but that is entirely due to the low lift. It is all very well to talk about 60ft. lifts, but at Berri the top lift is 113ft. or 117ft. The top lift at Waikerie, which supplies the bigger part of that area, is certainly over 100ft. There is a great difference in the pumping cost of water whether you lift- 60ft. or over 100ft. I have no desire to penalise the Renmark people, but we are custodians of the taxpayers’ money, and this House ought not to vote away money without the fullest consideration of what wo are asked to do.

Bill read a second time.

In Committee